



FINANCING AGREEMENT

THIS FINANCING AGREEMENT (Agreement) is entered into between the TEXAS WATER DEVELOPMENT BOARD (TWDB), an agency of the State of Texas, and the CITY OF CORPUS CHRISTI (Borrower), a political subdivision of the State. The TWDB and the Borrower may be referred to herein as the "Party or the Parties."

RECITALS

WHEREAS, the TWDB adopted Resolution No. 17-109 (Attachment A, referred to as the Resolution) on October 17, 2017, making a commitment to the Borrower for financial assistance in a total amount of \$34,835,000 (Commitment) from the Financial Assistance Account of the Development Fund II (DFund II) administered by the TWDB; and

WHEREAS, through this Agreement, the Borrower intends to sell to the TWDB the Borrower's \$34,835,000 City of Corpus Christi, Texas Utility System Subordinate Lien Revenue Refunding Bonds, Series 2018 (Borrower Bonds) for the TWDB's financial assistance from DFund II, as further described in Attachment B; and

WHEREAS, DFund II is funded, in part, with proceeds of the TWDB's Water Financial Assistance Bonds authorized under Texas Water Code § 17.959 and Texas Constitution, Article III, Sections 49-d-8, 49-d-9, and 49-d-11, and money received as repayment of financial assistance provided from DFund II derived from the payment of principal and interest on such Water Financial Assistance (TWDB Bonds), and

WHEREAS, the Resolution provides that the Commitment is contingent on a future sale of bonds or on the availability of funds on hand; and

WHEREAS, the TWDB intends to issue TWDB Bonds in order to provide the funds for financial assistance from DFund II to the Borrower; and

WHEREAS, the TWDB and the Borrower desire to enter into this Agreement to set forth the obligations of the Parties with respect to the TWDB's intent to issue TWDB Bonds to provide financial assistance from DFund II to the Borrower through the purchase of the Borrower Bonds by the TWDB with proceeds of TWDB Bonds;

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants herein contained, the TWDB and the Borrower agree as follows:

AGREEMENT

SECTION 1. LOAN COMMITMENT. The TWDB agrees to lend and the Borrower commits to borrow an amount not to exceed \$34,835,000 from the DFund II to be evidenced by the issuance and delivery of Borrower Bonds to the TWDB consistent with the terms and conditions described in this Agreement, Attachment A, Attachment B, and Attachment C.

SECTION 2. TRANSACTION SCHEDULE AND PRICING. By execution of this Agreement, the Borrower acknowledges and represents that it has a current need for financial assistance from TWDB and shall take all necessary steps to issue and deliver the Borrower Bonds to evidence the TWDB Commitment described in Section 1. The Borrower further acknowledges and understands that the TWDB is entering into this Agreement for the sole purpose of issuing TWDB Bonds to fund the TWDB Commitment described in this Agreement. To confirm the terms of the Borrower Bonds and the TWDB Bonds, the Borrower shall execute this Agreement.

With respect to the Borrower Bonds and the TWDB Bonds, the Parties agree to structure such public securities in a manner that will allow for substantially similar terms, redemption provisions, and related matters to allow the TWDB to timely pay the debt service on the TWDB Bonds.

The TWDB consents to early redemption, or prepayment of the Borrower Bonds, as provided for in this Agreement and the TWDB Resolution. The Borrower Bonds may be prepaid by the Borrower on any date beginning on or after the first scheduled interest payment date that occurs no earlier than 10 years from the dated date of the Borrower Bonds.

In order to mutually assure the performance of the parties under this Agreement, the parties agree that the issuance and delivery of the TWDB's Bonds to the underwriters and the issuance and delivery of the Borrower Bonds to TWDB shall occur not more than sixty-one (61) days apart as reflected in Attachment C to assist the parties in complying with their respective duties and obligations under this Agreement. The parties intend and expect that the TWDB will issue and deliver its TWDB Bonds within approximately forty-five (45) days after execution of the TWDB's Bond Purchase Agreement or on such date as may be mutually agreed to in Attachment C.

SECTION 3. BINDING COMMITMENT. The TWDB agrees to take all necessary steps to issue the TWDB Bonds for the purposes described in this Agreement and in the Resolution upon receipt of this Agreement from the Borrower, signed and delivered by the Borrower to the Executive Administrator of the TWDB by December 14, 2017.

The Borrower acknowledges that the schedule provided in Attachment C is a best estimate and is subject to change. The TWDB expressly reserves the right to modify Attachment C at any time and shall provide the Borrower with an updated Attachment C as soon as practicable upon any modifications; provided that if such modification of

Attachment C occurs prior to the initiation of pricing of the TWDB Bonds and such modification results in an earlier scheduled pricing date, no such modification of Attachment C may result in the Borrower having fewer than twelve (12) days between the receipt of the modified schedule and the initiation of pricing of the TWDB Bonds.

SECTION 4. TERMINATION; EVENTS OF DEFAULT.

- A. The Parties agree that the Borrower may terminate this Agreement by delivery of written notice to the TWDB at any time prior to twelve (12) days before the date on which the TWDB initiates the pricing of the TWDB Bonds with no penalty, as set forth in Attachment C.
- B. The Borrower understands and agrees that the Borrower may terminate this Agreement by delivery of written notice between eleven (11) days before and no later than 9:00 am Central Standard Time on the day before the date on which the TWDB prices the TWDB Bonds, provided the Borrower agrees to pay 1.0 percent of the amount of the commitment authorized in Section 1 of this Agreement to the TWDB. In addition, the Borrower shall reimburse the TWDB from lawfully available funds of the Borrower for its proportional share of transaction costs incurred by the TWDB, such as any fees or costs related to any rating agency, financial advisor, legal counsel, underwriter's discount, or other similar party or related costs pertaining to the TWDB Bonds in an amount not to exceed \$150,000. The Borrower shall be obligated to make such payment to the TWDB no later than June 18, 2018.
- C. If the Borrower fails to issue the Borrower Bonds by within sixty-one (61) days of the delivery of TWDB Bond funds, it shall be an event of default and Borrower shall pay the TWDB, from lawfully available funds, a Post-pricing Termination Payment in an amount equal to 5.0 percent of the amount of the commitment authorized in Section 1 of this Agreement. In addition, the Borrower shall reimburse the TWDB from lawfully available funds of the Borrower for its proportional share of transaction costs incurred by the TWDB, such as any fees or costs related to any rating agency, financial advisor, legal counsel, underwriter's discount, or other similar party or related costs pertaining to the TWDB Bonds in an amount not to exceed \$150,000. The Borrower shall be obligated to make such payment to the TWDB no later than June 18, 2018.
- D. In addition to the foregoing, beginning sixty-eight (68) days from the delivery of the TWDB Bond funds, the TWDB will make best efforts to loan these TWDB Bond proceeds to provide financial assistance to other entities. However, to the extent the TWDB cannot originate all or a portion of the TWDB bond proceeds, or if it is determined by the TWDB Chief Financial Officer after a review of program cash flows to utilize the TWDB Bond

proceeds to redeem or defease all or a portion of the TWDB Bonds. The Borrower agrees to pay the TWDB from currently and legally available funds all costs associated with the portion of such defeasance or redemption attributable to the Borrower's failure to issue the Borrower Bonds by the date set forth in Subsection 4.C above. Further, it is understood that the TWDB will apply the proceeds of its TWDB Bonds set aside to fund the purchase of the Borrower's Bonds, including investment income, to the defeasance or redemption.

SECTION 5. CONTINGENCIES.

- A. The Parties agree that the TWDB's obligation to lend money to the Borrower from the DFund II is contingent upon receiving all legally required approvals for the issuance of the TWDB's Bonds, and the purchase and delivery of the TWDB's Bond proceeds by the Underwriters pursuant to the Bond Purchase Agreement relating to the TWDB's Bonds.
- B. If any contingency described in the preceding paragraph above is unmet, the TWDB, upon delivery of written notice to the Borrower, may extend or terminate this Agreement together with all of its obligations and duties without incurring any cost, fee or penalty for either the TWDB or the Borrower.
- C. The Parties agree that the Borrower's obligation to issue and deliver the Borrower Bonds is contingent upon approval by the Texas Attorney General of the Borrower Bonds. The Borrower agrees to use its best efforts to obtain approval by the Texas Attorney General of the Borrower Bonds to satisfy the closing requirements set forth in Section 2 of this Agreement. To this end, the Borrower agrees as follows:
 - (1) The Borrower shall timely submit the transcript of proceedings for the Borrower Bonds to the Texas Attorney General;
 - (2) The Borrower shall comply with the requirements and conditions contained in the Resolution;
 - (3) The Borrower shall provide the TWDB with a copy of the preliminary approval letter from the Texas Attorney General upon receipt;
 - (4) The Borrower shall provide the TWDB with a copy of its responses to the preliminary approval letter from the Texas Attorney General; and
 - (5) The Borrower shall allow TWDB to brief the Texas Attorney General on any issues noted in the preliminary approval letter and initiate or

participate in conferences with the Texas Attorney General related to the approval of the Borrower Bonds.

Accordingly, if after the Borrower employs its best efforts to obtain approval by the Texas Attorney General, and such approval cannot be obtained by the date specified in Attachment C, as a matter of law, the TWDB at its sole discretion, may terminate this Agreement and upon termination the Borrower shall pay, from any of its lawfully available funds, the Post-pricing Termination Payment and any of its proportional share of transaction costs, fees and expenses incurred by the TWDB, such as, but not limited to, any fees or costs related to any rating agency, financial advisor, legal counsel, underwriter's discount, or other similar party or related costs pertaining to the TWDB Bonds as provided by Section 4.C. The Borrower shall be obligated to pay such costs to the TWDB no later than June 18, 2018.

SECTION 6. REDEMPTION OF BORROWER'S OUTSTANDING DEBT. If proceeds of the \$34,835,000 in financial assistance are to be used, in whole or in part, to redeem outstanding bonds, commercial paper, or other interim financing issued by the Borrower, the Borrower agrees that it will not take or fail to take any action that will cause the TWDB Bonds to be considered to be advance refunding bonds under Section 148 of the Internal Revenue Code of 1986, as amended. Specifically, the Borrower agrees to redeem any such outstanding bonds, commercial paper, or other interim financing within ninety (90) days of the date of delivery of the TWDB Bonds and to take such other action as shall be required to comply with this Section.

SECTION 7. NOTICES. All notices, agreements or other communications required by this Agreement shall be given, and shall be deemed given, when delivered in writing to the electronic mail address of the identified party or parties set forth below:

Texas Water Development Board Development Fund Manager Director, Debt and Portfolio Management Email: Finance-Debt- Management@twdb.texas.gov	City of Corpus Christi Attn: Water Resource Manager Email: EstabanR2@cctexas.com
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SECTION 8. SEVERABILITY. In the event any provision of this Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provisions hereof.

SECTION 9. AMENDMENTS, SUPPLEMENTS AND MODIFICATIONS. This Agreement may be amended, supplemented or modified only in a writing executed by the Parties.

SECTION 10. APPLICABLE LAW. This Agreement and any amendments shall be governed by and construed in accordance with the laws of the State of Texas.

SECTION 11. STATE AUDIT. By executing this Agreement, the Borrower accepts the authority of the State Auditor's Office to conduct audits and investigations in connection with all state funds received pursuant to this Agreement in accordance with Texas Government Code § 2262.154. The Borrower shall comply with any directive from the Texas State Auditor and shall cooperate in any such investigation or audit of its Office. The Borrower agrees to provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit

SECTION 12. FORCE MAJEURE. Either Party may be excused from performance under this contract for any period when performance is prevented as the result of an act of God, strike, war, civil disturbance, epidemic, or court order, provided that the Party experiencing the event of Force Majeure has prudently and promptly acted to take any and all steps that are within the Party's control to ensure performance and to shorten the duration of the event of Force Majeure. Each Party must inform the other in writing with proof of receipt within five (5) business days of the existence of such Force Majeure or otherwise waive this right as a defense. Subject to this provision, such nonperformance shall not be deemed a default or a ground for termination.

SECTION 13. EFFECTIVE DATE. This Agreement shall be effective as of the date of the last signature below.

SECTION 14. BINDING AGREEMENT. The execution of this Agreement has been authorized by both governing boards of the Parties. The respective commitments of the TWDB and the Borrower set forth above shall be binding upon the TWDB and the Borrower upon both parties' execution of this Agreement.

EXECUTED in multiple counterparts, each of which shall be deemed to be an original.

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CITY OF CORPUS CHRISTI

By: _____
The Hon. Joe McComb
Mayor

Date: _____

STATE OF TEXAS

COUNTY OF _____

This instrument was acknowledged before me on the ____ day of _____, 2017, by Joe McComb in his capacity as Mayor, on behalf of the City of Corpus Christi.

(SEAL)

Notary Public, State of Texas

TEXAS WATER DEVELOPMENT BOARD

By: _____
Jeff Walker
Executive Administrator

Date: _____

STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on the ____ day of _____, 2017, by _____ in his capacity as Executive Administrator of the Texas Water Development Board, an agency of the State of Texas, on behalf of said agency.

(SEAL)

Notary Public, State of Texas

ATTACHMENT A

TWDB RESOLUTION NO. 17-109

ATTACHMENT B

DESCRIPTION OF BORROWER BONDS

Title of Borrower Bonds:

Project Name:

Project Number:

Aggregate Principal Amount of Borrower Bonds: \$

Anticipated Closing Date:

Dated Date:

Call Date:

Maturity Schedule:

Maturity	Principal Amount
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ATTACHMENT C

PRELIMINARY FINANCING SCHEDULE

DATE	ACTION
10/17/2017	TWDB approval of commitment
11/23/2017	<i>Thanksgiving Holiday</i>
11/24/2017	<i>Thanksgiving Holiday</i>
12/20/2017	<i>Financing agreement – last day for Borrower to execute, including maturity schedule, and deliver to TWDB</i>
12/25/2017	<i>Christmas Holiday</i>
12/26/2017	<i>Christmas Holiday</i>
12/28/2017	Financing agreement (Sec. 4A) -last day to terminate without penalty (12 days prior to initiation of pricing)
12/28/2017	Financing agreement (Sec. 5) -last day to modify maturity schedule (12 days prior to initiation of pricing)
01/01/2018	<i>New Year's Day Holiday</i>
01/08/2018	Financing agreement (Sec. 4C) -before 9:00 a.m. can terminate with 1% penalty (1 day prior to pricing).
01/09/2018	TWDB bond pricing initiation (pre-pricing begins)
01/10/2018	TWDB bond pricing
01/15/2018	<i>Martin Luther King, Jr. Day Holiday</i>
01/25/2018	TWDB bond closing (<i>borrower must close within 60 days from this date</i>)
01/25/2018	TWDB approves lending rate scale
	Borrower adopts bond resolution
	Borrower submits transcript to Texas Attorney General in preparation of closing
01/26 to 03/26	Borrower closing
03/26/2018	Last day to close
03/27/2018	Financing agreement (Sec. 4D) -penalty is applied for failing to issue debt Start of post-pricing termination payment due period (includes costs of issuance and 5% penalty)
06/25/2018	Last due date for post-pricing termination payments