PROGRAMMATIC AND FINANCING AGREEMENT

This Programmatic and Financing Agreement (this *Agreement*) is entered into and effective as of September 17, 2020, by and between the City of San Antonio, Texas, a duly incorporated and existing municipal corporation, home rule municipality, and political subdivision of the State of Texas (the *City*), and the City of San Antonio, Texas Municipal Facilities Corporation, a Texas local government corporation (the *Corporation* and, together with the City, the *Parties*) organized and validly existing under the laws of the State of Texas, including Subchapter D of Chapter 431, Texas Transportation Code, as amended (the *Act*).

RECITALS

WHEREAS, the City previously created the Corporation for the purpose of aiding and acting on behalf of the City to accomplish certain governmental purposes, including the acquisition, construction, equipping, financing, operation, and maintenance of land and other municipal facilities for the City; and

WHEREAS, the City has, on May 6, 2000, May 7, 2005, November 2, 2010, and May 9, 2015, conducted special elections (such elections, individually, an *Election* and, collectively, the *Elections*) pursuant to Chapter 334, Texas Local Government Code, as amended (*Chapter 334*), to establish, fund and maintain for the benefit and protection of the Edwards Aquifer a watershed protection and preservation project, a recharge, recharge area, or recharge feature protection project, a conservation easement, and an open-space preservation program intended to protect water under Section 334.001(1)(F) of Chapter 334 (the *Edwards Aquifer Protection Program* or the *EAPP*); and

WHEREAS, the Edwards Aquifer Protection Program provides the City with a mechanism to protect the environmentally sensitive land sustaining the Edwards Aquifer, the City's primary source of water and a critical component to the City's continuing economic viability through accomplishment of Program Objectives, pursuit of which City voters have, at the Elections, approved and funded on four separate occasions; and

WHEREAS, at each Election, City voters authorized funding the Edwards Aquifer Protection Program, in specified amounts, from the proceeds of a sales and use tax equal to 1/8 of 1% imposed and collected in the City (the *Sales Tax*), the proceeds from which represent, to date, the primary source of Edwards Aquifer Protection Program funding; and

WHEREAS, the Election conducted on May 9, 2015 (the *2015 Election*) specified that the Sales Tax will continue until it generates proceeds of $100,000,000 in support of the current iteration of the Edwards Aquifer Protection Program, after which the Sales Tax, as a source of EAPP funding, expires by its terms; and

WHEREAS, the City projects that Sales Tax proceeds will reach the aforementioned $100,000,000 threshold by the end of the second calendar quarter of 2021 and such Sales Tax proceeds will be exhausted in pursuit of Program Objectives under the current iteration of the Edwards Aquifer Protection Program by the end of the City's 2022 fiscal year; and

WHEREAS, the onset of the 2020 COVID-19 global pandemic resulted in a local economic crisis, and on August 13, 2020, the City Council approved an ordinance placing on the November 3, 2020 ballot for City voter consideration (such election, the *2020 Election*) the redirection, after reaching the aforementioned $100,000,000 EAPP funding threshold, of the Sales Tax for the purpose of funding the costs of effectuating workforce development training and higher education initiatives; and

WHEREAS, notwithstanding its determination to request that City voters redirect the Sales Tax at the 2020 Election as described above, the City Council has, in Ordinance No. _____, thereby adopted on September 17, 2020 (the *Program Ordinance*, a copy of which is attached hereto as Exhibit A), found and determined that (i) continuation of the Edwards Aquifer Protection Program is of critical importance to the City's future sustainability, (ii) a new iteration of the EAPP, causing its continuation beyond the current iteration's expected 2022 City fiscal year-end expiration, is in the best interests of the City and its residents, (iii) it shall continue the Edwards Aquifer Protection Program beyond the expiration of its current iteration, to include a dedicated source of funding from lawfully available City revenues therein identified (such continued EAPP, as described in the Program Ordinance, the *Continued EAPP*), and (iv) responsibilities for maintaining, continuing, and implementing the Continued EAPP shall be assigned to the Corporation for administration thereby pursuant to the terms of the Program Ordinance and this Agreement; and

WHEREAS, on September 17, 2020, the Corporation's Board of Directors approved Resolution No. _____ (the *Corporation Resolution*, a copy of which is attached hereto as Exhibit B), in which it accepted the City's assignment of responsibility for maintaining, continuing, and implementing the Continued EAPP and authorized the Corporation's executing and entering into this Agreement; and

WHEREAS, the City and the Corporation intend that Program Costs shall be satisfied (i) by the Corporation on a "pay-go" basis, (ii) through the Corporation's incurrence of indebtedness in the form of Corporation Program Debt secured by a lien on and pledge of Pledged Revenues, or (iii) some combination of the foregoing; and

WHEREAS, initial Corporation Program Debt shall be in the form of an interim financing program designated as the "City of San Antonio, Texas Municipal Facilities Corporation EAPP Commercial Paper Program" (the *Commercial Paper Program*), pursuant to which the Corporation will from time to time issue, by private placement or pursuant to a public sale, Notes the proceeds from which will be used to initially pay for certain eligible Program Costs or to refund Notes previously issued to initially pay for such eligible Program Costs; and

WHEREAS, Applicable Law permits (i) the City's and the Corporation's entering into contracts and agreements, such as this Agreement, in connection with the Continued EAPP, (ii) the City's pledge of the Pledged Revenues as in the Program Ordinance and hereunder provided, and (iii) and all necessary and incidental actions taken in relation to the foregoing; and

WHEREAS, in order to establish the duties and responsibilities of the City and the Corporation with respect to the Continued EAPP, including methods and mechanisms for paying

Program Costs, the Parties hereby find it necessary and desirable for such parties enter into this Agreement; and, now, therefore,

FOR GOOD AND VALUABLE CONSIDERATION, THE SUFFICIENCY OF WHICH THE PARTIES HEREBY ACKNOWLEDGE, THE CITY AND THE CORPORATION AGREE AS FOLLOWS:

WITNESSETH

SECTION 1. Definitions. The following terms used in this Agreement have the respective meanings as set forth below:

a. *Applicable Law* means, as applicable when and as such term is used, the Constitution and general laws of the State, including Section 1502.059, the Act, Chapter 22, Texas Business Organizations Code, as amended, the Texas Non-Profit Corporation Act, the City's Home Rule Charter, the Articles, and the Bylaws.

b. *Articles* means the Corporation's Articles of Incorporation, filed with the Texas Secretary of State's Office on February 27, 2001, as the same may be amended from time to time.

c. *Board* means the Corporation's Board of Directors, which (pursuant to the Articles) is the Mayor and San Antonio City Council.

d. *Bylaws* means the Corporation's Bylaws, adopted and approved by the Board on March 1, 2001, which may be amended from time to time pursuant to the provisions thereof.

e. *CAB* means the Conservation Advisory Board, a board created by the City Council (the general composition of which most recently established pursuant to Ordinance 2008-08-07-0659) for the purpose of advising the City Council regarding protection of quantity and quality of recharge into the Edwards Aquifer, as further described in Exhibit C attached hereto, and having the duties and responsibilities related to the Continued EAPP as herein provided.

f. *Conservation Easement* means an easement on real property restricting in perpetuity the right to prospectively develop such property, voluntarily conveyed by the fee owner of such property at the time of conveyance (but binding on such fee owner and all subsequent fee owners, trustees, occupants, tenants, or other users of the subject property).

g. *Corporation Program Debt* means any indebtedness from time to time lawfully incurred by the Corporation to pay eligible Program Costs, which debt is secured by Pledged Revenues and payable from all or any portion of Dedicated Revenues from time to time received or to be received by the Corporation from the City pursuant to the Program Ordinance and this Agreement. Corporation Program Debt includes the Commercial Paper Program, any Notes, and the Corporation's obligations arising under the Indenture and the Credit Agreement.

h. *Credit Agreement* means the credit agreement pursuant to which the liquidity provider thereunder will provide credit and/or liquidity support to the Notes, a form of which is attached hereto as Exhibit F.

i. *Dedicated City Staff* means the City staff identified in *Section 2.h* of this Agreement.

j. *Dedicated Revenues* means those City revenues derived from one or more sources other than ad valorem tax collections, identified by City finance staff and thereby determined to be lawfully used for and available in sufficient amount to satisfy the City's funding obligations arising under Section 4 of the Program Ordinance. Dedicated Revenues shall include Pledged Revenues and additional City revenues identified by City staff and thereby made a part of and constituting Dedicated Revenues. Dedicated Revenues shall also include (but are not additionally limited to) any additional revenues, incoming receipts or other resources, any grants, donations, appropriations, revenues, or income received or to be received from the United States Government, the State of Texas, or any other lawfully available public or private source whether pursuant to an agreement or otherwise, which may be used, or are not prohibited from use, by the City to satisfy its funding obligations under Section 4 of the Program Ordinance.

k. *Deed Restriction* means an in-perpetuity restriction on the prospective right to develop a parcel of land, included in the deed relating to such parcel by the fee owner thereof (but binding on such fee owner and all subsequent fee owners, trustees, occupants, tenants, or other users of the subject property).

l. *Gross Revenues* means the revenues derived by SAWS from the operation and management of the System.

m. *Indenture* means the Indenture of Trust, dated as of September 17, 2020 (but effective as of a future date), between the Corporation and the Trustee and pursuant to which the Commercial Paper Program is established, in the form attached hereto as Exhibit E.

n. *Maintenance and Operating Expenses* has the meaning ascribed thereto in the SAWS Bond Ordinances.

o. *Net Revenues* means, for any period, Gross Revenues after deducting Maintenance and Operating Expenses.

p. *Notes* means notes from time to time issued by the Corporation under the Commercial Paper Program.

q. *Pledged Revenues* means (i) SAWS City Revenue Transfer in an amount sufficient and necessary (after taking into account any other funding source, including any funds hereinafter identified in clause (ii) of this definition) to satisfy the payment and security obligations of any Corporation Program Debt and (ii) any additional revenues, incoming receipts or other resources including without limitation, any grants, donations, appropriations, revenues, or income received or to be received from the United States

Government, the State of Texas, or any other lawfully available public or private source (whether pursuant to an agreement or otherwise and that may at any time be pledged to the payment of the Corporation Program Debt).

r. *Program Capacity* means an aggregate amount of $100,000,000 identified by the City in the Program Ordinance to accomplish Program Objectives by payment of Program Costs under the Continued EAPP.

s. *Program Costs* means all costs of Real Property Acquisitions (including all commissions to land acquisition agents, legal, title, survey, appraisal, and recordation costs incurred in connection with such acquisitions, and City costs (including costs of Dedicated City Staff) incurred in connection with the identification, negotiation of terms of, and acquisition of Real Property Acquisitions that are properly allocable by the City as capital costs in accordance with Generally Accepted Accounting Procedures) and other capital costs incurred in pursuit of Program Objectives, in an aggregate amount not to exceed Program Capacity.

t. *Program Expenses* means all costs and expenses, other than Program Costs, necessary and incidental to the continuation of the Continued EAPP, including (but not limited to) costs of updates to the SET Model made after commencement of the Continued EAPP, interest on Corporation Program Debt, professional costs incurred by the Corporation in connection with the establishment or incurrence of Corporation Program Debt, costs of Dedicated City Staff (other than Dedicated City Staff costs properly allocable as Program Costs), costs of ongoing monitoring of compliance with terms of Real Estate Acquisitions as identified in *Section 2.i* hereof, and costs for third party consultants to provide Continued EAPP technical assistance and ongoing monitoring, as described in *Section 2.j* hereof (but excluding third party costs properly allocable as Program Costs).

u. *Program Objectives* means action taken for the purpose of preserving and protection of the Edwards Aquifer watershed, to include a recharge, recharge area, or recharge feature protection project, a conservation easement, and an open-space preservation program.

v. *Real Property Acquisitions* means the Corporation's acquisition of interests in real property, whether by Conservation Easement or in fee simple, in furtherance of accomplishment of Program Objectives pursuant to the terms of this Agreement and in accordance with the Program Ordinance.

w. *SAWS* means the San Antonio Water System Board of Trustees.

x. *SAWS Bond Ordinances* means those City ordinances authorizing the issuance, from time to time, of evidences of indebtedness secured by and payable from Net Revenues.

y. *SAWS City Revenue Transfer* means the up to 5% of the Gross Revenues after payment of all Maintenance and Operating Expenses and debt service requirements on any outstanding SAWS Debt, which portion of Gross Revenues is transferred to the City for use by the City for any general or special purpose (including the pledge thereof granted

in the Program Ordinance and this Agreement) pursuant to the applicable terms of the SAWS Bond Ordinances and Section 1502.059. Currently, the City receives a revenue transfer from SAWS in the amount of 4% of Gross Revenues.

z. *SAWS Debt* means "Debt", as defined in the SAWS Bond Ordinances.

aa. *Section 1502.059* means Section 1502.059, Texas Government Code, as amended.

bb. *SET Model* means the Scientific Evaluation Team model described in Exhibit D hereto, as the same may be modified or updated from time to time.

cc. *System* means the City's municipally-owned water and wastewater system, the management, operation, and maintenance of which is the responsibility of SAWS.

SECTION 2. Program Purpose and Administration

a. *Purpose*. The Continued EAPP is a new iteration of the former EAPP established by the City pursuant to the Program Ordinance for the purpose of pursuit and accomplishment of Program Objectives through the use, application, leverage, and pledge of Dedicated Revenues.

b. *Administration, Generally*. Administration of the Continued EAPP shall be conducted in general conformance to prior EAPP iterations, except as herein modified.

c. *Real Property Acquisitions*. Under the Continued EAPP, the Corporation shall utilize Dedicated Revenues from time to time received from the City, or proceeds of Corporation Program Debt, to pay Program Costs associated with or resultant from Real Property Acquisitions and other pursuits of Program Objectives, whether within or beyond the City's corporate limits, over the sensitive recharge and contributing zones of the Edwards Aquifer. In addition, the Corporation shall also use Dedicated Revenues from time to time received from the City to pay, as necessary or required, Program Expenses that are Corporation obligations and not directly paid by the City. Program Costs incurred shall be applied toward utilization of Program Capacity; Program Expenses incurred and paid shall not be so applied and do not count toward a determination of use of Program Capacity.

Real Property Acquisitions shall be made by and held in the name of the Corporation upon prior approval of the Board based upon the recommendations of the CAB (as further described in *Section 2.d* hereof). With respect to Real Property Acquisitions that are fee simple purchases of land, Deed Restrictions shall be imposed on such parcels concurrently with the Corporation's acquisition thereof. All Conservation Easements and Deed Restrictions shall run with the land; Conservation Easements and deeds for fee simple purchase (inclusive of Deed Restrictions) shall be filed in the deed records of the county in which the subject property is located.

d. *CAB Oversight of Continued EAPP*. The Continued EAPP shall be overseen by the CAB, who, in coordination with and through support provided by Dedicated City

Staff, shall evaluate and provide commentary on all Real Property Acquisitions and provide recommendations for Real Property Acquisitions to the Board. The CAB's determination to recommend Real Property Acquisitions to the Board shall be guided by information determined by the CAB to be relevant, to include the results of the SET Model, input from Dedicated City Staff, and information received from other sources (to include input from third party partners such as the land acquisition team and governmental or regulatory agencies, including the Edwards Aquifer Authority, Texas Parks and Wildlife, and U.S. Fish and Wildlife).

e. *Concurrent Use of Acquired Property.* Though the primary purpose for Real Property Acquisitions is accomplishment of the public purpose identified in Section 1 of the Program Ordinance, real property acquired and held by the Corporation in fee may be concurrently utilized by the City to accomplish other public purposes (primarily being provision of recreational opportunities for City residents) so long as such alternative concurrent use does not frustrate the primary purpose for such Real Property Acquisition.

f. *Acquired Property Transferred to Third Parties.* Once acquired, an interest in real property held or owned by the Corporation may, by Board action upon recommendation and pursuant to terms prescribed by the CAB, be conveyed to another governmental entity or regulatory agency determined by the CAB to have the resources and technical ability to assume (and at such time of conveyance will in fact have assumed) the responsibility for enforcement of the terms of Deed Restrictions or Conservation Easements applicable to such conveyed real property interest.

g. *Terms of Deed Restrictions and Conservation Easements.* The specific terms of Deed Restrictions and Conservation Easements shall be determined from time to time by the CAB, acting in coordination with and at the recommendation of Dedicated City Staff, members of any land acquisition team, and other outside consultants (including legal counsel or real estate appraisers); provided, however, that the terms of all Deed Restrictions and Conservation Easements shall be developed to accomplish Program Objectives and to not overly restrict the prospective use of the subject property in a manner that is not contributory to such accomplishment (but instead causes an unnecessary increase in Program Costs).

h. *Dedication of City Staff.* As specified in the Bylaws, the staff functions of the Corporation may be performed by the City. The Continued EAPP shall, therefore, continue to be housed in the City's Parks and Recreation Department, with adequate and sufficient staff provided by the City to properly administer the Continued EAPP. Dedicated City Staff committed to Program administration initially includes a Special Projects Manager, a Senior Management Analyst, and a Management Analyst. By the delegation hereof, Dedicated City Staff shall have the authority to carry out any necessary actions to accomplish the Program Objectives, to include recommendation to the CAB of the type and negotiation of the terms of each Real Estate Acquisition. Costs of Dedicated City Staff that are Program Costs shall be paid as such; costs of Dedicated City Staff that are Program Expenses shall be borne by the City and paid from City funds other than Dedicated Revenues.

i. *Ongoing Monitoring*. To assure continuing satisfaction of the primary public purpose for which such interests in real property are obtained, Dedicated City Staff shall monitor Real Property Acquisitions to confirm compliance with the terms of each Deed Restriction and Conservation Easement imposed or obtained under the Continued EAPP. Not less frequently than annually, Dedicated City Staff shall report the results of this monitoring activity to the CAB. Ongoing Continued EAPP monitoring costs are Program Expenses that shall be borne by the City and paid from City funds other than Dedicated Revenues.

j. *Third Party Assistance*. The CAB and Dedicated City Staff shall seek partnerships and may contract with qualified third parties (to include, generally, other governmental agencies regulatory bodies and, specifically, the Edwards Aquifer Authority) for technical and financial support for administering the Continued EAPP (to include, but not be limited to, completion the ongoing monitoring obligations identified in *Section 2.i* hereof). Third party costs that are Program Costs shall be paid as such; third party costs are Program Expenses shall be borne by the City and paid from City funds other than Dedicated Revenues.

SECTION 3. Preservation of CAB; CAB Annual Report. For the duration of the Continued EAPP, as specified in the Program Ordinance, the City shall continue to maintain the CAB substantially in the manner as it has for prior EAPP iterations, as further described in Exhibit C hereto. The City may, from time to time and by action of the City Council, modify the composition of the CAB in response to evolution of the Continued EAPP, which change in composition shall not require an amendment of this Agreement or constitute a material modification of the Continued EAPP under the Program Ordinance.

Not less frequently than on an annual basis (but not later than June 1 of each year), the Corporation shall cause the CAB, in coordination with and through support provided by Dedicated City staff, to deliver to the Board a report (the *Annual Report*), in substantially the form previously delivered by the CAB to the City Council under prior EAPP iterations, that minimally includes a description of the prior fiscal year's Continued EAPP's accomplishments and the anticipated Program Costs and Program Expenses to be incurred in the upcoming City fiscal year (commencing on the October 1 following the June 1 due date of each Annual Report).

SECTION 4. SET Model. The Corporation, through Dedicated City Staff and under the guidance of the CAB, shall periodically evaluate the relevance, accuracy, and utility of the SET Model and direct that it be updated, in a manner consistent with prior updates, to maintain its relevance, accuracy, and utility as a tool to guide recommendations for Real Property Acquisitions under the Continued EAPP. Updates to the SET Model shall not require City Council approval or an amendment of this Agreement, nor shall such updates constitute a material modification of the Continued EAPP under the Program Ordinance.

SECTION 5. Continued EAPP Funding.

a. *Annual Funding*. The City shall annually fund the Corporation with Dedicated Revenues sufficient to meet the Continued EAPP financial commitments in the manner and generally in the amounts described in the Program Ordinance. As described in

the Program Ordinance, the City may take into account various factors in determining the actual amount of Dedicated Revenues to be transferred or made available to the Corporation to fund the Continued EAPP for any particular City fiscal year. As provided in the Program Ordinance, City financial staff shall, during the annual budgeting process, coordinate and interact with Dedicated City Staff and the CAB to determine, taking into account Program Costs and Program Expenses expected to be incurred during the upcoming financial period (as indicated in the Annual Report), the recommended amount of Dedicated Revenues to fund Continued EAPP financial commitments for the fiscal year to which the subject City budget relates. After considering anticipated Continued EAPP funding needs and available Dedicated Revenues (after considering other forecasted City needs for such fiscal period, as described in the Program Ordinance), City finance staff shall recommend to City Council the amount of the Dedicated Revenues to be included in the City budget to satisfy such Continued EAPP financial commitments of the Corporation. Prior to making this recommendation to City Council, the City's Chief Financial Officer (or his or her designee) shall present the same to the CAB at a meeting thereby held in accordance with the Texas Open Meetings Act.

After completion of the City's independent annual audit relating to any fiscal year during which the Continued EAPP is in effect, the City may consider and reevaluate the Continued EAPP funding installment amount for the then-current fiscal year, in comparison to actual or anticipated Continued EAPP expenses to be incurred by the Corporation during such fiscal year and, at the City's discretion, adjust such annual funding installment to accommodate the Continued EAPP's actual projected expenses for such period. Any surplus or deficit of annual funding installment in comparison to annual actual and projected Program Costs and Program Expenses may be considered for an additional adjustment at the City's discretion as part of a mid-year City budget adjustment.

Dedicated Revenues transferred by the City to the Corporation for Continued EAPP funding shall be used by the Corporation only for payment of Program Costs (including Program Costs paid on a "pay-go" basis) and Program Expenses that have not been paid directly by the City, all in accordance with the Program Ordinance and this Agreement.

b. *Additional Funding*. In addition to the foregoing, the City may, at its sole discretion and at any time, contribute to the Corporation, for use thereby to accomplish Program Objectives, additional Continued EAPP funding from any lawfully available City source and at any time realized. Any such additional amounts contributed to the Corporation by the City outside of the annual funding process described in *Section 5.a* above shall be applied by the Corporation toward the City's Continued EAPP funding commitment established in the Program Ordinance and reflected herein as Program Capacity. As and if directed by the City at the time of contribution of additional amounts as described in this *Section 5.b*, such additional funding amount(s) shall satisfy future City annual funding obligations described in *Section 5.a* above.

SECTION 6. Conditions to City Modification of Continued EAPP Funding. The City hereby covenants and agrees with the Corporation that any material deviation to Continued EAPP funding from the manner specified in the Program Ordinance or a determination to not refinance interim Corporation indebtedness once any programmatic indebtedness issuance limits have been

reached (unless City staff determines that maintenance of such interim financing provides a short term financial benefit to the City and the Continued EAPP) shall be the subject of two public hearings, held by the City Council at least 30 days apart, followed by placement before the City Council for consideration prior to effectiveness or enactment of the same (subject only to the City Council's regular meeting schedule and process for public hearing conduct and inclusion on a meeting agenda items for consideration).

SECTION 7. Incurrence of Indebtedness by Corporation to Fund Program Costs.

a. *Corporation Program Debt Generally*. The City and the Corporation agree that the Corporation may, from time to time, incur indebtedness to finance Program Costs, which indebtedness (or Corporation obligations under any credit agreement, including the Credit Agreement, relating any such indebtedness) shall be secured by and payable from a lien on and pledge of Pledged Revenues (such indebtedness, hereinbefore defined as *Corporation Program Debt*). The City hereby agrees that the Pledged Revenues may be irrevocably pledged to the payment and security of any Corporation Program Debt (which includes establishment and maintenance of any funds and accounts relating thereto).

b. *Pledge of Pledged Revenues*. The City acknowledges and agrees that the Corporation has no sources of funds available to repay Corporation Program Debt other than from funds transferred to the Corporation by the City under the Program Ordinance and this Agreement. For the purpose of the Corporation further pledging, assigning and hypothecating to any lender, holder, or trustee as security for any Corporation Program Debt, the City hereby irrevocably pledges and assigns to the Corporation, in satisfaction of the Corporation's accepting from the City assigned obligation to pursue and accomplish the Program Objectives and as authorized in the Program Ordinance, a first and prior lien on and pledge of the Pledged Revenues. In connection with the foregoing, the City hereby covenants and agrees that it shall create no lien on or make a pledge of Pledged Revenues that is prior to or on parity with the lien thereon and pledge thereof described above (though the City does hereby expressly reserve the right to grant a lien on and pledge of Pledged Revenues that is junior and subordinate to the lien thereon and pledge thereof described herein).

c. *Transfer of Pledged Revenues*. The City shall, without requirement of notice from the Corporation, transfer to the Corporation for deposit to the fund or account related to Corporation Program Debt from Pledged Revenues (or other City funds, as hereinafter described) the amounts sufficient to pay the particular debt service on or other payment obligations relating to Corporation Program Debt at such time coming due. The Corporation hereby agrees that amounts from time to time on deposit in any such fund or account shall only be used for purpose of paying debt service on or other payment obligations relating to Corporation Program Debt unless and until there remains outstanding no Corporation Program Debt, in which case amounts held in any dedicated Corporation Program Debt fund or account shall be disbursed in accordance with the applicable instrument provisions pursuant to which the subject Corporation Program Debt was issued or incurred. Notwithstanding the foregoing, the Corporation agrees that deposits to any Corporation Program Debt fund or account made pursuant to the provisions of this

Section 7.c may be made by the City, on behalf of itself and the Corporation, from any lawful funds, including (but not limited to) Pledged Revenues.

d. *Use of Corporation Program Debt Proceeds*. Proceeds of Corporation Program Debt shall only be used to pay eligible Program Costs (or to refinance obligations initially issued or incurred to pay eligible Program Costs).

e. *Initial Corporation Program Debt*. The City and the Corporation agree that the initial Corporation Program Debt shall be in the form of Notes. The Commercial Paper Program shall be established pursuant to the provisions of the Indenture, the terms of which are hereby approved by the City and the Corporation, and liquidity and/or credit enhancement for which shall be provided, if determined by City staff to be necessary or beneficial to such Commercial Paper Program, pursuant to the Credit Agreement (which form is hereby approved by the City and the Corporation). The City hereby expressly authorizes the Corporation's execution of and entry into the Indenture and the Credit Agreement to establish and implement the Commercial Paper Program.

f. *Modification of Agreement*. Notwithstanding *Section 11* hereof, for so long as any Corporation Program Debt remains outstanding, and unless the documentation relating to such Corporation Program Debt expressly states otherwise, neither the City nor the Corporation (as applicable) shall amend or modify the terms and provisions of the Corporation Resolution, the Program Ordinance, or this Agreement (except for provisions relating to general Continued EAPP administration that does not impact Continued EAPP funding or Program Objectives) without receipt of the prior written consent of the of the lenders, dealers, issuing and paying agents, holders, or trustees related to such Corporation Program Debt.

SECTION 8. Reliance on Agreement. The City acknowledges that (i) the CAB, though only advisory to the City Council in nature and without enforcement rights hereunder, has relied upon the terms and provisions of this Agreement as its basis of support for the establishment of the Continued EAPP and (ii) the Corporation's incurrence of Corporation Program Debt, and the delivery of proceeds of such indebtedness by lenders and holders of such Corporation Program Debt is in reliance upon the City's entering into and diligently complying with the terms and requirements of this Agreement.

SECTION 9. Authorization. This Agreement is entered into by the City pursuant to the Program Ordinance and Applicable Law. This Agreement is entered into by the Corporation pursuant to the Corporation Resolution and Applicable Law.

SECTION 10. Term. This Agreement is effective as of its date specified above and shall continue until the later to occur of the expiration of the Commitment Period in accordance with the Program Ordinance and the discharge of all Corporation Program Debt incurred by the Corporation during the Commitment Period.

SECTION 11. Modifications. This Agreement shall not be changed orally, and no executory agreement shall be effective to waive, change, modify or discharge this Agreement in

whole or in part unless such executory agreement is in writing and is signed by the parties against whom enforcement of any waiver, change, modification or discharge is sought.

SECTION 12. Entire Agreement. This Agreement, including all exhibits hereto, contains the entire agreement between the Corporation, and the City pertaining to the subject matter hereof and fully supersedes all prior agreements and understandings between such parties pertaining to such subject matter.

SECTION 13. Counterparts. This Agreement may be executed in several counterparts, and all such executed counterparts shall constitute the same agreement. It shall be necessary to account for only one such counterpart in proving this Agreement.

SECTION 14. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall nonetheless remain in full force and effect.

SECTION 15. Applicable Law. This Agreement shall in all respects be governed by, and construed in accordance with, the substantive federal laws of the United States and the laws of the State of Texas.

SECTION 16. Captions. The section headings appearing in this Agreement are for convenience of reference only and are not intended, to any extent and for any purpose, to limit or define the text of any section or any subsection hereof.

* * *

CITY OF SAN ANTONIO

Ron Nirenberg, Mayor

ATTEST:

Tina J. Flores, City Clerk

Andrew Segovia, City Attorney

(CITY SEAL)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the date and year first above written.

CITY OF SAN ANTONIO, TEXAS
MUNICIPAL FACILITIES CORPORATION

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(CORPORATION SEAL)

EXHIBIT A

Program Ordinance

See Tab No. __

EXHIBIT B

Corporation Resolution

See Tab No. __

EXHIBIT C

Conservation Advisory Board Composition and Scope

Background:
The Conservation Advisory Board (CAB) was formally created on April 6, 2000 (Ordinance 91566). The enabling ordinance called for the creation of the board to provide input and advice to City Council in connection with Proposition III, the Park Development and Expansion Venue Project. The role of the CAB was then formally modified on June 2, 2005 (Ordinance 100985) to also encompass the responsibilities outlined below in connection with Proposition I, the Edwards Aquifer Protection Venue Project.

Purpose:
The purpose of the CAB is to provide input and advice to staff and City Council regarding: (i) the acquisition of sensitive land over the Edwards Aquifer and the appropriate development and stewardship of such land acquired pursuant to the Parks Development and Expansion Venue Project (2000), pursuant to the Edwards Aquifer Protection Venue Projects (2005, 2010 and 2015), and pursuant to the Continued EAPP; (ii) the stewardship and monitoring of conservation easements acquired under the Edwards Aquifer Protection Venue Projects and the Continued EAPP.

Committee Composition:
The composition of the CAB currently consists of representatives from the following organizations (Ordinance 2008-08-07-0659):

- Texas Parks and Wildlife Department: Jessica Alderson
- Edwards Aquifer Authority: Brock Curry
- San Antonio Water System: Scott Halty
- San Antonio River Authority: Steve Graham
- City of San Antonio Parks & Recreation Advisory Board: Francine Romero
- San Antonio Economic Development Foundation: Rogelio Garcia
- Director of COSA Parks & Recreation Department: Homer Garcia
- Medina County: Russell Persyn
- Uvalde County: Vacant

Meeting Dates:

The CAB generally meets once every month per year during the initial evaluation and acquisition phases of the programs, usually on the fourth Wednesday of the month. Additional meetings may be held at the discretion of the Board. CAB meetings are subject to compliance with the Texas Open Meetings Act.

EXHIBIT D

Overview and History of the SET Model

Proposition 3 Model - 2000

A Scientific Evaluation Team (SET) consisting of members from various local and federal agencies convened in 2000 to produce a model to identify sensitive properties for inclusion in the Edwards Aquifer Protection Program. The target area included Bexar County. The model evaluated permeability, adjacency to open space, parcel size, watersheds, and biological characteristics within the recharge and contributing zones of the Edwards Aquifer. The following criteria were evaluated:

- Permeability (50% of score) – Slope, geologic characteristics, presence of karst features, and soils
- Biologic Values (20% of score) – Presence of cave invertebrates
- Property Size & Proximity to other Protected Properties (30% of score)

Proposition 1 Model - 2005

In 2005 with the passage of Proposition 1, a second SET team, including some of the original members, made enhancements to the previous model, which also included Medina and Uvalde Counties. A new model was created using the 2000 model as a starting point. The model included the following criteria:

- 2000 Model Scoring – The three scoring criteria were kept the same
- Stream Order – The National Hydrography Dataset (NHD) Plus dataset was used to give stream values
- Underground Water Movement – A factor to approximate underground water movement was included
- Parcels Adjacent to Open Space – Parcels adjacent to or near open space were given an adjacency value based on proximity to open space
- Large Parcels – Large parcels were given bonus points for their size
- Biologic Indicators – Vegetation type was included

Proposition 1 Model - 2010

In 2010, the SET was updated to include newly available datasets and the area of interest was expanded to include Real and Bandera Counties within five miles of the recharge zone. The model included the following changes:

- Model Scoring – The same criteria from the previous model were kept, but with slight modifications to the scoring percentages. The categories of input were also referred to as "indicators"
- Biological Indicator – Values based on the 2006 National Land Cover dataset.
    - Permeability Indicator – Included the following changes:

- Study area expanded to include the "Effective Recharge Zone," defined by the SET as lands within five miles of the northern border of the TCEQ Edwards Aquifer jurisdictional recharge zone.
- 90-acre buffers were used around springs and caves
- Scoring based on seven different elements that were determined important by the SET (Edwards Aquifer recharge zone, SET effective Edwards Aquifer recharge zone, springs 90-acre buffer, caves 90-acre buffer, faults, floodplain, stream buffers, and Leona factor)
- Instead of stream order, water quality buffers with TCEQ recommended buffer areas were used for drainages 40 acres and greater along with floodplains
- Cave data was acquired for Medina and Uvalde Counties

- Adjacency Indicator – Higher values given to properties near existing open space.
- Parcel Size Indicator – Parcels given a proportional value based on their size
- Combining Weighted Indicators – The four indicators – permeability, biology, adjacency, and parcel size – are combined in the model in a two tier process.

<u>2012 Updates to Parcel Quality</u>
In 2012, the model was further updated to improve parcel data by updating the parcel boundaries and open space data for the Area of Interest (AOI). The process ensured that the best parcel and boundary data were used in the model with input from City staff and the Land Acquisition Team (LAT).

<u>Proposition 1 Model - 2015</u>
In 2016, the SET was re-convened once more to update the model and improve functionality. The following major updates were performed:

- Biological – Used newer ecological mapping datasets and revised scoring system
- Permeability – Removed cave and spring data, added a buffer to fault lines, removed Leona Factor, added new watershed, river, and recharge scoring parameters
- Adjacency to Open Space – No major updates. Continue to use 200 ft. – 400 ft. proximity values
- Property Size – Property size will continue to be scored based on size (larger size parcels are given a higher score); however, adjusted parcel ranking categories to fewer number of categories
- Scoring percentages were changed to the following:
  - Permeability – 65%
  - Biology – 16%
  - Adjacency – 12%
  - Parcel Size – 7%

EXHIBIT E

Indenture

EXHIBIT F

Form of Credit Agreement