

**FIRST AMENDMENT TO  
WATER FACILITIES FINANCING AGREEMENT**

**BETWEEN**

**CITY OF TEXAS CITY, TEXAS**

**AND**

**GULF COAST WATER AUTHORITY**

**Dated:** \_\_\_\_\_

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**FIRST AMENDMENT TO  
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BETWEEN  
CITY OF TEXAS CITY, TEXAS  
AND  
GULF COAST WATER AUTHORITY**

This **FIRST AMENDMENT TO WATER FACILITIES FINANCING AGREEMENT** (this "Amendment"), dated as of \_\_\_\_\_, 201\_\_, amends that certain Water Facilities Financing Agreement, dated the 1st day of July, 1998 (the "Original Agreement"), between **CITY OF TEXAS CITY, TEXAS**, a municipal corporation (the "City"), and **GULF COAST WATER AUTHORITY**, a Texas conservation and reclamation district ("GCWA"). Capitalized terms used herein, unless otherwise specified, are used as defined in the Original Agreement.

W I T N E S S E T H:

WHEREAS, GCWA and the City previously entered into the Original Agreement to provide for the acquisition and construction of certain water supply and distribution facilities described therein; and

WHEREAS, GCWA issued its Gulf Coast Water Authority Water System Contract Revenue Bonds Series 1998 C (the "Series 1998 C Bonds") to finance such facilities and pledged to the payment of the Series 1998 C Bonds the revenues received from the City under the Original Agreement, including the City's covenant to charge its customers rates sufficient to repay the Series 1998 C Bonds; and

WHEREAS, the Original Agreement provides that GCWA and the City may mutually determine it is in the best interest of the City and GCWA to refinance the Series 1998 C Bonds and other bonds as described in the Original Agreement; and

WHEREAS, GCWA and the City now desire to amend certain provisions of the Original Agreement as set forth herein in order to reflect clearly the authority of GCWA to issue refunding bonds and to pledge to the payment of such bonds revenues received from the City under the Original Agreement as amended and supplemented by this Amendment, including the City's covenant to charge its customers rates sufficient to repay such refunding bonds and to make certain other amendments to effectuate the issuance of such refunding bonds.

NOW THEREFORE, for good and valuable consideration including the premises, the parties agree that the Original Agreement shall be amended as follows:

## ARTICLE I

### AMENDMENTS TO ARTICLE I

#### CONSTRUCTION AND FINANCING OF THE PROJECTS

Section 1.1. Amendment to Section 1.02 “Financing”. (a) Subsection 1.02(c) shall be amended and restated to read as follows:

(c) GCWA and the City may mutually determine in the future that it is in the best interest of the City and GCWA to refinance the Series 1998 C Bonds, any bonds previously or subsequently issued to finance or refinance the Projects, or any bonds issued to complete or improve the Projects, and to issue additional series of bonds for such purposes under the bond resolution of GCWA authorizing issuance of the Series 1998 C Bonds and any additional or supplemental bond resolutions adopted by the GCWA in connection with the issuance of any such refunding bonds or additional bonds (such bond resolutions are collectively referred to herein as the “Bond Resolution”). (The Series 1998 C Bonds and any additional bonds or refunding bonds issued under authority of such Bond Resolution are collectively referred to herein as the “Bonds”).

(b) Subsection 1.02(e) shall be amended and restated to read as follows:

(e) The City covenants and agrees to provide to GCWA such information regarding the City as is required by the terms of the municipal bond insurance policy provided by Financial Guaranty Insurance Company for the Series 1998 C Bonds or in connection with the terms of a municipal bond insurance policy or debt service reserve fund policy provided in connection with any other series of Bonds.

(c) The first sentence of Subsection 1.02(g) shall be amended and restated to read as follows:

The City shall have the right to cause GCWA to redeem or defease the Bonds prior to their scheduled maturities, in whole or in part, as authorized by the Bond Resolution.

## ARTICLE II

### AMENDMENTS TO ARTICLE II

#### OWNERSHIP AND OPERATION

Section 2.1. Amendment to Section 2.01 “Ownership of the Projects”. Subsection 2.01(b) shall be amended and restated to read as follows:

(b) Notwithstanding the aforesaid, in accordance with Section 552.014, Texas Local Government Code, as amended (previously Section

402.014, Texas Local Government Code), it is expressly agreed and understood that the City shall become the owner of the Projects at such time as the Bonds and all debt incurred by GCWA in the acquisition, construction, improvement or extension of the Projects are paid or deemed paid in full to the satisfaction of GCWA. At such time GCWA shall execute all conveyances and transfers necessary to evidence the City's title to the Projects as are reasonably requested by the City.

Section 2.2. Amendment to Section 2.02 “Operation of the Property”. Subsection 2.02(d)(5) shall be amended and restated to read as follows:

(5) or an amount equal to the pro rata share of administrative expenses of GCWA incurred in connection with the Bonds, and the operation or inspection of the Projects.

### **ARTICLE III**

#### **AMENDMENTS TO ARTICLE IV**

##### **CERTAIN TERMINATION RIGHTS**

Section 3.1. Amendments to Section 4.02 “Termination”. (a) In Subsection 4.02(a), Texas Natural Resources Conservation Commission shall be deleted and replaced with “Texas Commission on Environmental Quality.”

(b) The last sentence of Subsection 4.02(b) shall be amended and restated to read as follows:

If the Series 1998 C Bonds or any other Bonds have been issued and the Project is not constructed, the City shall nevertheless continue to make all payments due hereunder until it instructs GCWA to call the Bonds in accordance with the Bond Resolution and no Bonds are outstanding under the Bond Resolution.

### **ARTICLE IV**

#### **AMENDMENTS TO ARTICLE VII**

##### **CONTINUING DISCLOSURE AGREEMENT**

Section 4.1. Amendment to Section 7.01 “Continuing Disclosure”. Section 7.01 is amended and restated to read as follows:

Section 7.01 Continuing Disclosure. Pursuant to one or more agreements between the City and GCWA (collectively, the “Continuing Disclosure Agreement”), the City has agreed to provide to GCWA certain quantitative financial information and operating data and notice of the occurrence of certain events with respect to the City in order to comply with SEC Rule

15c2-12. The City hereby agrees to enter into additional continuing disclosure agreements with GCWA in connection with the issuance of any Bonds as may be necessary in order to comply with SEC Rule 15c2-12 or other applicable securities laws.

**ARTICLE V**

**AMENDMENT TO ARTICLE VIII**

**MISCELLANEOUS**

Section 5.1. Amendment to Section 8.02 “Condemnation”. Section 8.02 is amended by adding “for the Series 1998 C Bonds or its equivalent in a Bond Resolution authorizing refunding bonds or additional bonds” after “Bond Resolution” at the end of the paragraph.

**ARTICLE VI**

**GENERAL**

Section 6.1. Agreement Remains in Effect. The Original Agreement shall remain in full force and effect as amended and supplemented by this Amendment, and is hereby ratified and approved.

Section 6.2. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Texas.

*(SIGNATURE PAGES FOLLOW)*

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

**CITY OF TEXAS CITY, TEXAS**

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Mayor

ATTEST:

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City Secretary

(SEAL)

**GULF COAST WATER AUTHORITY**

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President

ATTEST:

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Secretary

(SEAL)