

**PUBLIC FUNDS DEPOSITORY SERVICES AND
COLLATERAL SECURITY AGREEMENT**

This Public Funds Depository Services and Collateral Security Agreement (together with any addenda and exhibits hereto, this "Agreement") is entered into as of March 1, 2020 (the "Effective Date") by and between **EDWARDS AQUIFER AUTHORITY** ("Depositor"), and **BBVA USA**, an Alabama banking corporation ("Bank").

Recitals

A. Depositor is a governmental entity with the power under applicable laws to deposit its funds in depository institutions.

B. Funds on deposit with Bank to the credit of Depositor are required to be secured as and to the extent provided for by applicable state or federal law (as more particularly described in Section 1 below and **Addendum I** hereto, the "Public Funds Law").

C. The parties desire to enter into this Agreement in order to (i) evidence Depositor's security interest in collateral assets pledged by Bank from time to time to secure Depositor's deposits, and (ii) memorialize their agreement with respect to services and other arrangements affecting Depositor's accounts.

Now, therefore, in consideration of the foregoing Recitals and the mutual covenants and other agreements contained in this Agreement, the parties agree as follows:

1. Designation of Bank as Depository. Depositor represents and warrants that the statements in Recitals A and B above are true and correct and that its public funds on deposit with Bank are required to be secured pursuant to the Public Funds Law identified on **Addendum I** to this Agreement, and that Depositor has taken any and all requisite action, including but not limited to any and all action required by the Public Funds Law, to designate Bank as a qualified depository of Depositor's public funds.

2. Services Provided to Depositor. Bank agrees to provide those services listed in **Addendum II** to this Agreement (including any exhibit thereto), subject to the terms and conditions of this Agreement. Except as expressly provided in such **Addendum II**, services rendered to Depositor by Bank under this Agreement shall be (a) performed in accordance with accepted commercial banking standards for public funds depositories and under the overall direction and instructions of Depositor; and (b) subject to Bank's Treasury Management Services Agreement, Bank's Non-Consumer Deposit Account Agreement, and such other agreements, policies, and procedures as may apply to such services by agreement of the parties, as all of the foregoing are in effect from time to time (collectively, "Services Procedures and Documentation").

3. Grant of Security Interest in Favor of Depository; Permissible Collateral. To secure the deposits maintained by Depositor with Bank from time to time, Bank hereby pledges and grants to Depositor a security interest in those Bank assets which are at any time held by the Custodian (as hereinafter defined) for the benefit of Depositor in accordance with the terms of this Agreement, including but not limited to any such assets consisting of Additional Collateral or Substitute Collateral as hereinafter defined (together with any other asset or obligation posted to secure such deposits, collectively, the "Collateral"). The Collateral pledged or delivered hereunder

shall be of the type described in **Addendum I** hereto under the heading "Permissible Assets for Bank to Pledge as Collateral." Depositor represents, warrants, and covenants that any and all types of Collateral permitted or required under this Agreement are consistent with the requirements of the Public Funds Law and the collateral, investment, and other policies applicable to Depositor. Bank acknowledges that Custodian has agreed to accept and hold Collateral as custodian as security for Bank's obligations secured pursuant to this Agreement.

4. Custodian. During the term of this Agreement, Bank shall deposit Collateral that consists of securities with one or more of the following (the "Custodian," whether one or more), as selected by Bank in its discretion: (a) a Federal Reserve Bank; (b) a Federal Home Loan Bank; or (c) a bank or other financial institution that is eligible to serve as custodian for public funds collateral under the Public Funds Law. Depositor acknowledges that it has approved each of the foregoing types of entities as permissible custodians for its public funds and agrees to provide any further evidence as may be requested by Bank from time to time in order to confirm Depositor's approval of the Custodian. Depositor agrees to provide to Custodian, promptly upon any request of Bank or Custodian, instructions required or requested by Bank or Custodian to perform actions consistent with the terms and requirements of this Agreement. Depositor agrees to be bound by any requirements or conditions established by Custodian consistent with this Agreement. Any and all fees associated with Custodian's holding of the Collateral hereunder shall be the sole obligation of Bank and Depositor shall have no liability therefore.

5. Receipts. Bank shall request Custodian to issue safekeeping or trust receipts describing the Collateral consisting of securities held by the Custodian and promptly forward copies of same to Depositor. Such safekeeping or trust receipts which are furnished to Depositor by Custodian from time to time shall be deemed a part of the Collateral.

6. Required Collateral Value. It is the intention of the parties that the total market value of the Collateral securing deposits maintained hereunder by Depositor with Bank (the "Collateral Value") will be an amount equal to that percentage of the amount of such deposits to the extent required to be collateralized under the Public Funds Law (the "Required Collateral Value"), it being understood that for purposes of determining the Required Collateral Value and the Collateral Value the amount of deposits shall be deemed reduced to the extent provided in the Public Funds Law including any reduction for amounts insured by the United States or an instrumentality thereof. Depositor hereby represents and warrants that the Required Collateral Value is the percentage so specified on **Addendum I**.

7. Mark to Market; Maintenance of Collateral Value.

(a) Bank will reevaluate the market value of the Collateral periodically in accordance with its regular practices and promptly deliver or deposit with Custodian, for the benefit of Depositor, additional obligations or assets ("Additional Collateral") as may be necessary to maintain the Required Collateral Value. In no event shall Bank be required to deliver or maintain, or to deposit or maintain on deposit with the Custodian, Collateral with a value in excess of the Required Collateral Value, and Bank shall be authorized to effect a withdrawal, release and return of Collateral (in each case, a "Collateral Release") from time to time, without prior notice to Depositor or consent of Depositor, in order to reduce the Collateral Value to an amount not less than the Required Collateral Value. In the case of any letter of credit delivered to Depositor as Collateral that is not held by the Custodian, Bank may initiate a Collateral Release by requesting Depositor to return such Collateral.

(b) So long as Bank shall maintain Collateral for Depositor's benefit with a Collateral Value at least equal to the Required Collateral Value, Bank shall be entitled from time to time to deposit with the Custodian, or otherwise deliver in accordance herewith, assets or obligations permitted to serve as Collateral hereunder ("Substitute Collateral") in substitution for previously-delivered Collateral (any such substitution, a "Collateral Substitution") and effect a Collateral Release with respect to such previously-delivered Collateral. Depositor agrees to promptly provide any written consents, authorizations and instructions and any forms, agreements and other documents, and take such other actions, as may be requested by Bank or Custodian in furtherance of any Collateral Release or Collateral Substitution or any other withdrawal, transfer, release or return provided for herein.

(c) Any Collateral Release and any Collateral Substitution authorized under the provisions of this Agreement or otherwise consented to by Depositor shall, without further notice or action on the part of any person or entity, have the effect of automatically terminating the security interest granted in this Agreement with respect to such designated assets, but only with respect to the assets that are subject to the applicable Collateral Release or for which other Collateral is substituted as part of the Collateral Substitution (as applicable). Custodian shall have no further liability to Depositor with respect to those assets withdrawn upon a Collateral Release or Collateral Substitution authorized under this Agreement.

8. Income on Collateral Assets. Bank shall be entitled to the income and distributions in respect of the Collateral (other than Collateral consisting of letters of credit issued for the benefit of Depositor), and Custodian shall, at the direction of Bank from time to time, dispose of such income and distributions as directed by Bank, without approval of Depositor. Any such disposition shall be free and clear of the security interest granted hereunder.

9. Default and Remedies. If Bank is declared insolvent by a Federal bank regulatory agency or fails to pay, when due, all or part of the deposits, including accrued but unpaid interest, in accordance with this Agreement and the Services Procedures and Documentation, Depositor shall give written notice of same to Bank, and Bank shall have one (1) Business Day after the receipt of such notice to cure same. If Bank breaches this Agreement in any other manner, Depositor shall give written notice of same to Bank, and Bank shall have 21 days after the receipt of such notice to cure same. In the event Bank fails to cure any default within such period, Depositor shall be entitled to exercise all rights and remedies afforded to Depositor as a secured party under the Uniform Commercial Code as in effect in the state referenced in **Addendum I** hereto (the "State") and, in conjunction therewith, to issue instructions to Custodian to relinquish possession of so much of the Collateral held by the Custodian as may be necessary to cure such default. In such event, Depositor shall also have the right to make one or more draws under Collateral consisting of letters of credit to the same extent. In exercising its rights in and to the Collateral, or any part thereof, Depositor must act in a commercially reasonable manner. Depositor shall account to Bank for any unliquidated Collateral and for any proceeds received from any sale or liquidation of any Collateral and other sums received in respect of Collateral to the extent not necessary to cure the default. Any permitted sale of Collateral by Depositor may be either at public or private sale; provided, however, Depositor shall give Bank at least 3 days' prior written notice of the time and location where such sale shall take place, and such sale shall be to the highest bidder for cash. Depositor and Bank each shall have the right to bid at such sale.

10. Authorization and Records. Bank has duly authorized the pledge of Bank assets to collateralize deposits maintained by public funds depositors and has authorized the undersigned Bank officer to enter into, execute and deliver to public funds depositors collateral

pledge or security agreements on behalf of Bank and to take all action which may be necessary or appropriate to perform Bank obligations under such agreements. Bank shall maintain this Agreement among its official records continuously until such time as this Agreement is terminated and all deposits of Depositor have been paid. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original.

11. Authorized Representative; Depositor Agreements. During the term of this Agreement, Depositor will designate the officer or officers who singularly or jointly will be authorized to represent and act on behalf of Depositor in any and all matters of every kind arising under this Agreement and provide written notice thereof to Bank. The Services Procedures and Documentation are incorporated into this Agreement for all purposes; however, to the extent that any provision in the Services Procedures and Documentation conflicts with any provision of this Agreement, this Agreement will control.

12. Notices. All notices and other communications to a party under this Agreement shall be in writing and shall be sent by first-class certified or registered United States mail, postage prepaid, return receipt requested, by nationally-recognized overnight courier, or by personal delivery, in all cases with charges prepaid, to the address that follows for such party or, if such party shall have notified the other party hereto of a substitute address in accordance herewith, to the most recent substitute address so notified to it. Notices served personally shall be deemed received when actually delivered; notices served via prepaid first class United States mail shall be deemed received three (3) calendar days after deposit; notices served via overnight courier shall be deemed received one (1) business day after deposit with such courier:

If to Depositor: Edwards Aquifer Authority
 Attn: Felix Marquez
 900 E. Quincy
 San Antonio, TX 78215

If to Bank: BBVA USA
 Attn: Jerret A. Krouse
 112 E. Pecan St., Suite 200
 San Antonio, TX 78205

13. Term. The term of this Agreement shall be from March 1, 2020, through February 28, 2022, with the option, at Depositor's sole discretion, to extend for three (3) additional one-year periods under the same terms and conditions of this Agreement.

14. Termination. Notwithstanding the provisions of the foregoing paragraph, either Depositor or Bank may terminate this Agreement (i) upon thirty (30) days' advance written notice to the other party, or (ii) if the transactions contemplated hereby shall be prohibited by law or regulation, upon written notice to the other party; provided, however, that in the case of any such termination or the expiration of this Agreement, the terms of this Agreement shall continue to apply to all transactions entered into, and all deposits (including but not limited to time deposits) made by Depositor, prior to such termination or expiration.

15. Entire Agreement; Amendments; Interpretation. This Agreement (including the addenda and any exhibits attached hereto, each of which is incorporated into and deemed to be a part of this Agreement), together with the Services Procedures and Documentation, constitutes

the entire agreement of the parties hereto and thereto with respect to the subject matter hereof and supersedes all prior and contemporaneous representations, statements, and agreements, whether written or oral. The terms and provisions of this Agreement may not be amended, altered, or waived except by mutual written agreement. In the event of any inconsistency between the provisions of this Agreement and the Services Procedures and Documentation, the provisions hereof shall prevail over the provisions to the extent that it is not otherwise possible to give effect hereto and thereto.

16. Miscellaneous. Except as otherwise provided by law, this Agreement and all accounts are governed by the laws of the State and applicable federal laws and regulations in effect from time to time. Venue for any lawsuit arising out of this Agreement shall be in county designated under the heading "County" in **Addendum I** attached hereto. If any one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable for any reason, such holding shall not invalidate or render unenforceable any other provisions of this Agreement. To the extent permitted by applicable law, the parties hereto waive any provision of law which prohibits or renders unenforceable any provision hereof, and to the extent that such waiver is not permitted by applicable law, the parties intend that such provision be interpreted as modified to the minimum extent necessary to render such provision enforceable. This Agreement shall be binding upon and inure to the benefit of Depositor and Bank and their respective successors and permitted assigns. Any and all section, subsection, paragraph, subparagraph and other headings in this Agreement are included for convenience of reference only and shall not be given any substantive effect. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all such executed counterparts shall constitute but one and the same agreement.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

DEPOSITOR:

Edwards Aquifer Authority

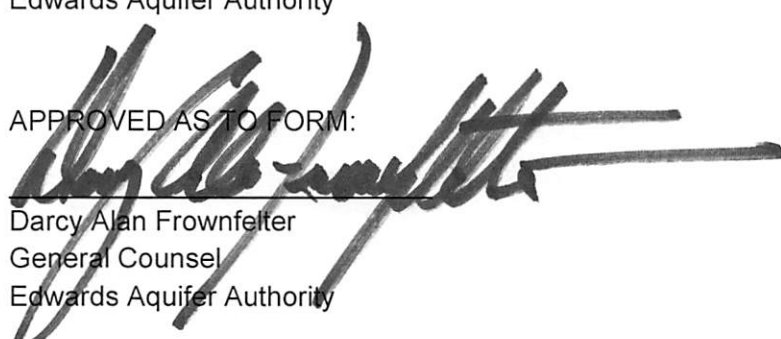
By: _____

Name: Roland Ruiz
Title: General Manager

ATTEST:

Jennifer Wong-Esparza
Assistant to the Board Secretary
Edwards Aquifer Authority

APPROVED AS TO FORM:



Darcy Alan Frownfelter
General Counsel
Edwards Aquifer Authority

BANK:

BBVA USA

By: _____

Name: Jerret A. Krouse
Title: Vice President

**ADDENDUM I
TO PUBLIC FUNDS DEPOSITORY SERVICES AND
COLLATERAL SECURITY AGREEMENT**

Criteria for Collateral Securing Deposits

Name of Depositor: Edwards Aquifer Authority

State: Texas

County: Bexar

Public Funds Law: Public Funds Investment Act, Texas Government Code §§
2256.001 *et seq.*, as amended

Public Funds Collateral Act, Texas Government Code §§
2257.001 *et seq.*, as amended

Required Collateral Value: 102%

Permissible Assets for Bank to Pledge as Collateral:

- Federal Home Loan Bank letter(s) of credit
- To the extent Bank so elects, securities of a type and nature sufficient to satisfy the requirements of the Public Funds Law

**ADDENDUM II
TO PUBLIC FUNDS DEPOSITORY SERVICES AND
COLLATERAL SECURITY AGREEMENT**

Additional Terms and Conditions: Description of Services

- Fees. Fees for services referenced under the heading "Services" below will be payable on a monthly basis.

Such fees will be offset by an earnings credit in accordance with the pro forma pricing sheet contained in Exhibit A to this addendum (the "Pro Forma").

**ECR and Interest rate of the Hybrid account are tied to the 91 Day T-Bill rate less 30 BPS. In addition, should balances and volumes differ, BBVA reserves the right to revisit pricing. The pricing in this proposal is good for 90 days.*

*** Both the ECR and Interest Bearing account rates on the Pro Forma are indicative as of December, 2019.*

- Services.

Services are listed in the Pro Forma.

- Other Incentives

- Bank waives the standard 10% reserve requirement.
- Bank waives FDIC/deposit supervisory fees.
- Retention incentive of \$1,000 to be used in the first six (6) months of the Agreement.
- Bank anticipates the balances should be large enough to offset service fees. In the event Depositor incurs a service fee in the first 90 days Bank will refund the charges.

Exhibit A to Addendum II
Pro Forma

Edwards Aquifer Authority
RFP - Primary Bank Depository Services
Schedule of Fees

Offeror: **BBVA USA**

Note: Please include UNIT COST for each listed item even if no ACTIVITY is listed. Also, please highlight any changes to item descriptions or measurement units in written and electronic responses.

From August 2019 Account Analysis				Comments
	# UNITS/ ACTIVITY	UNIT PRICE	EXTENDED FEE	
GENERAL ACCOUNT SERVICES				
DEPOSIT SUPERVISORY FEE	6,600,000	-	-	
ACCOUNT MAINTENANCE	8	5.00	40.00	
ZBA MAINTENANCE	3	20.00	60.00	
CHECKS PAID - DEBITS	128	0.15	18.90	
DEPOSIT CREDITS	86	0.50	43.00	
ACH DEBITS	60	0.15	9.00	
ACH CREDITS	10	0.50	5.00	
ZBA/CDA FUNDING MAINTENANCE	1	20.00	20.00	
DEPOSITORY SERVICES				
CRD THIN CLIENT MAINTENANCE	1	25.00	25.00	
TRANSIT BRANCH	1	0.15	0.15	
CRD ITEM	85	0.10	8.50	
DISBURSEMENT SRVS				
CDROM PER STATEMENT CUT OFF	1	25.00	25.00	This service is no longer being offered by BBVA. EAA is not being charged for the service.
CDROM STATEMENT ITEM	1	25.00	25.00	
CDROM ADDL MAINT	1	10.00	10.00	
CDR IMAGE CAPTURE	78	0.05	3.80	
DISBURSEMENT RECON				
POSITIVE PAY MAINTENANCE	2	50.00	100.00	
CHECK POSITIVE PAY PER ITEM	78	0.05	3.80	
CHECK POSITIVE PAY EXCEPTION	7	2.50	17.50	
ALERT-POSPAY INTRA-DAY PHONE	4	0.05	0.20	
ALERT-POSPAY INTRA-DAY EMAIL	2	0.05	0.10	
GENERAL ACH SERVICES				
ENHANCED ACH AUTH SERVICES	4	25.00	100.00	
ACH POSITIVE PAY	1	-	-	No monthly maintenance fee if this service is setup on an account that already has check positive pay
ACH AUTH SERVICES -PER ITEM	10	1.00	10.00	
WIRE & OTHER FUNDS TRANS SRVS				
INCOMING WIRE + FAX NOTICE	1	10.00	10.00	
GEN ACCOUNT SERV - ONLINE				
ONLINE DDA STMT	5	1.00	5.00	This per item fee can be lowered to \$5/account if the Authority was to utilize eStatements instead.
DEPOSITORY SERVICES - ONLINE				
STMT ITEM IMAGE MAINT	2	25.00	50.00	
ONLINE IMAGES STORED	159	0.05	7.95	
ACH SERVICES - ONLINE				
ACH MAINTENANCE	2	25.00	50.00	
ACH INPUT FEE	10	10.00	100.00	
ACH CREDITS - PER ITEM	118	0.15	17.40	
ADDENDA RECORD	15	0.02	0.30	
ACH RETURNS REPORT	1	1.00	1.00	
INFO SERVICES - ONLINE				
CUSTOMER ID MAINT	1	25.00	25.00	
PRIM ACCT MAINT	1	75.00	75.00	
ADDL ACCT MAINT	7	15.00	105.00	
ALERTS	125	0.05	6.25	
WIRE SERVICES - ONLINE				
OUTGOING DOMESTIC WIRE	2	10.00	20.00	
ACCOUNT TO ACCOUNT TRANSFER	5	0.50	2.50	

Edwards Aquifer Authority
RFP - Primary Bank Depository Services
Schedule of Fees
Offeror: BBVA USA

Note: Please include UNIT COST for each listed item even if no ACTIVITY is listed. Also, please highlight any changes to item descriptions or measurement units in written and electronic responses.

From August 2019 Account Analysis				Comments
	# UNITS/ ACTIVITY	UNIT PRICE	EXTENDED FEE	
WIRE MAINT	1	35.00	35.00	
CUSTODY/SAFEKEEPING				
Safekeeping charges/month			-	See Exhibits for Pricing
Safekeeping charges/security/month/fed			-	
Safekeeping charges/security/month/dtc			-	
Safekeeping charges/average par value			-	

Edwards Aquifer Authority
RFP - Primary Bank Depository Services
Schedule of Fees
Offeror: BBVA USA

Note: Please include UNIT COST for each listed item even if no ACTIVITY is listed. Also, please highlight any changes to item descriptions or measurement units in written and electronic responses.

From August 2019 Account Analysis				Comments
	# UNITS/ ACTIVITY	UNIT PRICE	EXTENDED FEE	
Other Monthly				
Collateral Fee (max.balances)			-	
Collateral Account Maintenance			-	
Est Total Monthly Fees			1,035.35	
Other				
Tamper Proof Disp Deposit Bags			-	
Self-inking Endorsement Stamps			-	
Carbonless Deposit Tickets			-	
Total Other Charges			-	
Earnings Credit				
Formula/Rate Basis				91 Day T Bill Less 30 Bps
Current Rate		1.250%		
Avg Collected Balance		6,600,000		
Less Reserve Requirement		-		BBVA is waiving this requirement
Investible Balance		6,600,000		
Est Monthly Earnings Credit			6,875	Per our proposal, the Authority will be paid the difference between the Earnings Credit amount less fees, as interest at the same rate as the ECR
Highest Interest Earning Option				
Formula/Rate Basis				91 Day T Bill Rate Flat
Current Rate		1.550%		
Avg Collected Balance		6,600,000		
Est Monthly Earnings		8,525		
Less Sweep Fee		-		Our option is our Public Funds Interest Checking Account, which is fully collateralized.
Est Net Monthly Earnings			8,525	