

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

**ORDINANCE NO. \_\_\_\_\_**

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

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

WHEREAS, the City Council of the City (the *City Council*) by Ordinance No. 2012-10-11-0816 (the *Commercial Paper Ordinance*), heretofore authorized the issuance of obligations in varying form, including those obligations designated, in multiple series, as "City of San Antonio Electric and Gas Systems Commercial Paper Notes" (the *Commercial Paper Notes*), in order to

continue an interim financing program (the *Program*) for certain eligible project costs with respect to the City's electric and gas systems (the *Systems*) and to refund and pay the obligations theretofor issued; and

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

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

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

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

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

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

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

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

WHEREAS, at the request of the Board (by resolution thereof adopted on March 25, 2019), the City Council hereby determines to amend and restate, in its entirety, the Commercial Paper Ordinance, to provide for the issuance of Notes in an aggregate principal amount at any

one time outstanding not to exceed \$700,000,000, the extension of the maturity date of any Notes issued under the Program to not later than April 11, 2049, and other matters herein specified; and

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

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

## ARTICLE I DEFINITIONS

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

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

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

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

*Agreement* shall mean, as applicable, the Series A Agreement, the Series B Agreement, the Series C Agreement, or any Credit Agreement hereafter authorized to be executed by an Authorized Representative, and, together, the Series A Agreement, the Series B Agreement, the Series C Agreement, and any Credit Agreement hereafter authorized to be executed by an Authorized Representative.

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

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

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

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

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

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

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

*Bond Ordinance* shall mean collectively the New Series Bond Ordinance and any City ordinance authorizing Systems Revenue Priority Obligations.

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

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

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

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

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

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

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

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

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

*Debt* shall mean:

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

(2) all other indebtedness payable from Net Revenues (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations pertaining to the System that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an

agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered) or otherwise.

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

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

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

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

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

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

of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Notes.

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

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

*Issuing and Paying Agent* or *Registrar* shall mean the agent appointed pursuant to Section 2.02, or any successor to such agent.

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

- (1) “City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Bonds, Taxable Series 2010A (Direct Subsidy – Build America Bonds)”, originally authorized in the aggregate principal amount of \$300,000,000;
- (2) “City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Refunding Bonds, Taxable Series 2010B (Direct Subsidy – Build America Bonds)”, originally authorized in the aggregate principal amount of \$200,000,000;
- (3) “City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Bonds, Series 2013”, originally authorized in the aggregate principal amount of \$375,000,000;
- (4) “City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Bonds, Series 2014”, originally authorized in the aggregate principal amount of \$200,000,000;

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

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

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

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

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

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

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

*Maximum Interest Rate* shall mean the lesser of (a) the maximum nonusurious rate of interest permitted to be charged by applicable federal or Texas law (whichever shall permit the higher lawful rate) from time to time in effect and (b) the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the City in the exercise of its borrowing powers (currently prescribed by Chapter 1204, as amended, Texas Government Code, or any successor provision).

*Maximum Maturity Date* shall mean April 11, 2049.

*Moody's* shall mean Moody's Investors Services, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such



corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Moody's shall be deemed to refer to any other nationally recognized Rating Service designated by the Board and acceptable to the Bank.

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

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

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

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

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

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

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

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

- (1) "City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, Taxable New Series 2010A (Direct Subsidy-Build America Bonds)", dated February 1, 2010 and originally issued in the principal amount of \$380,000,000;
- (2) "City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, Taxable New Series 2012", dated March 1, 2012 and originally issued in the principal amount of \$521,000,000;
- (3) "City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2012", dated June 1, 2012 and originally issued in the principal amount of \$655,370,000;

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

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

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

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

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

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

*Project Costs* shall mean all costs and expenses incurred in relation to Eligible Projects and permitted by law to be paid with the proceeds of the Notes, including without limitation design, planning, engineering and legal costs, acquisition costs of land, interests in land, 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, financing costs, including interest during construction, underwriter’s discount and/or fees, legal, financial, and other professional services, and reimbursement for such Project Costs attributable to Eligible Projects incurred prior to their issuance of any Notes.

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

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

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

*S&P* shall mean S&P Global Ratings, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *S&P* shall be deemed to refer to any other nationally recognized securities rating agency designated by the Board and acceptable to the Bank.

*Series* shall mean, as applicable, the Series A Commercial Paper Notes, the Series B Commercial Paper Notes, the Series C Commercial Paper Notes, and any additional Series hereafter designated by an Authorized Representative; *Series* shall also refer to any Subseries collectively designated by an Authorized Representative within a single Series.

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

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

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

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

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

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

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

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

*Series C Commercial Paper Notes* shall mean the “City of San Antonio, Texas Electric and Gas Systems Commercial Paper Notes, Series C” as well as any Commercial Paper Notes from time to time designated as a Subseries of such Series, which Note or Notes are issued

pursuant to the provisions of this Ordinance and have the terms, characteristics, and form as specified herein.

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

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

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

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

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

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

*Variable Rate Note* shall mean a Note issued pursuant to the provisions of this Ordinance, having the terms and characteristics specified in Section 2.04 and in substantially the form described in Section 2.07(c).

SECTION 1.02. CONSTRUCTION OF TERMS UTILIZED IN THIS ORDINANCE. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

## ARTICLE II AUTHORIZATION OF NOTES

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

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

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

Project Notes issued hereunder may contain terms and provisions for the redemption or prepayment thereof prior to maturity, subject to any applicable limitations contained herein, as shall be determined by an Authorized Representative.

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

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

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

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

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

In addition to the designation of the Issuing and Paying Agent as a “Registrar” for the Notes as described above, the City hereby designates itself as a “Registrar” for the purpose of maintaining a copy of the Registration Books within the State of Texas.

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

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

With respect to Project Notes registered in the name of Cede & Co., as nominee of DTC, the City and the Issuing and Paying Agent shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created (*DTC Participant*) to hold securities to facilitate the clearance and settlement of securities transaction among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Project Notes. Without limiting the immediately preceding sentence, the City, the Board and the Issuing and Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Project Notes, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Project Notes, as shown on the Registration Books, of any notice with respect to the Project Notes, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Project Notes, as shown in the Registration Books of any amount with respect to principal of or interest on the Project Notes. Notwithstanding any other provision of this Ordinance to the contrary, the City, the Board and the Issuing and Paying Agent shall be entitled to treat and consider the person in whose name each Project Note is registered in the Registration Books as the absolute owner of such Project Note for the purpose of payment of principal and interest with respect to such Project Note, for the purpose of registering transfers with respect to such Project Note, and for all other purposes whatsoever. The Issuing and Paying Agent shall pay all principal of and interest on the Project Notes only to or upon the order of the registered owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligations with respect to payment of principal of and interest on the Project Notes to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Project Note certificate evidencing the obligation of the City to make payments of principal and interest pursuant to this Ordinance. Upon delivery by DTC to the Issuing and Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words “Cede & Co.” in this Ordinance shall refer to such new nominee of DTC.

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the City to DTC or that it is in the best interest of the beneficial owners of the Project Notes that they be able to obtain certificated Project Notes, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Project Notes to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Project Notes and transfer one or more separate Project Notes to DTC Participants having Project Notes credited to their DTC accounts. In such event, the Project Notes shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Project Notes shall designate, in accordance with the provisions of this Ordinance.

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

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

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

If Commercial Paper Notes are issued in book-entry only form pursuant to Section 2.02, they shall be issued in the form of one master Project Note for each Series or Subseries, as



applicable, and as Tax-Exempt Notes or Taxable Notes, as applicable, substantially in the applicable form appearing in Section 2.07 hereof.

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

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

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

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

**SECTION 2.06. CREDIT NOTES.** Under and pursuant to the authority granted hereby and by each Agreement (and any Credit Agreement entered into in substitution for an Agreement or an additional Credit Agreement) and subject to the limitations contained herein and in the Agreement, Credit Notes, each to be designated and to be in the form as provided in the

applicable Agreement, are hereby authorized in accordance with the terms of this Ordinance and the applicable Agreement.

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

(A) FORM OF TAX-EXEMPT NOTE:

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

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

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

This Note is one of an issue of tax-exempt commercial paper notes (the *Tax-Exempt Commercial Paper Notes*) of the indicated series, which, together with the below referenced Credit Notes (such Credit Notes and the Tax-Exempt Commercial Paper Notes being hereinafter collectively referred to as the *Notes*), has been duly authorized and issued in accordance with the provisions of an ordinance (the *Ordinance*) passed by the City Council of the City on April 11, 2019 for the purpose of financing Project Costs of Eligible Projects for the City’s electric and gas systems (the *Systems*) and to refinance, renew, or refund certain obligations described in the Ordinance; all in accordance and in strict conformity with the provisions of the Constitution and

laws of the State of Texas, including but not limited to, Chapters 1371 and 1502, as amended, Texas Government Code (the *Act*).

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

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

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

Reference is hereby made to the Ordinance, a copy of which may be obtained upon request to the City, and to all of the terms and provisions the Holder hereof by acceptance of this Tax-Exempt Commercial Paper Note hereby assents, including, but not limited to, provisions relating to definitions of capitalized terms used herein without definition, the description of and

the nature of the security for the Notes, the Net Revenues and other sources pledged to the payment of the Notes, the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders of the Notes, and the right to issue obligations payable from and secured by the Net Revenues.

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

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

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

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

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

CITY OF SAN ANTONIO, TEXAS

\_\_\_\_\_  
Mayor

ATTEST:

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

(SEAL)

CERTIFICATE OF AUTHENTICATION

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

\_\_\_\_\_  
as Issuing and Paying Agent

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

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

(B) FORM OF TAXABLE NOTE:

NO. \_\_\_\_\_

Note Date: \_\_\_\_\_

Principal Sum: \$ \_\_\_\_\_

Maturity Date: \_\_\_\_\_

Interest to Maturity: \$ \_\_\_\_\_

Number of Days: \_\_\_\_\_

Date of Maturity: \_\_\_\_\_

Interest Rate (%): \_\_\_\_\_

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

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

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

The Notes are payable from and equally secured by (i) a lien on and pledge of the proceeds from (a) the sale of other Notes, (b) the sale of a series or issue of Bonds to be issued by the City subsequent to the Note Date hereof for such purpose, and (c) borrowings under and pursuant to the Series \_\_ Agreement between the City and the Series \_\_ Bank pursuant to which the Series \_\_ Bank has agreed to provide credit to the City under the terms and conditions set forth therein, which borrowings are to be evidenced by Credit Notes payable to the order of the Series \_\_ Bank and (ii) together with the Credit Notes, a lien on and pledge of the Net Revenues of the Systems, such lien on and pledge of the Net Revenues, however, being junior and subordinate to the lien and pledge thereof securing the payment of the Systems Revenue Priority Obligations now outstanding and hereafter issued by the City. The City has covenanted in the

Ordinance to maintain at all times while the Taxable Commercial Paper Notes remain outstanding the Series \_\_ Agreement, or a similar Credit Agreement having substantially the same terms and provisions, in an amount such that, assuming that this Taxable Commercial Paper Note and all other then outstanding Commercial Paper Notes of this Series (to include Taxable Notes and Tax-Exempt Notes), were to become due and payable immediately, the amount available for borrowing under the Series \_\_ Agreement, together with other lawfully available money of the City held in the applicable Funds and Accounts (and/or, as applicable, the accounts and subaccounts within such Funds and Accounts) established by the Ordinance, will be sufficient at that time to pay the principal of this Taxable Commercial Paper Note and all other Commercial Paper Notes of this Series (to include Taxable Notes and Tax-Exempt Notes), benefited by the Series \_\_ Agreement. Under the terms of the Series \_\_ Agreement, borrowings thereunder to provide payment for the Commercial Paper Notes may be subject to certain conditions precedent to the exercise of such borrowings, including, but not limited to, there not having occurred an event of bankruptcy as provided in the Series \_\_ Agreement.

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

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

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

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

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

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

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

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

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

CITY OF SAN ANTONIO, TEXAS

\_\_\_\_\_  
Mayor

ATTEST:

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

(SEAL)



## CERTIFICATE OF AUTHENTICATION

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

\_\_\_\_\_  
as Issuing and Paying Agent

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

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

### (C) FORM OF BOND ANTICIPATION NOTE:

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

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

Issuing and Paying Agent, requested by the owner hereof, and if registered to Bearer, upon presentation of this Note at the designated office of the Issuing and Paying Agent.

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

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

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

The Ordinance reserves the right and permits the issuance of Systems Revenue Priority Obligations while the Notes are outstanding and the issuance of additional Notes and Short Term Obligations payable from the same sources, or any portion of such sources, securing the payment of the Notes and equally and ratably secured by a parity lien on and pledge of such sources, or

any portion thereof, without any limitation as to principal amount but subject to any terms, conditions, and limitations as may be applicable thereto.

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

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

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

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

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

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

4/11/19  
Item No. \_\_\_\_\_

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

CITY OF SAN ANTONIO, TEXAS

\_\_\_\_\_  
Mayor

ATTEST:

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

(SEAL)

CERTIFICATE OF AUTHENTICATION

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

\_\_\_\_\_  
as Issuing and Paying Agent

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

Registered This Date:

\_\_\_\_\_

(D) FORM OF VARIABLE RATE NOTE:

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

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

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

The Notes are payable from and equally secured by (i) a lien on and pledge of the proceeds from (a) the sale of other Notes, (b) the sale of a series or issue of Bonds to be issued by the City subsequent to the Note Date hereof issued for such purpose, and (c) borrowings under and pursuant to the Credit Agreement between the City and the Bank entered into pursuant

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

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

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

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

This Variable Rate Note may be transferred only upon the Registration Books of the Registrar under the Ordinance upon surrender thereof at the designated office of the Issuing and Paying Agent with an assignment duly executed by the registered owner or his duly authorized attorney, but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance, and upon surrender and cancellation of this Variable Rate Note. Upon

any such transfer, there shall be executed in the name of the transferee, and the Registrar shall deliver, a new registered note or notes in the same aggregate principal amount and maturity and interest rate of the authorized denominations as the surrendered Variable Rate Note.

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

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

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

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

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

CITY OF SAN ANTONIO, TEXAS

\_\_\_\_\_  
Mayor

ATTEST:

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

(SEAL)

### CERTIFICATE OF AUTHENTICATION

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

\_\_\_\_\_,  
as Issuing and Paying Agent

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

Registered This Date:

\_\_\_\_\_

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

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

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



outstanding for the purpose of determining the principal amount of Notes which may be issued hereunder, but both the original and the duplicate Note shall be treated as one and the same.

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

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

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

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

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

New Project Notes delivered upon any transfer or exchange shall be valid special obligations of the City, evidencing the same debt as the Project Notes surrendered, shall be secured by this Ordinance and shall be entitled to all of the security and benefits hereof to the same extent as the Project Notes surrendered.

The City reserves the right to change the above registration and transferability provisions of the Project Notes at any time on or prior to the delivery thereof in order to comply with applicable laws and regulations of the United States in effect at the time of issuance thereof.

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

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

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

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

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

**SECTION 2.12. PLEDGE OF REVENUES; PAYMENTS.** The Notes are special obligations of the City payable from and secured solely by the funds pledged therefor pursuant to this Ordinance. The City agrees to make payments into the Note Payment Fund at such times and in such amounts as are necessary to provide for the full payment of the principal of and the interest on the Notes when due, whether by reason of maturity, redemption, or tender for purchase. Unless paid from Available Revenues, such payments are to be made from the proceeds of Notes, the proceeds from the sale of Bonds, or, with respect to the Project Notes, the proceeds of borrowings under and pursuant to the Agreement.

To provide security for the payment of the principal of and interest on the Notes as the same shall become due and payable, there is hereby pledged, subject only to the provisions of this Ordinance permitting the application thereof for purposes and on the terms and conditions set forth herein, (i) the proceeds from (a) the sale of the Bonds issued for such purpose and (b) the sale of Project Notes issued pursuant to this Ordinance; (ii) borrowings under a Credit Agreement in accordance with its terms; (iii) the amounts held in the Note Payment Fund and the Note Construction Account until the amounts deposited therein are used for authorized purposes; provided, however, that amounts in the Note Payment Fund attributable to and derived from borrowings under and pursuant to a Credit Agreement are pledged to, and shall be used to pay, the principal of, premium, if any, and interest on the Project Notes or Project Notes of the particular Series or Subseries, as applicable, and (iv) the Net Revenues of the Systems, such pledge of Net Revenues, however, being subordinate to the pledge thereof securing the payment of Systems Revenue Priority Obligations, and it is hereby resolved and declared the principal of and interest on the Notes shall be and are hereby equally and ratably secured by and payable from a lien on and pledge of the sources hereinabove identified in clauses (i), (ii), (iii) and (iv) subject and subordinate only to the exceptions noted therein.

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

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

In accordance with the provisions of the New Series Bond Ordinance, the Notes and the Agreement (and any other Credit Agreement entered into with respect to the Project Notes) represent obligations which are subordinate to the Systems Revenue Priority Obligations. As provided in Section 4.04 of this Ordinance, the term "Available Revenues" as used in this Ordinance means the Net Revenues remaining in the "City of San Antonio Electric and Gas Systems General Account", after paying the principal of and interest on the New Series Bonds and any other Bonds secured by a lien on the Net Revenues prior to the lien on the Net Revenues securing the Notes (including the Junior Lien Obligations) as provided in Section 4.12 (*Prior*

*Lien Bonds*) and the reserves established to secure the payment of the Prior Lien Bonds, and the Credit Agreements (and obligations arising thereunder) that are from time to time entered into by the City in connection with or relating to a series of Prior Lien Bonds. The Available Revenues shall be deposited into the Note Payment Fund from time to time in amounts necessary to pay the principal of and/or interest on the Notes to the extent not paid from the proceeds of Notes or Bonds or, with respect to the Project Notes, from the proceeds of borrowings under an Agreement.

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

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

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

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

Any money remaining in the Note Construction Account and not necessary for the payment of Project Costs or the purpose described in the preceding paragraph shall be paid into the Note Payment Fund and used for the payment of such maturities of the Project Notes coming due at such times as may be selected by an Authorized Representative or the pro rata payment of the Credit Notes, as the case may be and, provided that there is then in effect multiple Credit Agreements and has been issued multiple Series of Project Notes, such amounts will be used to pay all Credit Notes arising under the Credit Agreement or Credit Agreements, respectively,

relating to the Series of Project Notes from which such remaining proceeds were originally derived. In the event no Project Notes are outstanding and there are no amounts owed on the Credit Notes, any amounts in the Note Construction Account not anticipated to be needed to pay Project Costs shall be transferred to the Parity Bond Retirement Account established by the New Series Bond Ordinance or the debt service fund to be established for the payment of the Bonds; when issued for the purpose of refunding the Project Notes from which such proceeds were derived.

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

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

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

**SECTION 2.17. INITIAL CREDIT AGREEMENTS.** Each Agreement, a substantially final form of which is attached hereto as Exhibit A, is hereby approved. The form of Credit Note contained in each Agreement is also hereby approved, including the interest rates to be determined as set forth therein. Any Authorized Representative is hereby authorized, as the act and deed of the City, to execute each Agreement. The City hereby finds that each Agreement is a Credit Agreement hereunder relating, respectively, to the Series of Project Notes identified therein. The Mayor and City Clerk or Assistant City Clerk are hereby authorized and directed to execute and deliver the Credit Notes and any other documents called for under each Agreement, and the City Clerk or Assistant City Clerk is authorized to place the City seal on such instruments. The payment of the respective fees identified in each Fee Letter and the other costs, expenses, and taxes described in each Agreement, as well as the timing of such payments, is hereby authorized from funds lawfully available to the Board for the payment thereof. When required, any "request for extension" (or other document having similar effect, in accordance with the terms of the applicable Agreement) shall be delivered to each Rating Agency simultaneously with the delivery to the Bank, and the City will promptly provide to each Rating Agency a copy of any "notice of extension" (or other document having similar effect, in

accordance with the terms of the applicable Agreement) it receives or notice that no extension was given.

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

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

- (a) each Credit Agreement must be in substantially the same form as those approved pursuant to the terms of this Ordinance and attached hereto as Exhibit A;
- (b) the maximum amount of liquidity provided pursuant to the terms of any Credit Agreement shall not exceed the Program Capacity (measured as the maximum aggregate principal amount at any one time outstanding plus interest thereon at the Maximum Interest Rate for a period not more than 270 days);
- (c) the maximum interest rate borne by any obligations owed pursuant to the terms of any Credit Agreement shall not exceed the Maximum Interest Rate;
- (d) the maximum term of any Credit Agreement shall not exceed the Maximum Maturity Date;
- (e) a determination by an Authorized Representative that entering into any such Credit Agreement shall not result in default or breach of covenants relating to the Program (including the terms of outstanding obligations or any then-existing Credit Agreement that remains in effect after the effectiveness of the new or extended Credit Agreement) and that entering into the subject Credit Agreement complies with applicable law; and
- (f) evidence from each Rating Agency then providing a rating on the Series or Subseries of Notes to which such Credit Agreement relates and that were outstanding before and after the effective date of such extension, substitution, or addition, that the existing rating on such Series or Subseries of Notes is not impacted by such extension, substitution, or addition.

### ARTICLE III ISSUE AND SALE OF NOTES

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

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

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

(iii) the sum of the interest payable on such Note and any discount established for such Note will not exceed a yield (calculated on the principal amount of the Note and, as applicable, with the interest convention specified in Section 2.02 hereof, to the maturity date of such Note in excess of the Maximum Interest Rate in effect on the date of issuance of such Note.

(b) A Credit Note payable to a Bank under a related Credit Agreement shall have been delivered to such Bank and thereafter indebtedness may be incurred thereunder in accordance with the terms of such Credit Agreement.

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

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

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

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

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



General Account shall be used only for the purposes for which money in the Note Construction Account may be used.

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

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

#### ARTICLE IV COVENANTS OF THE CITY

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

Additionally, the City covenants and agrees that the total principal amount of all Project Notes (of a particular Series or Subseries if such Project Notes are issued by Series or Subseries of Commercial Paper Notes) outstanding at any one time shall not exceed the sum total of the Available Commitment relative to such Project Notes (or Series if such Project Notes are issued as Commercial Paper Notes by Series).

SECTION 4.02. RATES AND CHARGES. The City hereby agrees and reaffirms its covenants to the Holders of the Parity Bonds and covenants to the Holders of the Notes that it will at all times maintain rates and charges for the sale of electric energy, gas, or other services furnished, provided, and supplied by the Systems to the City and all other consumers which shall be reasonable and non-discriminatory and which will produce income and revenues sufficient to pay:

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

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

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

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

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

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

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

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

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

FOURTH: To the payment and security of the Notes and any obligations owing to a Bank under a Credit Agreement.

FIFTH: To the payment and security of obligations hereinafter issued which are inferior in lien to the Systems Revenue Priority Obligations and the Notes (being the Inferior Lien Obligations).

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

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

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

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

**SECTION 4.06. BONDS.** To the extent necessary or required, the City in good faith shall endeavor to sell a sufficient principal amount of the Bonds in order to have funds available, together with other money available therefor, to pay the Notes and the interest thereon, or any renewals thereof, as the same shall become due.

SECTION 4.07. PUNCTUAL PAYMENT. The City will punctually pay or cause to be paid the principal of and interest, if any, on the Notes (but only from the funds pledged herein and Available Revenues), in conformity with the Notes, this Ordinance, and the Agreement.

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

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

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

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

(c) To take any action to assure that no amount which is greater than the lesser of \$5,000,000 or 5% of the proceeds of the Tax-Exempt Project Notes is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(d) To assure that the aggregate “nonqualified amount” with respect to output facilities shall not exceed the \$15,000,000 limitation of section 141(b)(4) of the Code;

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

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

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

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

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.103 - 13 (b) (1 2) of the Treasury Regulations, and

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

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

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

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

For purposes of the foregoing subparagraphs (a) and (b), the City understands that the term “proceeds” includes “disposition proceeds” as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Tax-Exempt Project Notes. It is the understanding

of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of Treasury pursuant thereto. In the event that the regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Tax-Exempt Project Notes, the City will not be required to comply with any covenant contained herein to the extent that such modification or expansion, in the opinion of Co-Bond Counsel, will not adversely affect the exemption of interest on the Tax-Exempt Project Notes under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Tax-Exempt Project Notes, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of Co-Bond Counsel, to preserve the exemption from federal income taxation of interest on the Tax-Exempt Project Notes under section 103 of the Code.

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

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

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

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

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

**SECTION 4.11. DISPOSITION OF PROJECT.** The City covenants that the property financed with the Tax-Exempt Project Notes will not be sold or otherwise disposed in a transaction resulting in the receipt by the City or the Board of cash or other compensation, unless the City obtains an opinion of Co-Bond Counsel that such sale or other disposition will not adversely affect the tax exempt status of the Tax-Exempt Project Notes. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion of Co-Bond Counsel that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

SECTION 4.12. SUPPLEMENTAL ORDINANCES. Other than as permitted herein with respect to the issuance of additional obligations of the City secured by the Net Revenues of the Systems, the City will not adopt any supplemental ordinances, pursuant to the Bond Ordinance or otherwise, without, to the extent required by any Credit Agreement at such time valid and in effect, the consent of the Bank thereunder, or which would materially adversely affect the ability of the City to make payments on the Notes when due.

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

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

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

## ARTICLE V EVENTS OF DEFAULT AND REMEDIES OF NOTEHOLDERS

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

(a) if default shall be made in the due and punctual payment of any installment of principal of any Project Note when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if the City shall fail to make due and punctual payment of any installment of interest on any Project Note when and as such interest installment shall become due and payable and such failure shall continue for five Business Days;

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

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

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

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

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

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

**SECTION 5.02. SUITS AT LAW OR IN EQUITY AND MANDAMUS.** In case one or more Events of Default shall occur, then and in every such case the Holder of any Note at the time outstanding and any Bank shall be entitled to proceed to protect and enforce such party's rights by such appropriate judicial proceeding as such party shall deem most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific



performance of any covenant or agreement contained in this Ordinance, or in aid of the exercise of any power granted in this Ordinance, or to enforce any other legal or equitable right vested in the Holders of Notes and any Bank by this Ordinance or the Notes or by law. The provisions of this Ordinance shall be a contract with each and every Holder of Notes and all Banks and the duties of the City shall be enforceable by any Holder and/or Bank by mandamus or other appropriate suit, action, or proceeding in any court of competent jurisdiction.

SECTION 5.03. REMEDIES NOT EXCLUSIVE. No remedy herein conferred upon or reserved to the Holders of Notes or any Bank is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by the Holder of any one or more of the Notes or any Bank as described in the applicable Credit Agreement.

## ARTICLE VI MISCELLANEOUS

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

- (1) to add to the covenants and agreements of the City in this Ordinance contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the City; or
- (2) to cure any ambiguity, or to cure or correct any defective provision contained in the Ordinance, upon receipt by the City of an approving opinion of Co-Bond Counsel selected by the City, that the same is needed for such purpose, and will more clearly express the intent of this Ordinance; or
- (3) to supplement the security for the Notes, replace or provide additional credit facilities, or change the form of the Notes or make such other changes in the provisions hereof as the City may deem necessary or desirable and which shall not materially adversely affect the interests of the Holders of the Notes;
- (4) to make any changes or amendments requested by a Rating Agency as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the City, materially adversely affect the interests of the Holders; or
- (5) to make any changes or amendments with respect to Project Notes in a particular form if there are no Project Notes then outstanding in such form;

provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions of this Ordinance or in the Notes so as to:

- (1) make any change in the maturity of any of the outstanding Project Notes;
- (2) reduce the rate of interest borne by any of the outstanding Project Notes;
- (3) Reduce the amount of the principal payable on any of the outstanding Project Notes;
- (4) modify the terms of payment of principal of or interest on the outstanding Project Notes, or impose any conditions with respect to such payment;
- (5) affect the rights of the Holders of less than all of the outstanding Project Notes; or
- (6) give priority of payment from Available Revenues to any Note over other Notes; or
- (7) reduce or restrict the pledge made herein (Section 2.12) for payment of the Project Notes.

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

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

**SECTION 6.02. ADDITIONAL ACTIONS.** The Mayor, the City Clerk, the Assistant City Clerk, any Authorized Representative, and the other officers of the City and the Board are hereby authorized and directed, jointly and severally, to do any and all things necessary and to execute and deliver any and all documents (which include any Credit Agreement, Dealer Agreement, Offering Memorandum, Issuing and Paying Agency Agreement, and any additional documents related thereto), which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Notes and agreements related thereto, and to otherwise engage in any action to effectuate the purposes of this Ordinance. Each Authorized Representative is further authorized to select the qualified Responses and implement the services set forth therein. Specifically, by the adoption of this Ordinance, the City Council hereby authorizes the payment of the fees and expenses incurred and to be paid by the Board in connection with the issuance, sale, and delivery of the Notes and the execution and delivery of each Credit Agreement, Dealer Agreement, Issuing and Paying Agency Agreement, Fee Letter, and any additional agreements related to the Notes, as well as amendments to each of the foregoing, and as otherwise provided in this Ordinance.

**SECTION 6.03. ORDINANCE TO CONSTITUTE A CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Notes, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the Notes and the pledge made in this Ordinance by the City and the covenants and agreements set forth in this Ordinance to be performed by the City shall be for the equal and proportionate benefit, security and protection of all Holders of the Notes, without preference, priority or distinction as to security or otherwise of any of the Notes authorized hereunder over any of the others by reason of time of issuance, sale or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Ordinance or, with respect to the Credit Notes, the applicable Credit Agreement.

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

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

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

**SECTION 6.07. LIMITATION OF BENEFITS WITH RESPECT TO THE ORDINANCE.** With the exception of the rights or benefits herein expressly conferred, nothing

expressed or contained herein or implied from the provisions of this Ordinance or the Notes is intended or should be construed to confer upon or give to any person other than the City, the Holders of the Notes, the Issuing and Paying Agent/Registrar, the parties to the Dealer Agreement, and a Bank under a Credit Agreement, any legal or equitable right, remedy or claim under or by reason of or in respect to this Ordinance or any covenant, condition, stipulation, promise, agreement or provision herein contained.

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

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

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

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

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

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

**SECTION 6.13. PUBLIC MEETING.** It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting,

including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code, as amended.

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

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

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

and authorization relates only to information and documentation that is a part of the public record concerning the issuance of the Notes.

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

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

4/11/19  
Item No. \_\_\_\_\_

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

CITY OF SAN ANTONIO

\_\_\_\_\_  
Mayor

ATTEST:

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

(CITY SEAL)

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

\_\_\_\_\_  
Andrew Segovia, City Attorney,  
City of San Antonio, Texas

**EXHIBIT A**

**FORM OF CREDIT AGREEMENT**

[See Tabs \_\_\_\_]

DRAFT



4/11/19  
Item No. \_\_\_\_

**EXHIBIT B**

FORM OF ISSUING AND PAYING AGENCY AGREEMENT

[See Tab \_\_\_\_]

4/11/19  
Item No. \_\_\_\_\_

**EXHIBIT C**

FORM OF DEALER AGREEMENT

[See Tabs \_\_\_\_\_]