

## DEPOSITORY SERVICES CONTRACT

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**THIS DEPOSITORY SERVICES CONTRACT**, hereinafter called the “Contract,” is made and entered into on the date last herein written by and between the Edwards Aquifer Authority, hereinafter called the “EAA,” and PNC Bank, a banking association, organized under the laws of the United States and authorized by law to do banking business in the State of Texas, hereinafter called the “Bank,” and provides as follows:

1. **Designation of Depository.** The EAA, through action of the Board of Directors, on February 11, 2025, hereby designates the Bank as a primary depository bank for the period beginning March 1, 2025, and continuing through February 28, 2027, with the option for three (3) one-year extensions under the same terms and conditions.

2. **General.** All services rendered to the EAA by the Bank under this Contract shall be performed in accordance with commercially reasonable standards for public fund organizations and under the overall direction and instructions of the EAA pursuant to the Bank’s standard operations, policies, and procedures.

3. **Scope of Services.** The Bank agrees to provide those services as described in the EAA’s Request for Proposals for Depository Bank Services released on September 9, 2024, hereinafter referred to as the “RFP.” The RFP and the Bank’s response to the RFP, hereinafter referred to as the “Proposal,” are incorporated herein by reference. The Bank acknowledges that all services performed by the Bank are subject to the approval of the EAA. The Bank agrees to provide additional services as requested from time to time by the EAA and mutually agreed upon by the Bank.

4. **EAA Representatives.** During the term of this Contract, the EAA will, through appropriate action of its Board of Directors, designate the officer, or officers, who singly or jointly will be authorized to represent and act on behalf of the EAA in any and all matters of every kind arising under this Contract and to (a) appoint and designate, from time to time, a person or persons who may request withdrawals, orders for payment or transfer on behalf of the EAA in accordance with the electronic funds or funds transfer agreement and addenda, and (b) make withdrawals or transfers by written instrument.

5. **Collateral Custodian.** The EAA and the Bank, by execution of this Contract, hereby designate the Federal Reserve Bank as custodian, hereinafter called the “Collateral Custodian,” to hold in trust, according to the terms and conditions of this Contract, the collateral described and pledged by the Bank in accordance with the provisions of this Contract.

6. **Custodial Fees.** Any and all fees associated with the Collateral Custodian’s holding of collateral for the benefit of the EAA shall be paid by the Bank, and the EAA will have no liability therefor.

7. **Entire Agreement.** The entire agreement between the Bank and the EAA shall consist of this Contract, the EAA’s RFP (except to the extent the Bank took specific exceptions in the Bank’s Proposal), the Bank’s Proposal, the Collateral Agreement with the Collateral Custodian, and other such bank service agreements, policies and documents as may be required and approved by the parties (together, the “Banking Agreements”), each incorporated by reference as they

presently exist and each listed in governing order of precedence in the event of conflict among the documents. This Contract supersedes any and all prior representations, statements, and agreements, whether written or oral. The terms and provisions of this Contract may not be amended, altered, or waived except by mutual agreement evidenced by a written instrument signed by duly authorized representatives of both parties.

8. **Collateralization**. All funds on deposit with the Bank to the credit of the EAA shall be secured by collateral as provided for in the Public Funds Investment Act (Chapter 2256 of the Texas Government Code as amended), the Public Funds Collateral Act (Chapter 2257 of the Texas Government Code), the EAA's Investment Policy, and the Bank's Proposal. The EAA agrees to promptly provide to the Bank any changes to its Investment Policy. The Depositor agrees that it shall only direct the Bank in writing to make investments authorized pursuant to the foregoing.

If marketable securities are pledged by the Bank as collateral, the total market value of the securities securing such deposits shall be in an amount at least equal to the minimum required amount as per the EAA's Investment Policy. The market value of any pledged securities (collateral) must be obtained from non-Bank-affiliated sources. The Bank shall monitor and maintain the required collateral margins and levels at all times.

The Bank has heretofore, or will immediately hereafter, deliver to the Collateral Custodian of the kind and character above mentioned of sufficient amount and market value to provide adequate collateral for the funds of the EAA deposited with the Bank. The Collateral Custodian shall accept said collateral and hold the same in trust for the purposes herein stated. Said collateral or substitute collateral, as hereinafter provided for, shall be kept and retained by the Collateral Custodian in trust so long as deposits of the EAA remain with the Bank. The Bank hereby grants a security interest in such collateral to EAA.

If at any time the collateral in the hands of the Collateral Custodian shall have a market value in excess of the required balances, the EAA may authorize the withdrawal of a specified amount of collateral, and the Collateral Custodian shall deliver this amount of collateral (and no more) to the Bank.

If the Bank shall desire to sell or otherwise dispose of any one or more of said securities so deposited with the Collateral Custodian, the Bank may substitute for any one or more of such securities other securities of the same market value and of the character authorized herein. Such right of substitution shall remain in full force and may be exercised by the Bank as often as it may desire, provided, however, that the aggregate market value of all collateral pledged hereunder, shall be at least equal to the amount of collateral required hereunder. If at any time, the aggregate market value of such collateral so deposited with the Collateral Custodian be less than the total sum of the EAA's funds on deposit with the Bank, the Bank shall immediately deposit with the Collateral Custodian such additional collateral as may be necessary to cause the market value of such collateral to equal the total amount of required collateral. The Bank shall be entitled to income on securities held by the Collateral Custodian, and the Collateral Custodian may dispose of such income as directed by the Bank without approval of the EAA.

If surety bonds or letters of credit are utilized, the EAA shall agree as to the issuer and form of contract prior to pledge. The amount of surety bonds or letters of credit will be at least equal to the minimum required amount as per the EAA's Investment Policy.

9. **Pledge Receipts.** The Collateral Custodian shall promptly forward to the EAA copies of pledge receipts covering all such collateral held for the EAA, including substitute collateral as provided for herein.

10. **Default.** Should the Bank fail at any time to pay and satisfy, when due, any check, draft, or voucher lawfully drawn against any deposits and the interest on such deposits or in any manner breach the Banking Agreements with the EAA, the EAA shall give written notice of such failure or breach to the Bank, and the Bank shall have one (1) business day to cure such failure or breach. In the event the Bank shall fail to cure any such failure or breach within one (1) business day or should the Bank be declared insolvent by a Federal banking regulatory agency, it shall be the duty of the Collateral Custodian, upon demand of the EAA, to surrender the above-described collateral to the EAA, or it shall be the duty of the surety bond or letter of credit provider to perform under the terms of their respective contract.

The EAA may sell any part of such collateral, or receive all or any part of a surety bond or letter of credit settlement, and out of the proceeds thereof, pay the EAA all damages and losses sustained by it, together with all reasonable and documented expenses of any and every kind incurred by it on account of such failure or insolvency, or sale, and account to the Bank for the remainder, if any, of said proceeds or collateral remaining unsold.

11. **Sale of Seized Collateral.** Any sale of such seized collateral, or any part thereof, made by the EAA hereunder may be either at any legally authorized public or private sale, provided however, it shall give both the Collateral Custodian and the Bank two (2) hours' prior written notice of the time and place where such sale shall take place, and such sale shall be to the highest bidder therefor. The EAA and the Bank shall have the right to bid at such sale.

12. **Release of Collateral.** When the relationship of the EAA and the Bank shall have ceased and when the Bank shall have properly paid out all deposits of the EAA, it shall be the duty of the EAA to give the Custodian notice to that effect; whereupon the Custodian shall, with the approval of the EAA, redeliver to the Bank all collateral then in its possession belonging to Bank. An order in writing to the Collateral Custodian by the EAA and a receipt for such collateral by the Bank shall be a full and final release of the Collateral Custodian of all duties and obligations undertaken by it by virtue of these presents.

13. **Successors.** This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Whenever a reference is made herein to either party, such reference shall include the party's successors and assigns.

14. **Compensation.** The EAA and the Bank agree that any compensation for the performance of all duties and services and interest rate or earnings credit paid on all deposits is set forth in the proposal accepted by the EAA. Except as may otherwise be provided in the Banking Agreements, said compensation shall constitute full payment for all services, liaison, products, materials, and equipment required to provide the professional banking services, including services, materials, training, equipment, travel, overhead, and expenses. Fees shall be fixed for the term of the Banking Agreements, including all extensions.

15. **Consideration.** The Banking Agreements, are executed by the parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is forever confessed.

16. **Counterparts.** This Contract and other agreements shall be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes. An electronic or other signature shall also be deemed to constitute an original if properly executed.

17. **Authority to Execute.** The individuals executing this Contract and other agreements on behalf of the respective parties below represent to each other and to others that all appropriate and necessary action has been taken to authorize the individual who is executing this Contract and other agreements to do so for and on behalf of the party for which his or her signature appears, that there are no other parties or entities required to execute this Contract and other agreements in order for the same to be an authorized and binding on the party for whom the individual is signing and that each individual affixing his or her signature hereto is authorized to do so.

18. **Governing Law and Venue.** This Contract shall be governed by the laws of the State of Texas. Bexar County shall be the venue for any lawsuit arising out of this Contract.

19. **Certification Regarding Boycotting of Israel.** Texas Government Code, Title 10, Subtitle F, Chapter 2271.002 - Provision Required in Contract. Section 2271.002 applies only to a contract between a governmental entity and a company that is not a sole proprietorship that has 10 or more full-time employees; and has a value of \$100,000 or more that is to be paid wholly or partly from public funds of the governmental entity. Under Section 2271.002, a governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it:

- (1) does not boycott Israel; and
- (2) will not boycott Israel during the term of the contract.

Pursuant to the provisions of Texas Government Code § 2271.002, the Bank hereby certifies to the EAA that the Bank, including its parent, subsidiary and affiliated companies, (1) does not boycott Israel, and (2) will not boycott Israel during the term of this Contract. The term “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. Failure to comply with this certification shall be considered a breach of this Contract by the Bank.

20. **Certification Regarding Boycotting of Certain Energy Companies.** Texas Government Code, Title 10, Subtitle F, Chapter 2276.002 - Provision Required in Contract. Section 2276.003 applies only to a contract between a governmental entity and a company that is not a sole proprietorship that has 10 or more full-time employees; and has a value of \$100,000 or more that is to be paid wholly or partly from public funds of the government entity. Under Section 2276.002, a governmental entity may not enter into a contract with a company subject to this requirement for goods or services unless the contract contains a written verification from the company that it:

- (1) does not boycott energy companies; and
- (2) will not boycott energy companies during the term of the contract.

Section 2276.002 does not apply to a governmental entity that determines the requirements are inconsistent with the governmental entity’s constitutional or statutory duties related to the

issuance, incurrence, or management of debt obligations or the deposit, custody, management, borrowing, or investment of funds.

Pursuant to the provisions of Texas Government Code § 2276.002, the Bank hereby certifies to the EAA that the Bank, including its parent, subsidiary and affiliated companies, (1) does not boycott energy companies, and (2) will not boycott energy companies during the term of this Contract. "Boycott" means taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company: (1) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (2) does business with a company described by (1). Failure to comply with this certification shall be considered a breach of this Contract by the Bank.

**21. Certification Regarding Boycotting of Firearms Entity or Firearms Trade Association.** Texas Government Code, Title 10, Subtitle F, Chapter 2274.002 - Provision Required in Contract. Section 2274.002 applies only to a contract between a governmental entity and a company that is not a sole proprietorship that has at least 10 full-time employees; and has a value of at least \$100,000 that is paid wholly or partly from public funds of the governmental entity. Under Section 2274.002, a governmental entity may not enter into a contract with a company subject to this requirement for the purchase of goods or services unless the contract contains a written verification from the company that it:

- (1) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity of firearm trade association; and
- (2) will not discriminate during the term of the contract against a firearm entity or firearm trade association.

Section 2274.002 does not apply to a governmental entity that:

- (1) contracts with a sole-source provider; or
- (2) does not receive any bids from a company that is able to provide the written verification required by that subsection.

Pursuant to the provisions of Texas Government Code § 2274.002, the Bank hereby certifies to the EAA that the Bank, including its parent, subsidiary and affiliated companies, (1) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and (2) will not discriminate against a firearm entity or firearm trade association during the term of the Contract. Failure to comply with this certification shall be considered a breach of this Contract by the Bank.

**22. Notices.** Except as may otherwise be specified in the applicable service-level agreements and/or set-up forms, any demand, notice, request, instruction, designation, or other communication(s) required in writing under this Contract shall be personally delivered or sent certified mail, return receipt requested, to the other party as follows:

EAA:           **Edwards Aquifer Authority**  
Attn:   Controller  
          900 E. Quincy St.  
          San Antonio, TX 78215

Bank: **PNC Bank**

Attn:

Changes to notice information may be made by either party with written notification to the other party.

23. **Severability**. If any provision of this Contract is held to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the parties, shall, if possible, agree on a legal, valid, and enforceable substitute provision that is as similar in effect to the illegal, invalid, or unenforceable provision as possible. The remaining portion of the Contract not declared illegal, invalid, or unenforceable shall remain valid and in full force and effect for the term remaining.

24. **Binding Commitment**. The Bank hereby acknowledges itself duly and firmly bound for the faithful performance of all the duties and obligations required by applicable law, including the Texas Government Code and the Texas Local Government Code.

25. **Continuation**. Unless this contract is terminated sooner, the Bank's designation as the primary EAA Depository will remain continuously in effect through February 28, 2030, subject to execution of the extension options.

Executed by the undersigned duly authorized officers of the parties hereto:

EDWARDS AQUIFER AUTHORITY

PNC BANK

By: \_\_\_\_\_

Name: Roland Ruiz

Title: General Manager

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

By: \_\_\_\_\_

Name: Jennifer Aquino

Title: Relationship Manager

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

ATTEST:

ATTEST

By: \_\_\_\_\_

Name: Jennifer Wong-Esparza

Title: Assistant to the Board Secretary

By: \_\_\_\_\_

Name: Kristy Sigman

Title: Treasury Management Officer

APPROVED AS TO FORM:

By: \_\_\_\_\_

Name: Darcy Alan Frownfelter

Title: General Counsel

Edwards Aquifer Authority