

**AMENDED AND RESTATED  
LIQUIDITY AGREEMENT**

**between**

**TEXAS PUBLIC FINANCE AUTHORITY**

**and**

**TEXAS COMPTROLLER OF PUBLIC ACCOUNTS**

**Dated as of August 29, 2016**

**Relating to**

**Texas Public Finance Authority**

**Tax-Exempt Commercial Paper Revenue Notes**

**Series 2003**

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AMENDED AND RESTATED LIQUIDITY AGREEMENT

THIS AMENDED AND RESTATED LIQUIDITY AGREEMENT dated as of August 29, 2016 is between the Texas Public Finance Authority (the "Authority") and the Texas Comptroller of Public Accounts (the "Liquidity Provider").

RECITALS:

WHEREAS, the Authority, pursuant to the Resolution (as defined below) and Chapters 1232 and 1371, Texas Government Code, as amended, has authorized the issuance of its "Texas Public Finance Authority Tax-Exempt Commercial Paper Revenue Notes, Series 2003" (collectively the "Notes") for the purposes set forth in the Resolution: to (i) finance construction and/or acquisition of projects by various agencies of the State of Texas and (ii) finance or refinance projects and the Notes;

WHEREAS, the Authority has requested and the Liquidity Provider has agreed to provide liquidity for the Notes from time to time outstanding under the Resolution, upon the terms and conditions set forth herein;

WHEREAS, the Liquidity Provider is authorized pursuant to Section 404.027, Texas Government Code to provide this liquidity facility upon the terms and conditions set forth herein to provide liquidity for the Maturity Value (as defined below) of such Notes;

WHEREAS, the Authority and the Liquidity Provider have previously entered into a Liquidity Agreement dated December 4, 2012, as amended by the First Amendment effective September 1, 2013; the Second Amendment effective September 1, 2014; the Third Amendment effective February 1, 2015; the Fourth Amendment effective September 1, 2015; the Fifth Amendment effective January 1, 2016; the Sixth Amendment effective May 1, 2016; and the Seventh Amendment effective September 1, 2016; and

WHEREAS, the Authority and the Liquidity Provider desire to amend and restate the original Liquidity Agreement, as amended, on the terms and conditions set forth herein and such amended and restated Liquidity Agreement shall supersede all prior amendments including the Seventh Amendment;

NOW, THEREFORE, in consideration of the premises and covenants herein contained, the parties hereto agree as follows:

SECTION 1. CERTAIN DEFINITIONS.

As used herein, the following terms shall have the following respective meanings (such meanings to be equally applicable to both the singular and plural forms):

"Agreement" means this Amended and Restated Liquidity Agreement, as amended, modified or supplemented from time to time in accordance with the provisions hereof.

"Alternate Liquidity Provider" means an alternate liquidity provider other than as provided in this Agreement.

“Business Day” means any day other than a Saturday, a Sunday, a legal holiday or a day on which the member banks of the Federal Reserve System or the Issuing and Paying Agent are authorized or permitted by law or executive order to close.

“Closing Date” means August 29, 2016.

“Commitment” means \$100,000,000, plus 270 days interest thereon at the Maximum Interest Rate per annum, on an actual/365 (or 366) day year basis, subject to reduction from time to time pursuant to Subsection 3.A, Subsection 3.E or Section 10 and reinstatement in accordance with Subsection 3.A.

“Computation Period” means (i) the period commencing on the Closing Date and including the first Quarterly Date thereafter and (ii) each successive three month period thereafter commencing on the day following one Quarterly Date and including the next following Quarterly Date.

“Daily Commitment” means \$100,000,000 plus 270 days’ interest thereon at the Maximum Interest Rate per annum, on an actual/365 (or 366) day year basis.

“Dealer” means collectively, each of the Authority’s commercial paper dealers or co-dealers appointed pursuant to the Resolution.

“Dealer Agreement” means one or more Dealer Agreements between the Authority and the Dealer with respect to the Notes, and any subsequent agreement between the Authority and a subsequent Dealer, each as supplemented or amended from time to time.

“Debt” means at any date (without duplication) all parity revenue bonds, notes and securities issued by the Authority and secured with Pledged Security as further set forth in the Resolution.

“Default” means any event, which with notice or lapse of time or both, would become an Event of Default pursuant to Section 9.

“Default Rate” means the Treasury Rate plus 2.00%, provided that such rate may not exceed the Maximum Interest Rate.

“Event of Default” shall have the meaning assigned to such term in Section 9.

“Final Date” means the earlier of (i) August 31, 2017, which may be extended from time to time or (ii) such earlier date upon which the whole of the Commitment is terminated pursuant to Subsection 3.E, Section 10, or otherwise, or (c) or this Agreement and the Liquidity Provider are replaced by an alternate liquidity agreement and an Alternate Liquidity Provider.

“Governmental Approval(s)” means an authorization, consent, approval, license or exemption of, registration or filing with, or report to, any governmental body or regulatory authority having competent jurisdiction.

“Hereunder,” “herein,” “hereof” and the like mean and refer to this Agreement as a whole and not merely to the specific section, paragraph or clause in which the respective word appears.

“Investment Grade” means that a rating in one of the top four categories without regard to rating modifier has been assigned by any of Moody’s Investors Service, Inc., Standard & Poor’s and Fitch Ratings.

“Issuing and Paying Agent” means U.S. Bank National Association or its successors or assigns.

“Issuing and Paying Agency Agreement” means the agreement between the Authority and the Issuing and Paying Agent, as supplemented or amended from time to time.

“Lease(s)” shall have the meaning assigned to such term in the Resolution.

“Lease Supplements” shall have the meaning assigned to such term in the Resolution.

“Liquidity Agreement Resolution” means the Resolution of the Authority adopted on February 11, 2016 authorizing the execution of this Agreement.

“Material Adverse Change” means the occurrence of any event or change resulting in a material and adverse change (in the reasonable opinion of the Liquidity Provider) in the business, assets, liabilities, condition (financial or otherwise), operations or prospects of the Authority which materially and adversely effects the enforceability of this Agreement or the Transaction Documents or the ability of the Authority to perform its obligations hereunder or thereunder.

“Maturity Value” means (a) with respect to any non-interest bearing Note, the face amount thereof which is payable at maturity and (b) with respect to any interest bearing Note, the Principal Amount thereof plus all interest which will accrue on such Note to its stated maturity.

“Maximum Interest Rate” means the lesser of (i) the maximum net effective interest rate allowable under Chapter 1204, Texas Government Code, as amended, which is currently 15% or (ii) such lesser annual rate as shall be from time to time authorized by the Authority, which is initially 10%.

“No Issuance Notice” shall have the meaning given to that term in Section 2.D. and shall be substantially in the form attached as Exhibit C.

“Note Owner” means the designated payee or assignee of any Note that is made payable to order, or as to any Note payable to bearer, or the Person who is the holder of any such Note.

“Note Payment Account” means a special purpose account of the Authority held by the Issuing and Paying Agent, into which the proceeds of any funds delivered under this

Agreement by the Liquidity Provider to the Issuing and Paying Agent shall be deposited for the purchase of Notes.

“Notes” means all “Texas Public Finance Authority Tax-Exempt Commercial Paper Revenue Notes, Series 2003” issued from time to time under the Resolution.

“Notice of Draw” means the notice, substantially in the form of Exhibit B, given to the Liquidity Provider by the Authority or by the Issuing and Paying Agent pursuant to Subsection 3.B.

“Offering Memorandum” means the disclosure document used in connection with the offering and sale of the Notes.

“Outstanding” means all Notes issued at any time under the Resolution, except Notes which have been paid by the Issuing and Paying Agent or matured Notes which have not been presented for payment but funds for the payment of which are on deposit in the Note Payment Account and are available for payment of such Notes or Notes which have been canceled in exchange for new Notes issued pursuant to the Resolution; provided, however, that any Purchased Notes purchased with funds (which shall be deemed an “Advance” under the Resolution) provided by the Liquidity Provider pursuant to this Agreement shall be deemed to be Outstanding until such Purchased Notes are paid in full by the Authority.

“Person” means a natural person, corporation (which shall be deemed to include a business trust), unincorporated organization, a government or any department or agency thereof, association, company, partnership or any other entity.

“Pledged Security” shall have the meaning assigned to such term in the Resolution.

“Principal Amount” means (i) with respect to any non-interest bearing Note, the amount paid to the Authority by the original purchaser of the Notes in consideration of the initial issuance thereof, and ii) with respect to any interest bearing Note, the stated principal amount thereof.

“Program” has the meaning given to such term in the Resolution.

“Project” shall have the meaning assigned to such term in the Resolution.

“Project Costs” shall have the meaning assigned to such term in the Resolution.

“Purchased Notes” means any Notes purchased with funds (which shall be deemed an “Advance” under the Resolution) by the Liquidity Provider pursuant to this Agreement.

“Quarterly Date” means the last day of any November, February, May and August.

“Resolution” means the resolution authorizing the Notes adopted by the Board of the Authority on November 19, 2002, as may be amended and supplemented from time to time.”



“Rent Payments” means the payments defined as “Rent Payments” in a Lease.

“State” means the State of Texas.

“Transaction Documents” means this Agreement, the Notes, the Resolution, the Liquidity Agreement Resolution, the Issuing and Paying Agency Agreement, the Lease Agreement and each Dealer Agreement, as they may be amended or replaced, and including any exhibits or schedules, and any other document executed and delivered in connection with the issuance of the Notes or this Agreement.

“Treasury Rate” a per annum rate of interest equal to the higher of (i) 1.0% plus the then current U.S. Prime Rate effective for the prior day as published in the Wall Street Journal or (ii) 2.0% plus the Federal Funds Rate, provided that such rate may not exceed the Maximum Interest Rate.

## SECTION 2. THE COMMERCIAL PAPER PROGRAM.

A. The Commercial Paper Program. The Authority has authorized the issuance of the Notes pursuant to the Resolution to finance or refinance Project Costs or to pay, refinance or refund Outstanding Notes.

B. The Notes. Notes may be issued by the Authority from time to time in accordance with the Resolution and this Agreement and the aggregate Maturity Value of Notes Outstanding at any one time shall not exceed the Commitment. The aggregate Maturity Value of Notes Outstanding that mature on any single day shall not exceed the Daily Commitment. Each Note shall (i) be issued as set forth in the Resolution and Transaction Documents, (ii) have a stated maturity date (which shall be a Business Day) not later than 270 days from the issuance date thereof, and in any event, not later than one (1) Business Day prior to the Final Date, and (iii) shall be in a Principal Amount equal to \$100,000, or integral multiples of \$5,000 in excess thereof. Upon the issuance of Notes pursuant to the Resolution, the Authority shall provide the Liquidity Provider by facsimile, hand delivery, or electronic means not later than 4:00 p.m. (New York City time) on the date of sale a Notice of Issuance substantially in the form attached as Exhibit A.

C. Use of Proceeds. The Authority shall use the proceeds of all Notes in accordance with the Resolution; provided, however, the Authority shall be deemed to assign to the Liquidity Provider all of the Authority’s right, title and interest in the proceeds of the sale of such Notes to the extent that the Liquidity Provider has not been reimbursed under the terms of this Agreement for any Purchased Notes made with funds of the Liquidity Provider theretofore made and shall cause the Issuing and Paying Agent to pay such proceeds to the Liquidity Provider.

D. Cessation of Issuance of Notes. The Liquidity Provider may instruct the Issuing and Paying Agent to cease issuing Notes by delivering a No Issuance Notice to the Issuing and Paying Agent. The Liquidity Provider may deliver a No Issuance Notice (i) if it determines that the conditions precedent to the issuance of a Note set forth in Section 5.C are not satisfied or (ii) the occurrence of an event described in Section 9 exists. A No Issuance Notice shall be effective when received by the Issuing and Paying Agent and shall be deemed to have

been received by the Issuing and Paying Agent if it is sent by facsimile or electronic transmission or otherwise delivered and confirmed by telephone at the address and the telephone and facsimile numbers set forth in Section 11.A. The Liquidity Provider shall not incur any liability as a result of the Liquidity Provider's giving of any No Issuance Notice which, in its good faith judgment, it determines to be in accordance with this Section 2.D. Notwithstanding the preceding, the delivery of a No Issuance Notice shall not affect the obligation of the Liquidity Provider to honor a Notice of Draw with respect to Notes authenticated prior to the delivery to the Issuing and Paying Agent of such No Issuance Notice. The Liquidity Provider shall concurrently furnish a copy of any No Issuance Notice to the Authority and the Dealer, but the failure to so provide such copy shall not render ineffective any such No Issuance Notice. The Liquidity Provider shall not be required to provide liquidity for the purchase of Notes issued in violation of a No Issuance Notice.

### SECTION 3. THE COMMITMENT.

A. The Commitment. The Liquidity Provider agrees to provide funds in an amount equal to the Commitment for the purchase of Notes issued or reissued, and not sold by the Dealer. On the terms and subject to the conditions of this Agreement, the Liquidity Provider shall purchase unsold Notes by providing funds to the Issuing and Paying Agent, on behalf of the Authority, from time to time prior to the Final Date, in an aggregate Principal Amount at any one time Outstanding not to exceed the Commitment. The Commitment shall be reduced from time to time by the amount of any funds, principal and interest, provided by the Liquidity Provider hereunder for the purchase of Notes, as specified in demands made hereunder; provided, however, that upon payment by the Authority to the Liquidity Provider of reimbursement for any amounts provided by the Liquidity Provider hereunder for the purchase of Notes, the Commitment shall be reinstated to the extent of such reimbursement of funds to the Liquidity Provider.

B. Manner of Request. The Authority shall first verbally notify or cause the Issuing and Paying Agent to verbally notify the Liquidity Provider of the need for funds to purchase unsold Notes as soon as the potential need is identified, by calling (512) 463-5909. The Authority shall then notify or cause the Issuing and Paying Agent to notify the Liquidity Provider of the need to purchase unsold Notes by delivering, by email to the Liquidity Provider not later than 12:00 p.m. (New York City time) on the date such unsold Notes are required, a Notice of Draw (substantially in the form attached as Exhibit B). Each such Notice of Draw shall specify the amount and date of funds required from the Liquidity Provider for the purchase of Notes. Upon receipt of the written Notice of Draw in the form attached as Exhibit B, the Liquidity Provider will provide Depository Trust Company ("DTC") settling instructions. A duly completed and executed Notice of Draw received after 12:00 p.m. (New York City time) on a Business Day shall be considered to have been delivered on the next Business Day and the Liquidity Provider shall provide funds as described below in Section 2.C below on the next Business Day

C. Disbursement of Funds. Subject to the conditions of this Agreement, funds required to purchase Notes shall be made available by the Liquidity Provider to the Issuing and Paying Agent in immediately available funds via the Depository Trust Company ("DTC") System. The Liquidity Provider shall notify the Authority and make the funds available to the Issuing and Paying Agent by 2:00 p.m. (New York City time) on the date specified in the Notice

of Draw. The Issuing and Paying Agent shall use the funds to purchase, for the benefit of the Liquidity Provider, Notes that are maturing on such date that are not being paid with other funds of the Authority. The beneficial ownership of such Purchased Notes shall be credited to the account of the Liquidity Provider maintained at DTC, and such Purchased Notes shall be registered in the name of the Liquidity Provider or its nominee or designee on the register of DTC until the Liquidity Provider is paid in full for such Purchased Notes. Such Purchased Notes shall be held for the benefit of the Liquidity Provider as evidence of the Authority's obligation to reimburse the Liquidity Provider pursuant to this Agreement.

D. Interest on and Repayment of Purchased Notes. The maturity date of such Purchased Notes shall be on or before thirty (30) days after the date of purchase of each such purchased Note (the "Purchased Note Maturity Date"). The Authority shall pay each Purchased Note on the Purchased Note Maturity Date; in any manner, including payment with a subsequent issuance of Notes credited to the account of the Liquidity Provider or otherwise. Unless otherwise prescribed by the Resolution, interest on the Purchased Notes shall accrue at the Treasury Rate from the Purchase Date until the Purchased Note Maturity Date. However, if the Authority is unable to pay the interest upon the Purchased Note Maturity Date the interest rate shall be the Default Rate for any subsequent issuance of Notes credited to the account of the Liquidity Provider. All amounts are due and payable to the Liquidity Provider no later than the Final Date or upon substitution of the Liquidity Provider.

E. Reduction of the Commitment. The Authority may, upon not less than three (3) Business Days' prior written notice to the Liquidity Provider, reduce all or any portion of the unused Commitment, provided that (i) any partial reduction of the Commitment must be in the minimum amount of \$1,000,000 and in integral multiples of \$1,000,000 in excess thereof, and (ii) no such reduction shall result in the Commitment being less than the sum of the Maturity Value of all Notes Outstanding at such time. The Authority shall promptly give the Dealer and the Issuing and Paying Agent notice of any such reduction of the Commitment. The notice shall specify the effective date and the amount of any such reduction and shall be irrevocable once given and effective only upon receipt by the Liquidity Provider. The Commitment once terminated or reduced, may not be increased or reinstated, except by an amendment to this Agreement.

F. Liquidity Provider Records. The date and amount of funds provided by the Liquidity Provider pursuant to each Notice of Draw, and all payments made on account thereof, shall be recorded by the Liquidity Provider on its books, which books shall be conclusive as to amounts payable by the Authority hereunder, absent material error on the part of the Liquidity Provider.

G. Change in Law. In the event that any requirement, restriction, limitation or guideline is imposed upon, or determined or held to be applicable to, the Liquidity Provider by any court or administrative or governmental authority charged with the administration thereof, under or pursuant to any applicable law of any relevant jurisdiction, or any change in applicable law of any relevant jurisdiction shall either impose, modify or deem applicable any tax, reserve, special deposit, capital adequacy, insurance premium or similar requirement against or with respect to or measured by reference to funds provided or to be provided by the Liquidity Provider or impose upon the Liquidity Provider any other condition relating, directly or indirectly to this Agreement and the result shall be to increase the cost to the Liquidity Provider

of issuing or maintaining its commitment to purchase unsold Notes, as herein provided, or maintaining its obligation hereunder to provide funds or otherwise performing its obligations hereunder or (in the case of any capital adequacy requirement) to reduce the rate of return on the Liquidity Provider's capital as a consequence of its obligations under this Agreement to a level below that which the Liquidity Provider could have achieved but for the imposition of such requirement (taking into account the Liquidity Provider's capital adequacy policies) or reduce any amount receivable by the Liquidity Provider hereunder (which increase in cost, reduction in rate of return or reduction in amount receivable shall be the result of the Liquidity Provider's reasonable allocation of the aggregate of such increases or reductions resulting from such event), then, within thirty (30) days of the Liquidity Provider's request therefor, the Authority agrees to pay to the Liquidity Provider, from time to time as specified by the Liquidity Provider, such additional amounts as shall be sufficient to compensate the Liquidity Provider, as the case may be, for such increased costs or reductions from the date of such change; provided, however, that the Authority shall not be required to reimburse the Liquidity Provider for any costs or fees (including attorneys' fees) incurred in the calculation of such additional amounts. A statement as to such increased costs or reductions incurred by the Liquidity Provider, submitted by the Liquidity Provider to the Authority, shall be conclusive as to the amount thereof, absent material error. The Liquidity Provider will promptly notify the Authority of the occurrence of any event of which the Liquidity Provider has actual knowledge within sixty (60) days of the occurrence of such event which will entitle the Liquidity Provider, as the case may be, to compensation under this Subsection 3.G.

#### H. Pledge.

(i) In order to secure the obligations of the Authority under this Agreement, the Authority hereby pledges to the Liquidity Provider, and grants the Liquidity Provider a security interest in, the Pledged Security.

(ii) The pledge and security interest granted the Liquidity Provider in the Pledged Security pursuant to this Section 3.H. shall be on a parity with the pledge and security interest granted by the Authority to Note Owners in the Pledged Security pursuant to the Resolution to secure payment of amounts due under the Notes.

(iii) The Authority shall take such steps as the Liquidity Provider shall reasonably request to perfect and secure such pledge and security interest. Chapter 1208, Texas Government Code, as amended, applies to the issuance of the Notes and the pledge of and security interest in the Pledged Security granted by the Authority herein, and such pledge and security interest is therefore valid, effective, and perfected. If Texas law is amended at any time while the Notes are outstanding and unpaid such that the pledge of and security interest in the Pledged Security is to be subject to the filing requirements of Chapter 9, Texas Business and Commerce Code, as amended, then in order to preserve to the Liquidity Provider the perfection of the security interest in the Pledged Security, the Authority agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business and Commerce Code, as amended, and enable a filing to perfect the security interest in the Pledged Security to occur.

#### SECTION 4. FEES AND PAYMENTS.

A. Commitment Fee. The Authority hereby agrees to pay the Liquidity Provider a non-refundable commitment fee at a rate equal to (i) 0.12% per annum on that portion of the Commitment during the Computation Period equal to the sum of (a) the principal amount of the Notes Outstanding on a daily basis plus (b) 270 days' interest thereon at the rate of 10% per annum and (ii) 0.08% per annum on the remainder of the Commitment that is unused on a daily basis during the Computation Period. The commitment fee shall accrue until no Commitment remains outstanding. Such fee shall be payable to the Liquidity Provider quarterly in arrears in respect of each Computation Period and on the Final Date, within fifteen (15) days after receipt by the Authority of an invoice from the Liquidity Provider setting forth the amount of such fee payable for such Computation Period.

B. Transfer Fee. The Authority agrees to pay to the Liquidity Provider a transfer fee in the amount of \$1,000 for each change in the Issuing and Paying Agent or Dealer, payable within thirty (30) days of such change. Such change shall be deemed to have occurred whenever the Issuing and Paying Agent or Dealer is replaced, substituted or changed as a result of any sale, assignment, merger, consolidation, reorganization, act of law or other cause.

C. Payments. Except as otherwise provided herein, all payments by the Authority to the Liquidity Provider under this Agreement shall be made by wire transfer in United States dollars and immediately available funds, so that the same is received not later than 4:00 p.m., New York City time, on the due date thereof. Any payment hereunder received after such time shall be deemed received on the next succeeding Business Day and interest shall accrue to such succeeding Business Day, as herein provided. Each payment hereunder shall be made without condition or reduction by reason of set-off, counterclaim or otherwise, and free and clear of, and without deduction for, any taxes, duties, levies, imposts or other charges of a similar nature. Amounts paid by the Authority shall be applied to the amounts then due and payable hereunder in the following order: first, to interest; second to principal; and third to fees and expenses.

D. Extension of Payments. If any payment under this Agreement shall become due on a day which is not a Business Day, the due date thereof shall be extended to the next following day which is a Business Day, and such extension shall be taken into account in computing the amount of any interest or fees then due and payable hereunder.

E. Computation of Interest and Fees. All interest and fees payable under this Agreement shall be computed on the basis of a year of 365 or 366 days, as applicable, and the actual number of days elapsed.

## SECTION 5. CONDITIONS PRECEDENT.

A. Initial Conditions Precedent. The obligation of the Liquidity Provider to provide liquidity and to provide funds for the purchase of Notes hereunder is subject to the satisfaction of each of the following conditions precedent on or before the Closing Date:

(i) Action. The Liquidity Provider shall have received copies of all action taken by the Authority approving the execution and delivery by the Authority of this Agreement and the other Transaction Documents to which the Authority is a party, in each case certified as complete and correct as of the Closing Date;

(ii) Incumbency of Officers. The Liquidity Provider shall have received an incumbency certificate of the Authority in respect of each of the officers who is authorized to sign this Agreement and the other Transaction Documents to which it is a party on behalf of the Authority;

(iii) Opinion of Counsel to the Authority. The Liquidity Provider shall have received a written opinion, of the general counsel to the Authority, covering matters relating to the transactions contemplated by this Agreement and the other Transaction Documents, in form and substance satisfactory to the Liquidity Provider;

(iv) Opinion of Bond Counsel. The Liquidity Provider shall have received a written opinion of Bond Counsel to the effect that the execution and delivery of this Agreement will not in and of itself adversely affect the excludability of interest on any Note from the gross income of the owner thereof for federal income tax purposes. Such opinion shall be addressed to the Liquidity Provider or the Liquidity Provider shall be given a letter from Bond Counsel allowing the Authority to rely on such opinion of Bond Counsel.

(v) Opinion of Attorney General. The Liquidity Provider shall have received an opinion of the Attorney General of the State approving the proceedings relating to this Agreement;

(vi) Transaction Documents. The Liquidity Provider shall have received copies of each of the Transaction Documents duly executed by the parties thereto, and the Transaction Documents are in full force and effect;

(vii) No Default, Etc. No Default or Event of Default shall have occurred and be continuing as of the Closing Date or will result from this Agreement becoming effective or any purchase of Notes; the representations and warranties made by the Authority in Section 6 shall be true and correct in all material respects on and as of the Closing Date as if made on and as of such date; and the Liquidity Provider shall have received a certificate from the Authority to the foregoing effect;

(viii) Other Documents. The Liquidity Provider shall have received such other documents, certificates and opinions as it or its counsel shall have reasonably requested; and

(ix) Ratings. The Liquidity Provider shall have received written confirmation of the ratings on the Notes.

B. Conditions Precedent to Disbursement of Funds. As a condition precedent to the disbursement of funds from the Liquidity Provider hereunder, the Authority certifies to the Liquidity Provider that: (i) no Event of Default (except not as to the Events described in Sections 9.A., 9.B., 9.E., 9.I., 9.J. and 9.K.) shall have occurred and be continuing; and (ii) the Authority is unable to market the Notes in an amount equal to the amount requested in a Notice of Draw. By executing a Notice of Draw, the Authority shall be deemed to have represented and warranted to the Liquidity Provider that the foregoing conditions precedent have been satisfied on the date of such Notice of Draw.

C. Conditions Precedent to Issuance of Notes. As a condition precedent to the issuance of each Note, including the initial issuance of a Note, the following conditions shall be satisfied at the time of such issuance:

(i) No Default. No Default or Event of Default shall (a) have occurred and be continuing or (b) be caused by such issuance;

(ii) Representations and Warranties. The representations and warranties made by the Authority in this Agreement or in any other Transaction Document or in any statement or certificate at any time given pursuant hereto or thereto or in connection herewith or therewith shall be true and correct in all material respects at the time of such issuance, as if made at and as of such time;

(iii) No Default by Dealer or Issuing and Paying Agent. To the best of the Authority's knowledge, the Issuing and Paying Agent shall not be in default in the performance of its obligations under the Resolution or the Issuing and Paying Agency Agreement and the Dealer shall not be in default in the performance of its obligations under the Dealer Agreement; and

(iv) Lack of No Issuance Notice. The Liquidity Provider shall not have issued a No Issuance Notice that is currently effective.

On each issuance of a Note, the Authority shall be deemed to have represented and warranted to the Liquidity Provider that the conditions precedent set forth in clauses (i), (ii) and (iv) have been satisfied and that to the best of the Authority's knowledge, the condition precedent set forth in clause (iii) has been satisfied.

SECTION 6. REPRESENTATIONS AND WARRANTIES. The Authority represents and warrants to the Liquidity Provider that:

A. Organization. The Authority is a public authority and body politic and corporate of the State.

B. Authorization of Agreement and Transaction Documents. The Authority has the power and has taken all necessary action to authorize the execution, delivery and performance of the Authority's obligations under this Agreement and each of the other Transaction Documents to which it is a party in accordance with their respective terms. This Agreement has been duly executed and delivered by the Authority and is, and each of the other Transaction Documents to which it is a party when executed and delivered will be, legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization or moratorium applicable to the Authority and general equitable principles regarding the availability of specific performance.

C. Compliance of Agreement and Transaction Documents. The execution, delivery and performance by the Authority of this Agreement and each of the other Transaction Documents to which it is a party in accordance with their respective terms do not and will not (i) contravene any applicable law of the United States or of the State in effect on the date hereof,

(ii) require any consent or approval of any creditor of the Authority or (iii) conflict with, result in a breach of or constitute a default under, or accelerate the performance required by, any contract, indenture or agreement to which the Authority is a party or by which it or any of its properties or revenues may be bound.

D. Governmental and Regulatory Consents and Approvals. The Authority has obtained and shall maintain in full force and effect all consents, approvals, permits, authorization and orders of, and registrations and filings with, any court of governmental or public agency, authority or other instrumentality required for the issuance, sale, execution, delivery and performance of the Resolution, the Agreement, and all other Transactional Documents to which it is a party and to perform its obligations hereunder and thereunder (except for the approval of the Attorney General of the State which shall be obtained prior to the Closing Date) and are subject to no further administrative or judicial review. No consent, approval permit, authorization or order of, or registration or filing with, any court or government agency, authority or other instrumentality not already obtained, given or made is required on the part of the Authority for the execution, delivery and performance by the Authority of the Transactional Documents.

E. Compliance with Law and Transaction Documents. The Authority (i) is in compliance with all laws of the United States and of the State material to its performance hereunder and with all provisions of each Transaction Document to which it is a party and (ii) has received no notice nor has it any knowledge that a material default, after any applicable notice and grace period, by the Authority exists under any material contracts, agreements or other instruments to which it is a party or by which it or any of its properties or revenues is bound.

F. Litigation. There is no action, suit, proceeding, inquiry or investigation at law or in equity, pending or, to the best of the Authority's knowledge, threatened against or affecting the Authority nor is there any basis for any such action, suit, proceeding, inquiry, or investigation, in which an unfavorable decision, ruling or finding would restrain or enjoin the issuance or delivery of the Notes or would adversely affect the transactions contemplated by this Agreement, the other Transaction Documents, or any other agreements or documents provided for or contemplated by the Transaction Documents. No such litigation for which the Authority has received notice is pending or threatened against the Authority, involving the Authority or any property, assets or revenues under the control of the Authority which (i) involves the possibility of any judgment or liability not fully covered by insurance or adequate established reserves and which may result in any Material Adverse Change in the properties, assets, or in the condition, financial or otherwise, of the Authority, or (ii) would result in a Material Adverse Change in the financial condition of the Authority or the matters provided for or contemplated by the Transaction Documents.

G. Accuracy and Completeness of Other Information. Any written information, reports and other papers and data prepared by the Authority and furnished to the Liquidity Provider pursuant to this Agreement were, at the time the same were so furnished, complete and correct in all material respects to the extent necessary to give the Liquidity Provider a true and accurate knowledge of the subject matter thereof. To the best knowledge of the Authority, the Offering Memorandum does not contain any untrue statement of a material



fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

H. Representations and Warranties Contained in the Transaction Documents.

The Authority is in compliance with all of its representations and warranties set forth in the Transaction Documents, which are hereby made part of this Agreement. Except as otherwise provided herein, no amendment, modification, termination or replacement of any such representations, warranties, covenants and definitions contained in the Transaction Documents to which the Authority is a party shall be effective to amend, modify, terminate or replace the representations, warranties, covenants and definitions incorporated herein by this reference, without the prior written consent of the Liquidity Provider.

I. No Proposed Legal Changes There is no amendment or, to the knowledge of the Authority, proposed amendment to the Constitution of the State of Texas or any administrative interpretation of the Constitution of the State of Texas or any State law, or any judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have (i) a Material Adverse Change in the Authority's obligations under this agreement or the ability of the Authority to perform its obligations hereunder, (ii) the issuance or delivery of the Notes, (iii) the execution and delivery of this Agreement or any of the Transaction Documents to which the Authority is a party, (iv) the creation, organization or existence of the Authority or the titles to office of any officers thereof, or (v) the power of the Authority to perform its obligations under this Agreement or any of the Transaction Documents to which the Authority is a party.

J. Tax Status of Interest on Notes. The Authority has not taken any action and knows of no action that any other Person has taken, which would cause interest on the Notes to be includable in the gross income of the recipients thereof for Federal income tax purposes.

K. No Default.

(i) No Default under This Agreement. No Default or Event of Default under this Agreement has occurred and is continuing that is or would, with the passage of time or the giving of notice, or both, constitute a Default by the Authority in the performance, observance or fulfillment of any of the obligations covenants or conditions contained in the Transaction Documents; and

(ii) No Other Default. No Event of Default shall have occurred and be continuing under any other material mortgage, indenture, contract, agreement or undertaking with a parity revenue pledge and to which the Authority is a party or which purports to be binding on the Authority.

L. No Material Adverse Change. No Material Adverse Change has occurred in the business, operations or condition (financial or otherwise) of the Authority.

M. Security. The security for the Notes and Purchased Notes is established and set forth under the Resolution and Lease.

SECTION 7. AFFIRMATIVE COVENANTS. From the date hereof and so long as the Liquidity Provider is committed to provide liquidity hereunder and until the payment in full of all of the obligations of the Authority under this Agreement and the Notes, the Authority will do all of the following:

A. Transaction Documents. Perform all of its obligations under each of the Transaction Documents to which it is a party and take such actions and proceedings from time to time as shall be necessary in the judgment of the Liquidity Provider to cause the other parties to the Transaction Documents to perform their obligations thereunder. Comply with all covenants and related definitions set forth in the Transaction Documents, which are hereby incorporated by reference and made part of this Agreement. To the extent any such incorporated provision permits the owners of one or more Notes or any other Person or Persons to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the owners of one or more Notes or any other Person or Persons, for purposes of this Agreement, such provision shall be complied with only if it is waived by the Liquidity Provider and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Liquidity Provider. No amendment to such obligations, covenants and agreements or defined terms made pursuant to any of the Transaction Documents shall be effective to amend such obligations, covenants and agreements and defined terms as incorporated by reference herein without the consent of the Liquidity Provider, which consent shall not be unreasonably withheld. The Authority shall give prior notice to the Liquidity Provider of any action referred to in this Section.

B. Inspection of Books. To the extent permitted by law, permit representatives of the Liquidity Provider, from time to time, as often as may be reasonably requested to (i) inspect the Authority's books and records and make copies from such books and records which relate to the Authority's performance under this Agreement and (ii) discuss with its officers and accountants its business, assets, liabilities, financial condition, results of operations and business prospects.

C. Default. (i) Notify the Liquidity Provider of any Default or Event of Default of which the Authority has knowledge, within three (3) Business Days of acquiring knowledge thereof, setting forth the details of such Default or Event of Default and the action which the Authority has taken and proposes to take with respect thereto; and (ii) furnish or cause to be furnished to the Liquidity Provider as soon as available and in any event not later than thirty (30) days after the end of each fiscal year a certificate, in the form attached hereto as Exhibit D, of an officer of the Authority certifying that no Default has occurred and is continuing or, if a Default has occurred and is continuing, describing the nature thereof and the action the Authority proposes to take with respect thereto.

D. Notices. Promptly furnish, or cause to be furnished to the Liquidity Provider (i) notice of the failure by the Dealer or the Issuing and Paying Agent to perform any of their respective obligations as applicable upon knowledge thereof by the Authority, (ii) copies of any communications received from any taxing authority, securities regulatory authority or rating agency with respect to the Notes, which are not restricted or prohibited from being shared under the law or the direction of a court of competent jurisdiction or other governmental authority, (iii) notice of any proposed substitution of this Agreement, (iv) notice of any proposed

amendment to the Resolution and copies of all such amendments promptly following their execution, and (v) notice of the existence and status of any litigation or the passage of any state or local ordinance, law or rule not of general applicability to all Persons, either of which could reasonably be expected to have result in a Material Adverse Change in the financial conditions of the Authority, the Notes, or the enforceability or validity of any of this Agreement or the Transaction Documents, and if any of the preceding is reasonably likely to have a materially and adversely affect the rights of the Liquidity Provider under this Agreement.

E. Compliance with Laws. Comply with the requirements of all applicable laws of the United States and of the State the noncompliance with which would, singly or in the aggregate, have a materially adverse effect on the ability of the Authority to perform its obligations pursuant to this Agreement or the other Transaction Documents to which it is a party.

F. Further Assurance. Execute and deliver to the Liquidity Provider all such documents and instruments as may be necessary or reasonably required by the Liquidity Provider to enable the Liquidity Provider to exercise and enforce its rights under this Agreement and the other Transaction Documents.

G. Issuing and Paying Agent; Fees. Maintain in place an Issuing and Paying Agent under the Resolution and obtain the prior written consent of the Liquidity Provider to any change of such Issuing and Paying Agent, which consent shall not be unreasonably withheld. During the term of this Agreement, the Authority agrees to pay to the Liquidity Provider a transfer fee as set forth in Section 4.B, for any change in the Issuing and Paying Agent. Such change shall be deemed to have occurred whenever the Issuing and Paying Agent is replaced, substituted, or changed including as a result of any sale, assignment, merger, consolidation, reorganization, act of law, or other cause.

H. Dealer; Fees. Appoint, or cause to be appointed, at all times, a Dealer, which is acceptable to the Liquidity Provider. The Authority agrees to cause the Dealer to use its best efforts to sell Notes in order to repay maturing Notes. The Authority shall at all times exercise commercially reasonable efforts to cause each dealer agreement entered into after the date hereof, to contain satisfactory third party beneficiary provisions in favor of the Liquidity Provider. Any dealer agreement shall provide that such dealer may resign upon at least 60 days prior written notice to the Authority and Liquidity Provider. During the term of this Agreement, the Authority agrees to pay to the Liquidity Provider a transfer fee as set forth in Section 4.B, for any change in the Dealer. Such change shall be deemed to have occurred whenever the Dealer is replaced, substituted, or changed including as a result of any sale, assignment, merger, consolidation, reorganization, act of law, or other cause.

I. Priority of Funds. Use its best efforts to cause the payment of the principal of and interest on the Notes to be made without the need for the Liquidity Provider to provide funds for the purchase of such Notes.

J. Accounting and Reports. Maintain a standard system of accounting in accordance with Generally Accepted Accounting Principles (“GAAP”) consistently applied and with reasonable promptness, provide such other data regarding the financial position or business of the Authority as the Liquidity Provider may reasonably request from time to time.

K. Maintenance of Insurance. Maintain, or cause to be maintained, at all times insurance on and with respect to its properties as may be required by the Resolution with responsible and reputable insurance companies while the Notes or Purchased Notes are Outstanding. Upon request of the Liquidity Provider, the Authority shall furnish evidence of such insurance required by the Resolution to the Liquidity Provider.

L. Alternate Liquidity Provider. Agree that any termination of this Agreement as a result of the provision of a facility issued by an Alternate Liquidity Provider will require, as a condition, that the Authority provide funds on the date of such termination, which funds will be sufficient to insure the payment of all amounts due to the Liquidity Provider hereunder.

M. Notes. Agree that all Notes issued pursuant to the Resolution shall have a maturity of two hundred and seventy (270) days or less.

N. Use of Proceeds. Use the proceeds derived from the sale of the Notes only for the purposes set forth in the Resolution.

O. Governmental and Regulatory Consents and Approvals. At all times maintain in effect, renew and comply with all the terms and conditions of all consents, licenses, approvals, authorizations, and filings as may be necessary or appropriate under any applicable law or regulation for its execution, delivery and performance of this Agreement and the other Transaction Documents and the issuance of the Notes.

P. Accuracy of Information. Ensure all data, certificates, reports, opinions of counsel, documents and other information furnished to the Liquidity Provider, whether pursuant to this Agreement, or in connection with or pursuant to an amendment or modification of, or waiver under, this Agreement shall, at the time the same are so furnished, (i) be complete and correct in all material respects to the extent necessary to give the Liquidity Provider true and accurate knowledge of the subject matter thereof, and (ii) not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading, and the furnishing of the same to the Liquidity Provider shall constitute a representation and warranty by the Authority to that effect.

Q. Reporting Requirements. Provide the Liquidity Provider (i) a Compliance Certificate in the form provided in Exhibit E hereto 90 days prior to any renewal date of this Agreement and (ii) within 10 days of the Liquidity Provider's request provide Program reports and/or a Compliance Certificate in the form provided in Exhibit E hereto.

R. Taxability. To the extent there is a ruling, assessment, notice of deficiency or technical advice rendered by the Internal Revenue Service that has the effect of causing interest on any Notes to be includable in the gross income of the Note Owner and either (i) the Authority, after it has been notified by the Internal Revenue Service, does not challenge such ruling, assessment, notice or advice in a court of law during the period within which such challenge is permitted or (ii) the Authority challenges such ruling, assessment, notice or advice and a court of law issues a final determination, not subject to appeal or review by another court of law, that such ruling, assessment, notice or advice is correctly rendered, the Authority shall

take all necessary steps, except final approval by third parties, within 120 days of such event of taxability described herein, to pay or refinance such Notes.

SECTION 8. NEGATIVE COVENANTS. From the date hereof and so long as the Liquidity Provider is committed to provide funds for the purchase of unsold Notes hereunder and until the payment in full of all of the obligations of the Authority under this Agreement and the Notes, the Authority shall not:

A. Other Agreements. Enter into any new agreement, amendment or modification of existing agreement, containing any provision which would be violated or breached by the performance of its obligations hereunder or under the other Transaction Documents to which it is a party.

B. Transaction Documents. Amend or modify any provision of any Transaction Document, without the prior written consent of the Liquidity Provider, which consent shall not be unreasonably withheld.

C. Total Outstanding. Permit the aggregate Maturity Value of all Notes Outstanding at any time to exceed the Commitment at such time.

D. Negative Covenants Under Transaction Documents. Breach any negative covenant contained in any Transaction Document.

SECTION 9. EVENTS OF DEFAULT. Each of the following events (herein called "Events of Default") shall constitute an Event of Default under the terms of this Agreement:

A. Failure to Pay Liquidity Provider. Any interest on any Purchased Notes owed is not paid when due; or

B. Failure to Pay Liquidity Provider Fees, Expenses or Other Amounts. The Authority fails to pay fees, expenses or other amounts payable by it to the Liquidity Provider after receipt of ninety days written notice from the Liquidity Provider that the payment is past due (except as provided in 9.A above); or

C. Receivership, Insolvency, or Similar Action.

(i) The Authority (1) applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or of a substantial part of its property or assets, (2) admits in writing its inability to pay its debts as they become due or declares a moratorium for the repayment of its Debt, (3) makes a general assignment for the benefit of creditors, (4) commences a voluntary case under the Bankruptcy Code (as now or hereafter in effect), (5) files a petition seeking to take advantage of any other laws relating to bankruptcy, insolvency, reorganization, liquidation, winding-up or composition or adjustment of debts, or (6) takes any action for the purpose of effecting any of the acts set forth in clauses (1) through (5) of this Subsection 9.C; or

(ii) Either (1) a case or other proceeding shall be commenced against the Authority and shall remain undismissed for a period of sixty (60) days seeking liquidation,

conservation, dissolution, rehabilitation, conservatorship, reorganization or the winding up of its affairs or other relief with respect to it or its debts under any insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, assignee, liquidator, rehabilitator, conservator, custodian, sequestrator or other similar official of it or any substantial part of its property, or (2) an order shall be entered in any such proceeding granting the relief sought in such proceeding; or

D. Restriction of Debt Payment. The State or any other governmental entity having jurisdiction over the Authority imposes a debt moratorium, debt restructuring, or other comparable extraordinary restriction that results in a restriction on repayment when due and payable of the principal of or interest on the Notes; or

E. Failure to Pay Judgment. The Authority fails to pay when due a final and nonappealable money judgment entered by a court or other regulatory body of competent jurisdiction against the Authority in an amount in excess of \$5,000,000, and enforcement of such judgment continues unstayed and in effect for a period of sixty (60) consecutive days after appropriated funds become available to the Authority; or

F. Agreement No Longer Valid and Binding. This Agreement in its entirety for any reason ceases to be valid and binding on the Authority in accordance with its terms, or is declared pursuant to a final judgment by a governmental authority with jurisdiction to be null and void, or the validity or enforceability of this Agreement or any of the other Transaction Documents as related to the payment of the Notes is repudiated, rejected or contested through legal procedures by the Authority or a proceeding is commenced by the Authority seeking to establish the invalidity or unenforceability thereof; or

G. Failure to pay Debt. The Authority fails to pay when due and payable (whether at maturity), after giving effect to any applicable grace period, the principal of or interest on any of its Debt on parity or senior to the Notes; or

H. Failure to appropriate. An “Event of Nonappropriation” as defined in the Resolution shall have occurred; or

I. Breach or Failure of Performance Under Agreement. A breach or failure of performance by the Authority of any covenant, condition or agreement on its part to be observed or performed contained herein and such breach or failure remains uncured for 30 days following notice of such breach, or, if such breach or failure cannot be cured in 30 days and the Authority has commenced curing such breach, then 60 days; or

J. Representations or Warranties of Authority. Any of the Authority’s representations or warranties made or deemed made by the Authority herein or in any other Transaction Document or in any statement or certificate at any time given pursuant hereto or thereto or in connection herewith or therewith proves at any time to have been false or misleading in any material respect when made, or any such warranty is breached and may have a Material Adverse Change on the Liquidity Provider; or

K. Resolution Event of Default. Any “Event of Default” under the Resolution.

SECTION 10. REMEDIES UPON EVENT OF DEFAULT.

A. Notice Event of Default. Upon the occurrence of any Event of Default described in Section 9 the Liquidity Provider may, by written notice to the Authority and the Issuing and Paying Agent, take one or more of the following actions:

(i) give a No Issuance Notice;

(ii) reduce the Commitment to the then outstanding amount of the Notes;

(iii) declare all amounts payable by the Authority to the Liquidity Provider hereunder to be forthwith due and payable, whereupon such amounts shall immediately become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are expressly waived hereby; and/or

(iv) pursue any other remedy available to it at law or in equity. Any amount owing hereunder (whether of principal, interest, fees or otherwise) which is not paid when due shall, to the extent permitted by law, bear interest, payable on demand, at the Default Rate.

B. Remedy Upon Failure to Pay Judgment or Debt. Notwithstanding the foregoing, upon an Event of Default described in Subsection 9.E or 9.G., the Liquidity Provider may provide written notice of termination of the Agreement to the Authority and the Issuing and Paying Agent provided that: (a) the Agreement may not be terminated prior to the maturity date(s) of any Notes then Outstanding and, (b) the termination of the Agreement shall be subject to ninety (90) day extensions as provided in Subsection 11.E to allow the Authority to secure a substitute liquidity provider.

SECTION 11. MISCELLANEOUS.

A. Notices. Except where otherwise expressly provided herein, all notices, requests, consents, instructions, rescissions and other communications provided for hereunder shall (i) be in writing and sent by electronic means or facsimile, (ii) be followed by a copy (a) sent by registered or certified mail, postage prepaid, return receipt requested or (b) delivered by hand, and (iii) be given to the Person to whom addressed at the following respective addresses, email addresses and facsimile numbers:

If to the Liquidity Provider, at:

Texas Comptroller of Public Accounts  
c/o Texas Treasury Safekeeping Trust Company  
208 East 10th Street, 4th Floor  
Austin, Texas 78701  
Attention: Chief Investment Officer  
Telephone: (512) 463-5909  
Facsimile: (512) 463-6040  
Email: [Paul.Ballard@ttstc.texas.gov](mailto:Paul.Ballard@ttstc.texas.gov)

AND

Texas Comptroller of Public Accounts  
Treasury Operations Division / Public Finance Manager  
208 East 10th Street, Suite 239  
Austin, Texas 78701  
Telephone: (512) 463-6369  
Facsimile: (512) 463-6024  
Email: [Piper.Montemayor@cpa.texas.gov](mailto:Piper.Montemayor@cpa.texas.gov)

If to the Authority, at:

Texas Public Finance Authority  
William P. Clements Building  
300 West 15th Street, Suite 411  
Austin, Texas 78701  
Attention: Executive Director  
Telephone: (512) 463-5544  
Facsimile: (512) 463-5501  
Email: [Lee.Deviney@tpfa.texas.gov](mailto:Lee.Deviney@tpfa.texas.gov)

If to the Issuing and Paying Agent, at:

U.S. Bank, National Association  
100 Wall Street, Suite 1600  
New York, New York 10005  
Attention: Global Corporate Trust Services  
Telephone: (212) 361-6151  
Facsimile: (212) 361-6153  
Email: [mmi.processing@usbank.com](mailto:mmi.processing@usbank.com)

Notices and other communications hereunder may be addressed to such other address or facsimile number as the addressee may hereafter specify for such purpose in a notice to the other party hereto specifically captioned "Notice of Change of Address Pursuant to Subsection 11.A." Notices and other communications shall be effective when such communication is transmitted and the appropriate answer back is received or receipt is otherwise acknowledged, provided that a Notice of Draw will be effective only upon actual receipt thereof by the Liquidity Provider.

B. Survival of Covenants: Successors and Assigns. All of the Authority's covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the provisions of funds by the Liquidity Provider to purchase Notes hereunder and shall continue in full force and effect so long as this Agreement is in effect and until all obligations of the Authority hereunder and under the Notes shall have been paid in full. Whenever in this Agreement any of the parties hereto is referred to, such reference shall, subject to the next sentence, be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of the Authority which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Liquidity



Provider, so long as such successors or assigns are component units of government of the State of Texas. The Authority may not transfer its rights or obligations under this Agreement without the prior written consent of the Liquidity Provider.

C. Unconditional Obligations. The obligations of the Authority under this Agreement, subject to Section 11 (K) hereof, shall be absolute, unconditional, irrevocable and payable strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including, without limitation, the following:

(i) any lack of validity or enforceability of the Notes or any Transaction Document;

(ii) any amendment or waiver of or any consent to departure from the terms of all or any of the Transaction Documents to which the Liquidity Provider has not consented in writing;

(iii) the existence of any claim, set-off, defense or other right which any Person may have at any time against the Liquidity Provider, the Issuing and Paying Agent or any other Person, whether in connection with this Agreement, any other Transaction Document or any other transaction;

(iv) any Notice of Draw proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; and

(v) any other circumstances or happening whatsoever whether or not similar to any of the foregoing.

D. Expenses. The Authority will pay within thirty (30) days after receipt of an invoice therefor (i) the reasonable costs and expenses of the Liquidity Provider in connection with the negotiation, preparation, execution and delivery of this Agreement any other documents which may be delivered in connection with this Agreement or any amendment or modification of this Agreement, including the reasonable fees and disbursements of counsel to the Liquidity Provider; (ii) all reasonable costs and expenses, if any, in connection with the enforcement of this Agreement and any other documents which may be delivered in connection herewith or therewith, including the fees and disbursements of counsel to the Liquidity Provider; and (iii) all fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement and the security contemplated by the Resolution and any related documents.

E. Term. The term of this Agreement is the period from the Closing Date to the Final Date, unless the Agreement is terminated earlier in accordance with its provisions. The Agreement may be renewed at the sole and exclusive discretion of the Liquidity Provider. The Authority shall send the Liquidity Provider a written request for renewal at least ninety (90) days before of the Agreement's expiration date, requesting an additional term not to exceed the state fiscal biennium.

F. Applicable Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE.

G. Modification, Amendment, or Waiver. No modification, amendment or waiver of any provision of this Agreement, and no consent to any departure by the Authority here from, shall be effective unless in writing and signed by the Liquidity Provider and the Authority, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on the Authority shall entitle the Authority to any other or further notice or demand in the same, similar or other circumstances.

H. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction, and the remaining portion of such provision and all other remaining provisions hereof will be construed to render them enforceable to the fullest extent.

I. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together shall constitute but one agreement and any of the parties hereto may execute this Agreement by signing any such counterpart.

J. Table of Contents, Headings. The table of contents and the section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

K. Liability of the Liquidity Provider. (a) The Authority assumes all risks of the acts or omissions of the Issuing and Paying Agent and the Dealer with respect to the proceeds of any funds provided by the Liquidity Provider as a result of a Notice of Draw. Neither the Liquidity Provider nor any of its officers, directors, employees or agents shall be liable or responsible for (i) the use which may be made of the proceeds of any funds provided by the Liquidity Provider as a result of a Notice of Draw or of any acts or omissions of the Issuing and Paying Agent, the Dealer or any transferee in connection therewith, (ii) the validity, sufficiency or genuineness of documents, or of any endorsements thereon (other than the validity as against the Liquidity Provider of any agreement to which it is a party), even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged, (iii) the lack of validity or enforceability of any Transaction Document or any other agreement or instrument relating thereto (other than the validity or enforceability as against the Liquidity Provider of any agreement to which the Liquidity Provider is a party), or (iv) any other circumstances whatsoever in making or failing to make payment under this Agreement; provided, that (b) to the extent permitted by the laws of the State of Texas, the Authority shall have a claim against the Liquidity Provider, and the Liquidity Provider shall be liable to the Authority, to the extent of any direct, as opposed to consequential, damages suffered by the Authority which the Authority proves were caused by (i) the Liquidity Provider's willful misconduct or negligence in determining whether a Notice of Draw presented hereunder complied with the terms hereof, or (ii) the Liquidity Provider's willful or negligent failure to make payment of funds required to be made by it hereunder after the presentation to it by the Authority of a Notice of Draw in the form set forth in Exhibit B hereto. Notwithstanding the foregoing, nothing herein shall be construed as a waiver of any of the privileges, rights, defenses, remedies or immunities, including sovereign immunity, available to the Liquidity Provider. In furtherance and not in limitation of the foregoing, the Liquidity Provider may accept documents that appear on their face to be in

order, without responsibility for further investigation, regardless of any notice or information (other than actual knowledge) to the contrary.

To the extent permitted by the laws of the State of Texas, the Authority shall indemnify the Liquidity Provider against, and hold the Liquidity Provider harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for the Liquidity Provider), incurred by the Liquidity Provider or asserted against the Liquidity Provider by any third party or by the Authority arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Transaction Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, (ii) any funds dispersed under this Agreement or the use or proposed use of the proceeds therefrom, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Authority, and regardless of whether the Liquidity Provider is a party thereto, IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY OR SOLE NEGLIGENCE OF the Liquidity Provider; provided that the Authority shall not be required to indemnify the Liquidity Provider for any claims, damages, losses, liabilities, costs, or expenses to the extent, but only to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from (a) the negligence or willful misconduct of the Liquidity Provider or (b) by reason of any untrue statement or material omission with respect to information describing the Liquidity Provider and furnished in writing by the Liquidity Provider to the Authority expressly for use in the Offering Memorandum.

L. Maximum Interest Rate. Notwithstanding any provision in this Agreement to the contrary, in no event shall the rate of interest payable by the Authority on any obligation incurred hereunder exceed the Maximum Interest Rate. If the rate of interest payable on any obligation incurred by the Authority hereunder shall exceed the Maximum Interest Rate for any period for which interest is payable, then (i) interest at the Maximum Interest Rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof and (B) the Maximum Interest Rate (the "Excess Interest"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Interest Rate, at which time the Authority shall pay to the Liquidity Provider with respect to amounts then payable to the Liquidity Provider that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Liquidity to equal the Maximum Interest Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Liquidity Provider. Upon the termination of the Commitment and this Agreement, in consideration for the limitation of the rate of interest otherwise payable hereunder, to the extent permitted by the laws of the State of Texas, the Authority shall pay to the Liquidity Provider a fee equal to the amount of all unpaid deferred Excess Interest, so long as the fee would not cause the net effective interest rate to exceed the limitations under Chapter 1204 of the Government Code.

M. No Waiver; Cumulative Remedies; Enforcement. No failure by the Liquidity Provider to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by Law.

N. Entire Agreement. THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Execution Pages Follow]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

TEXAS PUBLIC FINANCE AUTHORITY

By: Lee Deviney  
Name: Lee Deviney  
Title: Executive Director

TEXAS COMPTROLLER OF PUBLIC  
ACCOUNTS  
Liquidity Provider

By: \_\_\_\_\_  
Name: Mike Reissig  
Title: Deputy Comptroller

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

TEXAS PUBLIC FINANCE AUTHORITY

By: Lee Deviney  
Name: Lee Deviney  
Title: Executive Director

TEXAS COMPTROLLER OF PUBLIC  
ACCOUNTS  
Liquidity Provider

By: Mike Reissig  
Name: Mike Reissig  
Title: Deputy Comptroller

EXHIBIT A

FORM OF NOTICE OF ISSUANCE

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

c/o Texas Treasury Safekeeping Trust Company

208 East 10th Street, 4th Floor

Austin, Texas 78701

Telephone: (512) 463-5909

Facsimile: (512) 463-6040

Email: [Paul.Ballard@ttstc.texas.gov](mailto:Paul.Ballard@ttstc.texas.gov)

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

Treasury Operations Division / Public Finance Manager

208 East 10<sup>th</sup> Street, Suite 239

Austin, Texas 78701

Telephone: (512) 463-6369

Facsimile: (512) 463-6024

Email: [Piper.Montemayor@cpa.texas.gov](mailto:Piper.Montemayor@cpa.texas.gov)

Attention: CHIEF INVESTMENT OFFICER, Texas Treasury Safekeeping Trust Company  
PUBLIC FINANCE MANAGER, Treasury Operations Division

Re: Notice of Issuance

Pursuant to Subsection 2.B of the Amended and Restated Liquidity Agreement dated as of August 29, 2016 (the "Agreement") between the Texas Public Finance Authority (the "Authority") and the Texas Comptroller of Public Accounts (the "Liquidity Provider"), we hereby give you notice that on the date hereof we have issued the following Texas Public Finance Authority Tax-Exempt Commercial Paper Revenue Notes, Series 2003 (collectively the "Notes"):

<u>ISSUE</u> <u>DATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>NEW ISSUE/</u> <u>ROLL</u>
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Capitalized terms used herein and not defined shall have the respective meanings given to them in the Agreement.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

TEXAS PUBLIC FINANCE AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



EXHIBIT B

FORM OF NOTICE OF DRAW

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

c/o Texas Treasury Safekeeping Trust Company

208 East 10th Street, 4th Floor

Austin, Texas 78701

Telephone: (512) 463-5909

Facsimile: (512) 463-6040

Email: [Mike.Samples@ttstc.texas.gov](mailto:Mike.Samples@ttstc.texas.gov)

[Mina.Kim@ttstc.texas.gov](mailto:Mina.Kim@ttstc.texas.gov)

[Anca.Ion@ttstc.texas.gov](mailto:Anca.Ion@ttstc.texas.gov)

[Kelly.Tomkinson@ttstc.texas.gov](mailto:Kelly.Tomkinson@ttstc.texas.gov)

And

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

Treasury Operations Division / Public Finance Manager

208 East 10<sup>th</sup> Street, Room 239

Austin, Texas 78701

Telephone: (512) 463-6369

Facsimile: (512) 463-6024

Email: [Piper.Montemayor@cpa.texas.gov](mailto:Piper.Montemayor@cpa.texas.gov)

Attention: CHIEF INVESTMENT OFFICER, Texas Treasury Safekeeping Trust Company  
PUBLIC FINANCE MANAGER, Treasury Operations Division

Re: Notice of Draw

Pursuant to Subsection 3.B of the Amended and Restated Liquidity Agreement dated as of August 29, 2016 (the "Agreement") between the Texas Public Finance Authority (the "Authority") and the Texas Comptroller of Public Accounts (the "Liquidity Provider"), we hereby give you irrevocable notice that we request funds to purchase unsold Texas Public Finance Authority General Tax-Exempt Commercial Paper Revenue Notes, Series 2003 (collectively the "Notes") as follows:

1. Amount of Draw: \$ \_\_\_\_\_
2. Date of Draw: \_\_\_\_\_, 20\_\_
3. Maturity Date of Note(s) to be purchased by Liquidity Provider: \_\_\_\_\_.
4. The proceeds of such Draw will be used as follows: \_\_\_\_\_  
\_\_\_\_\_

5. Payment of the Draw herein requested should be made as follows: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

We hereby represent and warrant that all conditions to the disbursement of funds and purchase of notes described in Section 5.B of the Agreement have or will be satisfied on the date such Draw is made.

Capitalized terms used herein and not defined shall have the respective meanings given to them in the Agreement.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

[To be executed by either of the following parties pursuant to Section 3.B.]

TEXAS PUBLIC FINANCE AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

OR

ISSUING AND PAYING AGENT:

[NAME]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT C

FORM OF NO ISSUANCE NOTICE

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

Re: Amended and Restated Liquidity Agreement between the Texas Public Finance Authority (the "Authority") and the Texas Comptroller of Public Accounts (the "Liquidity Provider") dated as of August 29, 2016.

Pursuant to Section 5 of that certain Issuing and Paying Agency Agreement between you and the Texas Public Finance Authority dated as of January 1, 2003, (the "Issuing and Paying Agency Agreement") and Subsection 2.D of the Amended and Restated Liquidity Agreement entered into in connection with the issuance by the Authority of its Texas Public Finance Authority Tax-Exempt Commercial Paper Revenue Notes, Series 2003 (Tax-Exempt) (collectively the "Notes"), you are hereby notified that the Liquidity Provider has determined that the conditions precedent to the issuance of Notes are not satisfied.

Upon receipt of this notice, no new Notes shall be authenticated; provided, however, that the foregoing notice shall not prohibit you from issuing Notes authenticated prior to receipt of this notice. This notice shall become effective upon your receipt hereof and shall remain effective unless and until notification from the Liquidity Provider to you that the conditions precedent to the issuance of Notes by the Authority have been satisfied and that this notice is rescinded.

Very truly yours,

TEXAS COMPTROLLER OF PUBLIC  
ACCOUNTS, as Liquidity Provider

By: \_\_\_\_\_  
Mike Reissig  
Deputy Comptroller

cc: Texas Public Finance Authority

EXHIBIT D

FORM OF NO DEFAULT CERTIFICATE

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

c/o Texas Treasury Safekeeping Trust Company

208 East 10th Street, 4th Floor

Austin, Texas 78701

Telephone: (512) 463-5909

Facsimile: (512) 463-6040

Email: [Paul.Ballard@ttstc.texas.gov](mailto:Paul.Ballard@ttstc.texas.gov)

And

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

Treasury Operations Division / Public Finance Manager

209 East 10<sup>th</sup> Street, Suite 239

Austin, Texas 78701

Telephone: (512) 463-6369

Facsimile: (512) 463-6024

Email: [Piper.Montemayor@cpa.texas.gov](mailto:Piper.Montemayor@cpa.texas.gov)

Attention: CHIEF INVESTMENT OFFICER, Texas Treasury Safekeeping Trust Company  
PUBLIC FINANCE MANAGER, Treasury Operations Division

Re: Amended and Restated Liquidity Agreement (the "Agreement") dated as of August 29, 2016, by and between the Authority (as defined below) and Texas Comptroller of Public Accounts (the "Liquidity Provider")

The undersigned, on behalf of the Texas Public Finance Authority, a public authority and body politic and corporate of the State of Texas (the "Authority"), does hereby certify to the Liquidity Provider, that:

CHOOSE ONE:

\_\_\_\_\_

No Default (as defined in the Agreement) has occurred and is continuing

\_\_\_\_\_

A Default (as defined in the Agreement) has occurred and is continuing. The Default is described as follows (include reference to appropriate section of the Agreement):

With respect to such Default, the Authority will take the following action:

\_\_\_\_\_  
\_\_\_\_\_

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

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

Authorized Officer

EXHIBIT E

FORM OF COMPLIANCE CERTIFICATE

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

c/o Texas Treasury Safekeeping Trust Company

208 East 10th Street, 4th Floor

Austin, Texas 78701

Telephone: (512) 436-5909

Facsimile: (512) 463-6040

Email: [Paul.Ballard@ttstc.texas.gov](mailto:Paul.Ballard@ttstc.texas.gov)

And

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

Treasury Operations Division, Public Finance Manager

208 East 10th Street, Suite 239

Austin, Texas 78701

Attention: Public Finance Manager

Telephone: (512) 463-6369

Facsimile: (512) 463-6024

Email: [Piper.Montemayor@cpa.texas.gov](mailto:Piper.Montemayor@cpa.texas.gov)

Attention: CHIEF INVESTMENT OFFICER, Texas Treasury Safekeeping Trust Company  
PUBLIC FINANCE MANAGER, Treasury Operations Division

Re: Amended and Restated Liquidity Agreement (the "Agreement") dated as of August 29, 2016 by and between the Authority (as defined below) and Comptroller of Public Accounts of the State of Texas (the "Liquidity Provider")

The undersigned, on behalf of the Texas Public Finance Authority, a public authority and body politic and corporate of the State of Texas (the "Authority"), does hereby certify to the Liquidity Provider, that:

(a) The attached Program Reports have been prepared by the Authority and are materially true and correct as of \_\_\_\_\_ [date] (if requested by the Liquidity Provider).

(b) The representations and warranties of the contained in the Agreement and otherwise made in writing by or on behalf of the Authority pursuant to the Agreements were true and correct when made, and are repeated at and as of the time of delivery hereof and are true and correct at and as of the time of delivery hereof.

(c) The Authority has performed and complied with all agreements and conditions contained in the Agreement required to be performed or complied with by it prior to or at the time of delivery hereof.

(d) No change has occurred, either in any case or in the aggregate, in the condition, financial or otherwise, of the Authority which would constitute a Material Adverse Change (as defined in the Agreement), except as follows: [LIST ANY MATERIAL ADVERSE CHANGE]

(e) No Default or Event of Default has occurred or is occurring under the Agreement. [List any defaults]

Capitalized terms used herein and not defined shall have the respective meanings given to them in the Agreement. Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

TEXAS PUBLIC FINANCE AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_