

REMARKETING MEMORANDUM
Dated October 12, 2022

REMARKETING (Not a New Issue) – Book-Entry-Only

See “RATINGS” herein.

In the Original Opinion (defined herein), Original Co-Bond Counsel (defined herein) rendered an opinion, which assumed continuing compliance by the City (defined herein) after the date of the initial delivery of the Bonds (defined herein) (the “Initial Delivery Date”) with certain covenants contained in the Ordinance (defined herein and subject to the matters set forth under “TAX MATTERS” herein), interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) would be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended, to the Initial Delivery Date, and (2) would not be included in computing the alternative minimum taxable income of individuals or, except as otherwise described, corporations. Settlement of the Bonds’ remarketing that is the subject of this Remarketing Memorandum is subject to delivery by Co-Bond Counsel (defined herein) to the Paying Agent/Registrar (defined herein) of their opinion that such remarketing will not adversely affect the excludability of interest on the Bonds for federal income tax purposes. The Remarketing Agent (identified below) will be allowed to rely on the opinion. Co-Bond Counsel has not been asked to and has not rendered any opinion as to the current excludability of interest on the Bonds from gross income for federal income tax purposes. See “TAX MATTERS” herein; additionally, see “THE BONDS – Interest During New Interest Period” identifying circumstances when an opinion of nationally recognized bond counsel is required as a condition of an interest rate mode conversion.

\$99,590,000

CITY OF SAN ANTONIO, TEXAS

(A political subdivision of the State of Texas located primarily in Bexar County)

**WATER SYSTEM VARIABLE RATE JUNIOR LIEN REVENUE AND REFUNDING BONDS, SERIES 2014B (NO RESERVE FUND)
CONVERSION TO NEW SIFMA-INDEXED INTEREST PERIOD OF THREE YEARS**

Originally Dated: April 1, 2014

Interest to accrue from the November 1, 2022 Conversion Date

Maturity Date: May 1, 2044

GENERAL . . . The City of San Antonio, Texas (the “City”), acting on behalf and for the benefit of the San Antonio Water System (“SAWS”), initially issued its \$100,000,000 Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2014B (No Reserve Fund) (the “Bonds”) pursuant to the Constitution and the general laws of the State of Texas (the “State” or “Texas”), including particularly Chapters 1207, 1371, and 1502, as amended, Texas Government Code, the City’s Home Rule Charter, and the ordinance relating to the Bonds adopted by the City Council of the City (the “City Council”) on March 20, 2014 (the “Ordinance”). The definitive Bonds have been registered and delivered to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds in the New Interest Period (defined herein) may be acquired in denominations of \$5,000 or any integral multiple thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of and interest on the Bonds will be payable by U.S. Bank Trust Company, National Association, Houston, Texas, as the paying agent/registrars for the Bonds, to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See “THE BONDS – Book-Entry-Only System” and “THE BONDS – Paying Agent/Registrar” herein.

REMARKETING . . . The Bonds are multi-modal variable interest rate obligations, currently outstanding in the aggregate principal amount of \$99,590,000 and bearing interest at a variable rate in the current interest mode that expires on October 31, 2022 (the “Current Interest Rate Period”). On November 1, 2022, the outstanding Bonds will be mandatorily tendered for purchase and \$99,590,000 in Bonds will be remarketed into a three-year interest rate period that commences on such date and ends on October 31, 2025 (unless earlier caused to be mandatorily tendered for purchase or redeemed at the option of the City, as further described herein) (the “New Interest Period”), during which the remarketed Bonds will bear interest at the SIFMA Index Rate (defined herein). The Bonds are being remarketed to provide proceeds to pay the purchase price of the aforementioned mandatorily-tendered Bonds due on November 1, 2022. The foregoing is authorized pursuant to a resolution (the “Remarketing Resolution”) adopted by the SAWS Board of Trustees (the “Board”) on August 2, 2022 and the Ordinance, and is undertaken in accordance with applicable Texas law. In the Remarketing Resolution, the Board delegated to certain authorized SAWS officials (each, an “Authorized Official”) the authority to establish the final remarketing terms of the Bonds in the New Interest Period, which final terms are evidenced in an “Approval Certificate” executed by an Authorized Official on October 12, 2022 (see table appearing under “NEW INTEREST PERIOD INFORMATION” on page ii hereof for a description of such finalized terms).

INTEREST . . . During the New Interest Period, the Bonds will bear interest at the SIFMA Index Rate, being the per annum interest rate, determined weekly, equal to the lesser of the Maximum Rate and the sum of the SIFMA Swap Index then in effect and the Applicable Spread (each of the foregoing described and further defined herein). During a SIFMA Index Mode, interest on the Bonds will be calculated on a 365/366 basis and actual number of days elapsed and will be payable on the first Business Day of each month (commencing December 1, 2022).

TENDER; REDEMPTION; REMARKETING AND CONVERSION . . . During the New Interest Period, the Bonds (i) are not subject to optional tender, but (ii) are subject to mandatory tender and optional redemption, at the direction of the City, prior to the expiration of the New Interest Period as further described herein. On the Mandatory Tender Date, the Bonds are subject to mandatory tender, without right of retention, and are subject to redemption at the option of the City; provided, however, if such day is not a business day, actual tender shall occur on the next such business day (though interest will have ceased to accrue as of the expiration of the New Interest Period). At the conclusion of the New Interest Period, the City expects to convert and remarket the Bonds at such time subject to mandatory tender into a new Interest Mode (as defined in the Ordinance) in accordance with the provisions of the Ordinance (which may include a conversion of Interest Mode or the same Interest Mode in the same or of a different duration). See “THE BONDS – Conversion of Interest Modes; Mandatory Tender; Purchase of Tendered Bonds” and “THE BONDS – Redemption” herein.

All tenders of Bonds must be made to U.S. Bank Trust Company, National Association, Houston, Texas, as tender agent for the Bonds. Bonds tendered for purchase will be bought from the proceeds derived from the remarketing of such Bonds, if any; provided, however, that should the date for tender of the Bonds occur on an Interest Payment Date, the accrued interest portion of the Purchase Price (defined herein) is to be paid by the City.

NO LIQUIDITY SUPPORT . . . During the New Interest Period, the Bonds are not subject to the benefit of a liquidity facility provided by a third party. Accordingly, a failure by the Remarketing Agent (defined herein) to remarket the Bonds at the conclusion of the New Interest Period will result in the rescission of the notice of mandatory tender with respect thereto and the City not having any obligation to purchase such Bonds at that time. The occurrence of the foregoing will **not result in an event of default** under the Ordinance or the Bonds. Until such time as the City redeems or remarkets such Bonds, those Bonds shall bear interest at the applicable Stepped Rate, also calculated on a 365/366 basis and actual number of days elapsed. See “THE BONDS – Conversion of Interest Modes; Mandatory Tender; Purchase of Tendered Bonds” herein.

SECURITY . . . The Bonds are special obligations of the City, payable, both as to principal and interest, solely from and secured by, together with the other currently outstanding Junior Lien Obligations (as defined and described herein), a junior lien on and pledge of the Net Revenues (defined herein) of the System (defined herein) remaining after the City’s satisfaction of its debt service payment and reserve fund obligations relating to the Senior Lien Obligations (as defined and described herein). **The Reserve Fund (defined herein) providing additional security for certain of the outstanding Junior Lien Obligations does not additionally secure the Bonds.** The City has not covenanted or obligated itself to pay the Bonds from money raised or to be raised from taxation (see “THE BONDS – Security and Source of Payment; Pledge of Net Revenues” herein). In the Ordinance, the City has authorized the Board to manage, operate, and maintain the System.

SALE IN CLOSE PROXIMITY TO THE REMARKETING OF THE BONDS . . . In close proximity to the remarketing and settlement of the Bonds, the City sold its \$258,235,000 Water System Junior Lien Revenue Bonds, Series 2022B (No Reserve Fund) (the “2022B Bonds”), which closed on October 18, 2022. The 2022B Bonds were publicly offered under a separate offering document. Investors interested in investing in the 2022B Bonds should review the associated offering document related thereto.

LEGALITY . . . The Bonds were originally delivered to the initial purchasers, together with the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Fulbright & Jaworski LLP, a member of Norton Rose Fulbright (now Norton Rose Fulbright US LLP) and LM Tatum, PLLC, as Original Co-Bond Counsel to the City. McCall, Parkhurst & Horton L.L.P. and Kassahn & Ortiz, P.C., both of San Antonio, Texas, serve as Co-Bond Counsel (“Co-Bond Counsel”) to the City in connection with the remarketing of the Bonds that is the subject of this Remarketing Memorandum. The remarketing of the Bonds will, through the services of DTC, be available for delivery on or about November 1, 2022 (the “Date of Delivery”). Certain legal matters with respect to the remarketing of the Bonds will be passed upon for the City by Co-Bond Counsel, and for the remarketing agent for the Bonds identified below (the “Remarketing Agent”) by its co-counsel, Cantu Harden LLP, San Antonio, Texas, and Locke Lord LLP, Austin, Texas.

JEFFERIES

NEW INTEREST PERIOD INFORMATION

<u>Stated Maturity</u>	<u>New Interest Period Commencement</u>	<u>First Optional Redemption/Mandatory Tender Date⁽¹⁾</u>	<u>New Interest Period Expiration</u>	<u>Latest Mandatory Tender Date</u>	<u>Applicable Spread</u>	<u>Stepped Rate</u>	<u>CUSIP No.⁽²⁾</u>
May 1, 2044	November 1, 2022	May 1, 2025	October 31, 2025	November 1, 2025	0.65%	8.00%	79642GPQ9

⁽¹⁾ During the New Interest Period, the Bonds are subject to mandatory tender and optional redemption, at the City's option, beginning May 1, 2025 (prior to the expiration of the New Interest Period) and on any day thereafter through the expiration of the New Interest Period, as further described herein. In addition, the Bonds are subject to mandatory tender and optional redemption immediately following the expiration of the New Interest Period, in the manner described herein, or on any date in which the Bonds bear interest at the Stepped Rate.

⁽²⁾ The CUSIP® number is included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, SAWS, the Board, the Co-Financial Advisors, or the Remarketing Agent is responsible for the selection or correctness of the CUSIP number set forth herein.

[The remainder of this page intentionally left blank.]

USE OF INFORMATION

This Remarketing Memorandum, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation, or sale.

No dealer, broker, salesperson, or other person has been authorized by the City, the Board, the Co-Financial Advisors, or the Remarketing Agent to give information or to make any representation other than those contained in this Remarketing Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation, promise, or guarantee of the Co-Financial Advisors or the Remarketing Agent. This Remarketing Memorandum contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Remarketing Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City (including the System) or other matters described herein.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION FOR THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION FOR THE PURCHASE THEREOF.

THE REMARKETING AGENT HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS REMARKETING MEMORANDUM. THE REMARKETING AGENT HAS REVIEWED THE INFORMATION IN THIS REMARKETING MEMORANDUM IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE REMARKETING AGENT DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN CONNECTION WITH THIS OFFERING, THE REMARKETING AGENT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE ISSUE AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NONE OF THE CITY, SAWS, THE BOARD, THE REMARKETING AGENT, OR THE CO-FINANCIAL ADVISORS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS REMARKETING MEMORANDUM REGARDING DTC OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION WAS PROVIDED BY DTC.

THE AGREEMENTS OF THE CITY, THE BOARD, SAWS, AND OTHERS RELATED TO THE BONDS ARE CONTAINED SOLELY IN THE CONTRACTS DESCRIBED HEREIN. NEITHER THIS REMARKETING MEMORANDUM NOR ANY OTHER STATEMENT MADE IN CONNECTION WITH THE OFFER OR SALE OF THE BONDS IS TO BE CONSTRUED AS CONSTITUTING AN AGREEMENT WITH THE PURCHASERS OF THE BONDS. INVESTORS SHOULD READ THE ENTIRE REMARKETING MEMORANDUM, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

[The remainder of this page intentionally left blank.]

TABLE OF CONTENTS

CITY OFFICIALS, STAFF, AND CONSULTANTS.....	v	Local Carrizo Aquifer Project	32
Elected Officials – City of San Antonio.....	v	Brackish Groundwater Desalination Program.....	32
Appointed Officials – San Antonio Water System Board of Trustees	v	Trinity Aquifer Projects.....	33
Selected Administrative Staff – San Antonio Water System	v	Western Canyon Project	33
Consultants and Advisors	vi	Regional Carrizo Program	33
Selected Administrative Staff – City of San Antonio	vii	Canyon Regional Water Authority; Lake Dunlap and Wells Ranch	33
INTRODUCTION.....	1	Water Transmission and Purchase Agreement for Carrizo and Simsboro	
Description of the City	1	Aquifer Water.....	33
City’s Combined Water and Wastewater System	1	Medina Lake and River System.....	34
Sale in Close Proximity to the Remarketing of the Bonds	1	Western Integration Pipeline.....	35
INFECTIOUS DISEASE OUTBREAK – COVID-19	1	Conservation	35
Financial Impact of COVID-19.....	2	Sewer Management Program	37
TEXAS 2021 WINTER WEATHER EVENT.....	3	DEBT AND OTHER FINANCIAL INFORMATION	39
General.....	3	Combined System Revenue Debt Service Requirements.....	39
Legislative Response	4	Interest Rate Hedge Transaction.....	40
PLAN OF FINANCING	4	Pension Funds.....	40
Initial Purpose.....	4	Other Postemployment Benefits	41
Remarketing and Use of Remarketing Proceeds.....	4	Capital Improvement Program	41
Authority for Issuance and Remarketing.....	5	Project Funding Approach.....	40
THE BONDS	5	Financial Policies	42
Description of the Bonds	5	Investment Information	42
Interest During New Interest Period	5	SAWS’ STATISTICAL SECTION AND MANAGEMENT	
Conversion of Interest Modes; Mandatory Tender; Purchase of Tendered		DISCUSSION	45
Bonds	6	ENVIRONMENTAL AND REGULATORY MATTERS	85
Security and Source of Payment; Pledge of Net Revenues.....	7	General Regulatory Climate.....	85
Perfection of Security for the Bonds.....	8	Safe Drinking Water Act	85
Outstanding Debt.....	8	Federal and State Regulation of the Wastewater Facilities	86
Flow of Funds	9	Status of Discharge Permits for City’s Wastewater Treatment Plants.....	87
Rates.....	9	Potential Penalties for the City’s Wastewater System’s Violations	87
Additional Obligations.....	9	Ground-Level Ozone.....	87
Redemption.....	10	Clean Power Plan/Affordable Clean Energy Rule.....	88
Notice of Redemption	11	LITIGATION AND OTHER MATTERS.....	89
Amendments	11	City of San Antonio General Litigation and Claims	89
Defeasance.....	11	Collective Bargaining Negotiations	90
Book-Entry-Only System	11	Paid Sick Leave Ordinance and Litigation	90
Paying Agent/Registrar	13	San Antonio Park Police Officers Association Lawsuit	90
Transfer, Exchange, and Registration.....	13	Airport Concession	90
Record Date for Interest Payment	13	SAWS’ Litigation; Potential Controversies and Claims	91
Payment Record	14	TAX MATTERS.....	92
BONDHOLDERS’ REMEDIES	14	General	92
SOURCES AND USES OF BOND PROCEEDS	15	Collateral Federal Income Tax Consequences.....	92
SECURITY FOR THE BONDS.....	15	State, Local, and Foreign Taxes.....	93
Combined System.....	15	Information Reporting and Backup Withholding	93
Pledged Revenues.....	15	Future and Proposed Legislation.....	93
Flow of Funds	15	RATINGS.....	93
Bond Fund; Excess Bond Proceeds	16	CONTINUING DISCLOSURE OF INFORMATION.....	93
Parity Lien Ordinance Amendment	16	Annual Reports	93
Reserve Fund	17	Notice of Certain Events.....	94
Payments to General Fund of the City	17	Availability of Information	94
Renewal and Replacement Fund.....	18	Limitations and Amendments	94
Rate Covenant	18	Compliance with Prior Undertakings.....	95
Refundable Tax Credit Bonds.....	19	EFFECT OF SEQUESTRATION AND IRS OPERATIONS DURING	
COMMERCIAL PAPER NOTE PROGRAM.....	19	THE PANDEMIC.....	95
THE SAN ANTONIO WATER SYSTEM	19	OTHER INFORMATION	95
History and Management	19	Registration and Qualification of Bonds for Sale	95
Exceptions	20	Legal Investments and Eligibility to Secure Public Funds in Texas.....	95
Advisory Committees	20	Legal Matters.....	95
Administration and Operating Personnel	21	Authenticity of Financial Data and Other Information	96
System Structure.....	22	Co-Financial Advisors.....	96
The System	26	Certification of the Remarketing Memorandum	96
Waterworks System.....	26	Remarketing	96
Wastewater System.....	26	FORWARD-LOOKING STATEMENTS.....	97
Chilled Water System	27	MISCELLANEOUS	97
Recycled Water System	27	APPENDIX A – GENERAL INFORMATION REGARDING THE	
Stormwater System.....	27	CITY.....	A-1
Water Supply	28	APPENDIX B – SAN ANTONIO WATER SYSTEM ANNUAL	
Edwards Aquifer Background.....	28	COMPREHENSIVE FINANCIAL REPORT	B-1
Edwards Aquifer Regulation	28	APPENDIX C – UNAUDITED FINANCIAL STATEMENTS	
Edwards Aquifer Management; City’s Edwards Aquifer Management		(THROUGH JUNE 30, 2022).....	C-1
Plan	29	APPENDIX D – SELECTED PROVISIONS OF THE	
Edwards Aquifer Recovery Implementation Program and the Edwards		ORDINANCE	D-1
Aquifer Habitat Conservation Plan.....	30	APPENDIX E – ORIGINAL OPINION OF ORIGINAL CO-BOND	
Water Production.....	31	COUNSEL.....	E-1
H ₂ Oaks Center.....	31		
Aquifer Storage and Recovery.....	31		

CITY OFFICIALS, STAFF, AND CONSULTANTS

ELECTED OFFICIALS – CITY OF SAN ANTONIO

City Council	Length of Service	Term Expires	Occupation
Ron Nirenberg, Mayor	9 Years, 4 Months	May 31, 2023	Broadcast General Manager
Mario Bravo, District 1	1 Year, 4 Months	May 31, 2023	Project Manager
Jalen McKee-Rodriguez, District 2	1 Year, 4 Months	May 31, 2023	Teacher
Phyllis Viagran, District 3	1 Year, 4 Months	May 31, 2023	Training Specialist
Adriana Rocha Garcia, District 4	3 Years, 4 Months	May 31, 2023	Assistant Professor
Teri Castillo, District 5	1 Year, 4 Months	May 31, 2023	Housing Organizer
Melissa Cabello Havrda, District 6	3 Years, 4 Months	May 31, 2023	Attorney at Law
Ana Sandoval, District 7	5 Years, 5 Months	May 31, 2023	Entrepreneur
Manny Peláez, District 8	5 Years, 4 Months	May 31, 2023	Attorney at Law
John Courage, District 9	5 Years, 4 Months	May 31, 2023	Teacher
Clayton Perry, District 10	5 Years, 4 Months	May 31, 2023	Retired

APPOINTED OFFICIALS – SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES

Board	Length of Service	Term Expires	Occupation
Jelynne LeBlanc Jamison Chairwoman	2 Years, 3 Months	May 31, 2026	President and CEO The Center for Health Care Services
David McGee Vice Chair	8 Years, 1 Month	May 31, 2025	President/CEO of San Antonio Region Amegy Bank of Texas
Eduardo Parra Secretary	4 Years, 7 Months	May 31, 2025	CEO – Principal Engineer Parra & Co., LLC.
Amy Hardberger Assistant Secretary	4 Years, 7 Months	May 31, 2025	McCleskey Professor of Law and Director of the Texas Tech Center for Water Law and Policy Texas Tech School of Law
Ed Belmares Trustee	2 Years, 1 Month	May 31, 2024	Owner IConnect, LLC
Marilu Reyna Trustee	1 Year	May 31, 2026	Communications Executive BCFS
Ron Nirenberg, Mayor and Ex-Officio Member	5 Years, 4 Months	May 31, 2023	Broadcast General Manager

SELECTED ADMINISTRATIVE STAFF – SAN ANTONIO WATER SYSTEM

Name	Position	Length of Service with System	Total Government Service
Robert R. Puente	President/Chief Executive Officer	14 Years, 5 Months	31 Years, 9 Months
Steven M. Clouse ⁽¹⁾	Senior Vice President/Chief Operating Officer	32 Years, 2 Months	33 Years, 11 Months
Douglas P. Evanson	Senior Vice President/Chief Financial Officer	17 Years, 6 Months	17 Years, 6 Months
Nancy Belinsky	Senior Vice President/Chief Legal and Ethics Officer	19 Years, 6 Months	19 Years, 6 Months
Sharon De La Garza	Vice President – Human Resources	10 Years, 6 Months	26 Years, 6 Months
Donovan Burton	Vice President – Water Resources & Governmental Relations	15 Years, 11 Months	30 Years, 3 Months
Gavino Ramos	Vice President – Communications & External Affairs	7 Years, 6 Months	7 Years, 6 Months
Jaime Castillo	Chief of Staff/Vice President – Operations Support & Innovation and Interim Vice President – Distribution and Collection ⁽²⁾	5 Years, 1 Month	12 Years, 7 Months
Mary Bailey	Vice President – Customer Experience & Strategic Initiatives	16 Years	16 Years

⁽¹⁾ Mr. Clouse previously announced his plans to retire at the end of calendar year 2022. SAWS engaged a management recruiting firm to assist in a national search to identify a successor.

⁽²⁾ Mr. Castillo assumed the additional role of Interim Vice President – Distribution and Collection, on September 26, 2022, upon the departure of the prior individual serving in this capacity. SAWS plans a search for a permanent replacement.

CONSULTANTS AND ADVISORS

Auditors..... Baker Tilly Virchow Krause, LLP
San Antonio, Texas

Co-Bond Counsel McCall, Parkhurst & Horton L.L.P.
San Antonio, Texas
and
Kassahn & Ortiz, P.C.
San Antonio, Texas

Co-Financial Advisors..... PFM Financial Advisors LLC
Arlington, Virginia
and
Estrada Hinojosa & Company, Inc.
San Antonio, Texas

For additional information regarding the San Antonio Water System, please contact:

Mr. Douglas P. Evanson
Senior Vice President/Chief Financial Officer
San Antonio Water System
2800 U.S. Highway 281 North
P.O. Box 2449
San Antonio, Texas 78298-2449
Telephone: (210) 233-3803
doug.evanson@saws.org

or

Mr. Daniel Hartman
PFM Financial Advisors LLC
4350 North Fairfax Drive, Suite 580
Arlington, Virginia 22203
Telephone: (703) 741-0175
hartmand@pfm.com

Ms. Phyllis Garcia
Treasurer
San Antonio Water System
2800 U.S. Highway 281 North
P.O. Box 2449
San Antonio, Texas 78298-2449
Telephone: (210) 233-3813
phyllis.garcia@saws.org

Mr. Donald J. Gonzales
Estrada Hinojosa & Company, Inc.
14414 Blanco Road, Suite 320
San Antonio, Texas 78216
Telephone: (210) 223-4888
don@ehmuni.com

[The remainder of this page intentionally left blank.]

SELECTED ADMINISTRATIVE STAFF – CITY OF SAN ANTONIO

<u>Name</u>	<u>Position</u>	<u>Tenure with City of San Antonio</u>	<u>Tenure in Current Position</u>
Erik J. Walsh ⁽¹⁾	City Manager	28 Years, 5 Months	3 Years, 8 Months
María Villagómez	Deputy City Manager	25 Years, 1 Month	3 Years, 8 Months
Lori Houston	Assistant City Manager	20 Years, 5 Months	7 Years, 4 Months
Roderick Sanchez	Assistant City Manager	29 Years, 10 Months	5 Years, 9 Months
David McCary	Assistant City Manager	15 Years, 2 Months	2 Years, 9 Months
Jeff Coyle	Assistant City Manager	9 Years, 9 Months	1 Year, 8 Months
Alejandra Lopez	Assistant City Manager	5 Years, 4 Months	1 Year, 8 Months
Andrew Segovia	City Attorney	6 Years, 3 Months	6 Years, 3 Months
Debbie Racca-Sittre ⁽²⁾	City Clerk	20 Years, 11 Months	1 Year, 6 Months
Ben Gorzell, Jr.	Chief Financial Officer	32 Years	12 Years, 3 Months
Troy Elliott	Deputy Chief Financial Officer	26 Years, 3 Months	6 Years, 4 Months
Justina Tate ⁽³⁾	Director of Management and Budget	12 Years, 9 Months	11 Months

⁽¹⁾ Mr. Walsh was appointed City Manager on January 31, 2019, effective March 1, 2019. Prior to his appointment, Mr. Walsh served as Deputy City Manager from 2011-2019.

⁽²⁾ The City Manager appointed Debbie Racca-Sittre as City Clerk effective May 19, 2022.

⁽³⁾ Mrs. Tate was appointed Director of Management and Budget December 6, 2021. Prior to her appointment, she served as the Director of the Economic Development Department and previously served as Director of Management and Budget from February 2017 to June 2020.

[The remainder of this page intentionally left blank.]

[THIS PAGE INTENTIONALLY LEFT BLANK]

REMARKETING MEMORANDUM
RELATING TO
\$99,590,000
CITY OF SAN ANTONIO, TEXAS
(A political subdivision of the State of Texas located primarily in Bexar County)
WATER SYSTEM VARIABLE RATE JUNIOR LIEN REVENUE AND REFUNDING BONDS,
SERIES 2014B (NO RESERVE FUND)

INTRODUCTION

This Remarketing Memorandum, which includes the Appendices hereto, provides certain information regarding the remarketing of \$99,590,000 City of San Antonio, Texas Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2014B (No Reserve Fund) (the “Bonds”). Capitalized terms used in this Remarketing Memorandum have the same meanings assigned to such terms in the Ordinance (hereinafter defined), except as otherwise indicated herein (see “SELECTED PROVISIONS OF THE ORDINANCE” in APPENDIX D).

There follows in this Remarketing Memorandum descriptions of the Bonds, and their remarketing, and certain information regarding the San Antonio Water System (“SAWS”), its water and wastewater system (the “System”), and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the Co-Financial Advisors, PFM Financial Advisors LLC, Arlington, Virginia, and Estrada Hinojosa & Company, Inc., San Antonio, Texas, by electronic mail or upon payment of reasonable copying, handling and delivery charges.

This Remarketing Memorandum speaks only as of its date, and the information contained herein is subject to change. A copy of the final Remarketing Memorandum will be filed with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) system. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the undertaking of the City of San Antonio, Texas (the “City”) to provide certain information on a continuing basis.

DESCRIPTION OF THE CITY

The City is a political subdivision and municipal corporation of the State of Texas (the “State” or “Texas”) duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City was incorporated in 1837, and first adopted its Home Rule Charter in 1951. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and 10 Councilmembers. The terms of the Mayor and the Councilmembers are two years and subject to four term limitations imposed by the City’s Home Rule Charter. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, electric, gas, water and sanitary sewer utilities, health and social services, culture/recreation and parks, public transportation, public improvements, planning and zoning, and general administrative services. The U.S. Census Bureau ranks the City as the second largest city in Texas and the seventh largest city in the United States. The 2020 Census population for the City was 1,434,625 and for Bexar County (the “County”) was 2,009,324. The City’s Information Technology Services Department estimated the City’s population to be 1,466,924 in 2022. The City covers approximately 518 square miles within the County. For additional information regarding the City, see “APPENDIX A – GENERAL INFORMATION REGARDING THE CITY”.

CITY’S COMBINED WATER AND WASTEWATER SYSTEM

The System consists of the City’s combined water and wastewater system. Management, operation, and maintenance of the System is vested in the SAWS’ Board of Trustees (the “Board”) under the various City ordinances authorizing the issuance of SAWS’ debt obligations, including the Ordinance.

SALE IN CLOSE PROXIMITY TO THE REMARKETING OF THE BONDS

In close proximity to the remarketing and settlement of the Bonds, the City sold its \$258,235,000 Water System Junior Lien Revenue Bonds, Series 2022B (No Reserve Fund) (the “2022B Bonds”), which closed on October 18, 2022. The 2022B Bonds were publicly offered under a separate offering document. Investors interested in investing in the 2022B Bonds should review the associated offering document related thereto.

INFECTIOUS DISEASE OUTBREAK – COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization, and it continues to affect many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness, mitigation, and reopening of the State.

These include, for example, the issuance on March 2, 2021 of Executive Order GA-34, which, among other things, removed any COVID-19-related operating limits for any business or other establishment and ended the State-wide mask mandate, effective March 10, 2021. On May 18, 2021, Governor Abbott issued Executive Order GA-36, which supersedes Executive Order GA-34 in part. Executive Order GA-36 prohibits governmental entities in Texas, including counties, cities, school districts, public health authorities, and government officials from requiring or mandating any person to wear a face covering and subjects a governmental entity or official to a fine of up to \$1,000 for noncompliance, subject to certain exceptions. Governor Abbott has since issued three additional Executive Orders. Executive Order GA-38, issued on July 29, 2021, specifically prohibits a governmental entity from compelling any individual to be vaccinated with a vaccine being administered under an emergency use authorization from the U.S. Food and Drug Administration, and further prohibits governmental entities from issuing or requiring vaccine passports for a person to gain entry into facilities or to receive services. GA-39 was issued on August 25, 2021 and further prohibits vaccine mandates and vaccine passports. GA-40 broadly prohibits vaccine mandates by any entity. Various lawsuits were filed throughout the State related to the foregoing and further litigation is expected. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <http://gov.texas.gov/>. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference, either expressly or by implication, into this Remarketing Memorandum.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and could potentially continue to negatively affect economic output worldwide and within the City and the County. Future negative impacts may reduce or otherwise negatively affect Net Revenues of the System which are pledged on a junior lien basis as security for the Bonds. Neither the City nor SAWS, however, can predict the effect of the continued spread of COVID-19 on the finances or operations and maintenance of the City or the System, respectively.

SAWS continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic on the System. As part of its business continuity protocols, SAWS has implemented measures to protect the health of its employees, contractors, and customers and to ensure the continuity of its business operations and the delivery of water and sewer services to the community. Many of SAWS' employees who do not work directly in the continuous provision of water and wastewater services to SAWS customers continue to work remotely from home.

FINANCIAL IMPACT OF COVID-19

In March of 2020, SAWS implemented a number of temporary measures intended to assist SAWS' customers experiencing financial hardship as a result of the Pandemic and the resultant global economic slowdown. These measures included (i) deferring disconnections of water service for non-payment, (ii) waiving the imposition of late fees, and (iii) promoting payment plans with extended terms beyond those normally offered. SAWS began charging late fees again in August 2021, and in September of 2021, the Board approved the COVID-19 Relief Plan (the "Relief Plan") for customers that were more than 60 days past due as of August 1, 2021. The Relief Plan is intended to avoid unnecessary disconnections which directly benefit the financial stability and integrity of the System and serves the public purpose of protecting the health, safety, and welfare of the City and the System's customer base. The purpose of this Relief Plan is to minimize permanent disconnections, which could result in permanent loss of customers; minimize service disruptions for customers disproportionately impacted by the Pandemic, incentivize delinquent customers to resume payments for service to at least partially reduce delinquent balances and increase operational funds; enable SAWS to respond flexibly if federal disaster recovery funds become available for low-income customers; and maximize the collection of delinquent balances at the lowest reasonable cost. Under the terms of this Relief Plan, residential customers currently enrolled in SAWS' Affordability Discount Plan ("ADP") had a 6-month hold placed on their balances outstanding as of September 15, 2021 but were required to pay the current monthly charges by the due date in order to avoid potential service disruption. This hold on outstanding balances provides an opportunity to identify potential payment assistance options including federal disaster recovery funds and may be extended beyond the original deadline. Residential customers that were not currently enrolled in SAWS' ADP and had a balance outstanding of less than \$2,000 were automatically placed into a 48-month payment plan under which they must satisfy their monthly bill (including current charges) by the due date for each of the next 18 months. By doing so, they will have paid off 37.5% of the outstanding balance and SAWS will agree to have the remainder of the outstanding balance under the payment arrangement (62.5%) written off with no further collection efforts to be pursued by SAWS. Residential customers that owed \$2,000 or more and all non-residential customers were required to enter into and adhere to a tailored payment plan to avoid disconnection. Finally, as part of this Relief Plan, SAWS also expanded the amount of credit that a customer may receive as a result of a verified water leak that occurred prior to September 30, 2021 and which has been repaired.

On November 18, 2021, the City Council approved the allocation of \$10 million in funds from the City's American Rescue Plan Act ("ARPA") funds to provide bill assistance to certain qualifying SAWS customers. To be eligible for this assistance, a customer must be classified as a residential customer residing within the City limits. The customer must self-attest to a COVID-19 related financial hardship and may need to provide documentation to support that their current annual income falls below 125% of the Federal Poverty Level ("FPL"). ARPA assistance will only be available for past due balances associated with charges during the period of March 1, 2020 through September 30, 2021. Qualifying customers with income above 125% of the FPL can receive up to \$700 in assistance, while customers with incomes below 125% of FPL have no limit on the assistance that can be applied to their past due balances. SAWS anticipates that \$10 million in ARPA assistance could be provided to between 15,000 and 30,000 customers based on the eligibility criteria. SAWS is responsible for processing customers' applications and will have until September 30, 2022 to distribute the funds, unless the deadline is extended by the City. Through August 2022, SAWS has received approximately \$8.0 million in ARPA reimbursement funds from the City and has adjusted more than 16,700 delinquent account balances. SAWS is working with the County to potentially receive an allocation of funds from the Low Income Household Water Assistance Program (LIHWAP) grants. To date, however, no amounts have been received.

Since the beginning of the Pandemic, SAWS has experienced an increase in past due accounts receivable overall; however, the level of such delinquencies has begun to decline. As of March 31, 2020, receivable balances 30 or more days past due totaled \$16.2 million. This balance steadily increased over the next 18 months, reaching \$57.1 million as of September 30, 2021. Since the resumption of service disconnections for non-payment in late 2021 and the receipt of the initial tranche of ARPA funding in 2022, the level of delinquent balances has fallen to \$37.1 million as of June 30, 2022. In order to account for the increased level of delinquencies, SAWS increased the provision for uncollectable accounts from historical levels of approximately 0.7% of operating revenues to an average of 2.9% of operating revenues for 2020 and 3.0% for 2021. As a result,

the allowance for doubtful accounts increased from \$8.5 million as of March 31, 2020 to \$44.1 million as of September 30, 2021. The allowance amount held relatively constant through year-end 2021 at \$43.9 million but has subsequently declined as a result of the reduced level of delinquencies. Since the inception of the Relief Plan, SAWS has written off a total of \$2.2 million in delinquent balances. The balance in the allowance account as of June 30, 2022 was \$33.8 million with (\$0.2) million having been provided for uncollectable accounts during the first six months of 2022. SAWS believes that with this allowance, the anticipated receipt of additional federal disaster recovery funds, and the resumption of normal customer payment patterns, it has adequately reserved for potentially uncollectable accounts receivable.

While the increase in the provision for uncollectable accounts resulted in operating revenues for both the years ended December 31, 2020 and 2021, falling short of budgeted levels by \$12.2 million and \$21.4 million, respectively, favorable expense variances more than offset both of these revenue shortfalls. Due to unseasonably hot and dry weather conditions in the area, during the first six months of 2022 operating revenue was \$31.9 million favorable to budget. For additional information concerning SAWS' fiscal year 2021 and 2020 operating results, please see "SAWS' STATISTICAL SECTION AND MANAGEMENT DISCUSSION" herein. Also, see "APPENDIX C – UNAUDITED FINANCIAL STATEMENTS (THROUGH JUNE 30, 2022)" for current financial information compared to the prior year.

The financial and operating data contained herein are for the periods indicated. These results may or may not be indicative of SAWS' future financial and operational performance. SAWS cannot predict the duration or ultimate extent of the COVID-19 outbreak. The continuation of the COVID-19 outbreak and the measures instituted to control it could have an adverse effect on SAWS' operations and financial condition and the effect could be material.

TEXAS 2021 WINTER WEATHER EVENT

GENERAL

From February 14, 2021 through February 19, 2021, the continental United States experienced Winter Storm Uri (the "2021 Event") resultant from the southern migration of a polar vortex that meteorologists characterized as the most significant in terms of scope and duration since monitoring of these weather phenomenon began in the 1950s. The City experienced three consecutive days of record low temperatures and record low daily high temperatures and windchills of -6 degrees Fahrenheit. Almost immediately upon the arrival of the 2021 Event in the region on February 14, 2021, SAWS began experiencing operational challenges due to the sustained below freezing temperatures and accompanying snow and ice. On February 15, 2021, four of SAWS' contracted water suppliers (Vista Ridge LLC ("Vista Ridge"), Canyon Regional Water Authority ("CRWA"), Guadalupe Blanco River Authority ("GBRA"), and Schertz-Seguin Local Government Corporation ("SSLGC")) suspended the delivery of water into the City. To meet demand, SAWS increased production from its wells in the Edwards Aquifer. Simultaneously, power outages resulting from the Electric Reliability Council of Texas demand reduction requirements began to impact operations. By February 16, 2021, due to the unprecedented power demand reductions required, many of SAWS' pumping stations were included in the rotating brownout cycles and SAWS' ability to maintain water pressure was significantly impacted. The elimination of power for long periods of time at multiple pumping stations resulted in a complete loss of water service for areas served by those stations. SAWS issued a City-wide boil water notice on February 17, 2021 due to low pressures within the distribution system. The rolling brownouts were discontinued on February 18, 2021, and SAWS began to refill and re-pressurize the distribution system. This allowed SAWS to restore service with the first boil water notices lifted on February 20, 2021, and the final areas lifted on February 23, 2021.

Because of the extremely low temperatures for this area, many homes and businesses across the City and surrounding area experienced broken and frozen pipes. On February 18, 2021, SAWS established a new one-day peak of 441 million gallons of water pumped to bring up pressure into the distribution system. The costs of SAWS' various water sources are largely fixed (except for the electricity charges associated with pumping and distributing the water). As a result, the historic levels of demand associated with the 2021 Event and the distribution of water at the bulk water delivery points did not result in any significant expense increases for SAWS. The bulk of SAWS' infrastructure resides underground and was adequately protected from the freezing conditions. However, certain portions of the above-ground infrastructure, such as pump stations, air release valves and pipelines were damaged by the expansion of the freezing water, with the majority of these repairs complete as of the date hereof.

On two separate dates during the 2021 Event, SAWS' daily water production levels were the highest in its history with total daily production being more than double normal February levels and even exceeding historical summer peak levels. Knowing that a substantial portion of this water production was the result of leaks in private infrastructure, running faucets to keep pipes from breaking and line flushing once power had been restored, SAWS announced a bill relief program on February 18, 2021, in the form of bill adjustments for non-beneficial use designed to assist all customers. Under this program, SAWS implemented a temporary billing adjustment that compared a customer's water usage in the 2021 Event billing period to their prior month's usage and utilized the lower of the two usage amounts to calculate the 2021 Event monthly billing. This temporary billing adjustment program was in effect for slightly more than one month and resulted in SAWS providing approximately \$12 million in billing adjustments. These billing adjustments contributed to SAWS' 2021 unfavorable revenue variance of \$21.4 million as discussed previously in "INFECTIOUS DISEASE OUTBREAK – COVID-19 – Financial Impact of COVID-19" herein.

SAWS contracted with Black & Veatch, a nationally recognized engineering firm, to conduct an external review of SAWS' preparedness in advance of the 2021 Event, SAWS' response to changing conditions during the 2021 Event, and to provide recommendations for future improvements to the System to be more resilient and sustainable for future extreme weather events. Black & Veatch completed and submitted their report to SAWS in May of 2021. Among the key findings of the report were that the primary cause of water service outages was the loss of electrical power and that the declaration and duration of a System-wide boil water notice was appropriate given System unpredictability. They also summarized the results of a desktop evaluation of SAWS' critical facilities in which they estimated that it would cost approximately \$200 million to design and construct the required 60 MW to 75 MW of generation capacity that would be required to maintain minimum System operating pressures during a period of peak demand and a utility power failure event lasting for two weeks. The recommendations outlined in this report have been reviewed by SAWS, with many already implemented.

Additionally, the Mayor of the City formulated a Select Committee (the “Select Committee”) on 2021 Winter Storm Preparedness and Response consisting of four City Council members and three community stakeholders. The objective of the Select Committee was to determine what caused the electrical and water outages within the City and what can be done to be better prepared in the future. The Select Committee’s report was presented to the City Council on June 24, 2021 and included 16 recommendations for improvements as it relates to SAWS. SAWS’ management has reviewed the contents of this report in combination with its review of the Black & Veatch report and made recommendations of any necessary improvements and provided regular updates on progress to the Board during 2021. Generally, the majority of the recommendations were adopted and implemented as outlined in the report. The Select Committee’s report can be found at <https://www.sanantonio.gov/emergency-preparedness/>.

During 2021, the City’s Mayor formed the City’s Municipal Utilities Committee (the “Utilities Committee”), which first met on August 24, 2021 to discuss the broad challenges faced in the aftermath of the 2021 Event and the Pandemic. The Utilities Committee consists of five City Council members who oversee the implementation of programs and policies at SAWS, including the recommendations from the Select Committee. SAWS has presented to this committee regarding the 2021 Event as well as various matters on seven occasions in the last 12 months.

LEGISLATIVE RESPONSE

On June 8, 2021, the Governor signed Senate Bill 3 (“SB 3”) to address issues that arose during the 2021 Event. The new law requires weather emergency preparedness and the identification of critical public utilities facilities, including in the natural gas supply chain and electric utilities.

The new law also creates Section 13.1394 of the Texas Water Code that requires water utilities to ensure the emergency operation of its water system during a power outage that lasts longer than 24 hours at a minimum water pressure of 20 pounds per square inch, or at a water pressure level approved by the Texas Commission on Environmental Quality (the “TCEQ”), as soon as safe and practicable following the occurrence of a natural disaster. This section also requires that a water utility adopt and submit an emergency preparedness plan to the TCEQ for its approval that includes a timeline for implementing the plan. The submitted plan must provide for one, or a combination, of fourteen options and approaches to provide service as required by this section. The options provided include, but are not limited to: backup or on-site power generation; designation of the water system as a critical load facility or redundant, isolated or dedicated electrical feeds; the ability to provide water through artesian pressure; redundant interconnectivity between pressure zones; and any other alternative determined by the TCEQ to be acceptable.

Water utilities were required to submit their emergency preparedness plan (“EPP”) to the TCEQ by March 1, 2022. Implementation of emergency plans must begin by the later of July 1, 2022, or upon final approval by the TCEQ. SAWS timely submitted its EPP to the TCEQ and currently is awaiting final approval. Even though SAWS has yet to receive approval from the TCEQ regarding its EPP, SAWS began implementation of its plan. In addition to placing key segments of SAWS’ infrastructure on dedicated power circuits and further weatherizing equipment, the Board approved an agreement with CPS Energy on September 21, 2022 that will result in the use of shared generators at select pump stations, in compliance with SB 3. Under the agreement, SAWS will pay an estimated \$97 million to acquire and install the generators for CPS Energy operation. The entirety of these improvements is expected to exceed \$200 million. In order to complete any required work in 2022, SAWS included approximately \$25 million in the 2022 Capital Improvements Plan (“CIP”) to address its emergency preparedness, with more than \$180 million of additional resiliency related capital improvements planned during the period of years 2023 to 2027.

SB 3 also created Section 13.151 of the Texas Water Code (“Section 13.151”) that addresses billing for services provided during an extreme weather emergency. Section 13.151 defines an “extreme weather emergency” as a period when the previous day’s highest temperature did not exceed 28 degrees Fahrenheit, and the temperature is predicted to remain at or below that level for the next 24 hours according to the nearest National Weather Service reports. In these circumstances a retail public utility that operates under a certificate of public convenience and necessity (a “CCN”) is prohibited from imposing late fees or disconnecting service for nonpayment of bills that are due during an extreme weather emergency until after the emergency is over and is required to work with customers that request to establish a payment schedule for unpaid bills that are due during the extreme weather emergency. A violation of Section 13.151 is subject to a civil penalty of not less than \$100 nor more than \$50,000 for each violation.

PLAN OF FINANCING

INITIAL PURPOSE

Proceeds from the sale of the Bonds were initially used to (i) build, improve, extend, enlarge, and repair the System, (ii) refund certain of the System’s then outstanding Commercial Paper Notes to increase the capacity of the System’s Tax-Exempt Commercial Paper Program (as further defined and described herein), and (iii) pay the costs of their issuance.

REMARKETING AND USE OF REMARKETING PROCEEDS

The Bonds are multi-modal variable interest rate obligations, currently outstanding in the aggregate principal amount of \$99,590,000 and bearing interest at a Term Rate for the duration of an interest period that expires on October 31, 2022 (the “Current Interest Rate Period”). On November 1, 2022, the Bonds will be mandatorily tendered for purchase and \$99,590,000 in outstanding Bonds will be remarketed into a three-year interest rate period that commences on such date and ends on October 31, 2025 (unless earlier caused to be mandatorily tendered for purchase or redeemed at the option of the City, as further described herein) (the “New Interest Period”), during which New Interest Period such remarketed Bonds will bear interest at the SIFMA Index Rate. The Bonds are being remarketed to provide proceeds to pay the purchase price of the aforementioned mandatorily-tendered Bonds due on November 1, 2022 (the “Purchase Price”). The foregoing is authorized pursuant to a resolution (the “Remarketing Resolution”) adopted by the Board on August 2, 2022 and the Ordinance, and is undertaken in accordance with applicable Texas law. See “THE BONDS” herein.

AUTHORITY FOR ISSUANCE AND REMARKETING

The Bonds were initially issued pursuant to the Constitution and the general laws of the State, including particularly Chapters 1207, 1371, and 1502, as amended, Texas Government Code, the City's Home Rule Charter, an ordinance authorizing the issuance of the Bonds adopted by the City Council of the City (the "City Council") on March 20, 2014 (the "Ordinance"), and are being remarketing pursuant to the foregoing and the Remarketing Resolution.

In the Remarketing Resolution, the Board delegated to certain authorized SAWS officials (each, an "Authorized Official") the authority to establish the final remarketing terms of the Bonds in the New Interest Period, which final terms are evidenced in an "Approval Certificate" executed by an Authorized Official on October 12, 2022.

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds were originally dated April 1, 2014 and mature on May 1, 2044 in the amount shown on the cover page hereof. The Bonds are multi-modal variable rate bonds, initially issued in a SIFMA Index Mode that expired on October 31, 2017. Pursuant to a resolution adopted on September 13, 2017, the Bonds were remarketed into the Current Interest Rate Period, effective November 1, 2017 and expiring on October 31, 2022, during which the Bonds bear interest at a Term Rate. The Bonds are now being remarketed into a SIFMA Index Mode effective November 1, 2022, expiring on October 31, 2025 (unless earlier caused to be mandatorily tendered for purchase or redeemed at the option of the City, as further described herein) (heretofore defined as the New Interest Period). See "THE BONDS – Interest During New Interest Period" herein. In the New Interest Period, the Bonds are deliverable in denominations of \$5,000 or any integral multiple thereof. The Bonds were originally prepared (and shall remain) as one fully registered bond certificate and registered in the name of, and delivered only to Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** DTC acts as securities depository for the Bonds. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (defined herein) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS – Book-Entry-Only System" herein).

The Bonds are issued as Junior Lien Obligations–No Reserve Fund and, as a result thereof, are not additionally benefited by the prior creation and establishment of the Reserve Fund (see "SECURITY FOR THE BONDS – Parity Lien Ordinance Amendment").

INTEREST DURING NEW INTEREST PERIOD

General. As previously stated, the Bonds are multi-modal variable rate bonds, now being remarketed into the New Interest Period during which the remarketed Bonds will bear interest at the SIFMA Index Rate. Upon expiration of the New Interest Period (or prior mandatory tender for purchase, effected at the option of the City, as hereafter described), the City expects to convert and remarket the Bonds at such time subject to mandatory tender into a new Interest Mode in accordance with the provisions of the Ordinance. Any such conversion will be subject to receipt of an opinion of nationally recognized bond counsel to the effect that the conversion will not adversely affect any exclusion of interest on any Bond from gross income for federal income tax purposes and is authorized by applicable Texas law.

THE BONDS ARE SUBJECT TO CONVERSION TO OTHER INTEREST RATE MODES AT THE TIMES AND UPON THE CONDITIONS DESCRIBED IN THE ORDINANCE FOLLOWING A MANDATORY TENDER FOR PURCHASE OF SUCH BONDS. THIS REMARKETING MEMORANDUM IS NOT INTENDED TO PROVIDE INFORMATION WITH RESPECT TO THE BONDS AFTER CONVERSION TO ANY NEW INTEREST RATE MODE OR INTEREST RATE PERIOD (INCLUDING ANY SUBSEQUENT SIFMA INDEX RATE PERIOD). PURCHASERS OF THE BONDS SHOULD NOT RELY ON THIS REMARKETING MEMORANDUM FOR INFORMATION CONCERNING ANY OTHER INTEREST RATE MODE OR INTEREST RATE PERIOD FOR THE BONDS OTHER THAN THE NEW INTEREST PERIOD.

Interest Rate; Payment of Interest. Beginning on November 1, 2022 (which is the first date of the New Interest Period), the Bonds will bear interest at the SIFMA Index Rate, as more fully described herein.

Interest on the Bonds will be calculated on the basis of a 365/366 day year for the actual number of days elapsed. Interest on the Bonds is payable (i) on the first Business Day of each month, commencing on December 1, 2022, during the New Interest Period and any period during which the Bonds bear interest at a Stepped Rate (defined herein), (ii) on any scheduled mandatory sinking fund redemption date, (iii) on any Purchase Date (as defined in the Ordinance), or (iv) on any other mandatory purchase date or optional redemption date (each, an "Interest Payment Date"). Interest will be payable to the registered owner of the Bonds of record on the day immediately preceding each Interest Payment Date (whether or a Business Day), which is the "Record Date" for the Bonds bearing interest at the SIFMA Index Rate.

If the day specified for any payment of principal or interest on the Bonds is not a Business Day, then such payment may be made on the next Business Day without additional interest and with the same force and effect as if made on the date specified for payment.

During the New Interest Period and while the Bonds bear interest at a Stepped Rate (if at all), the Bonds are not subject to tender for purchase at the option of the Bondholders.

At no time shall interest on the Bonds exceed the Maximum Rate, which (under the Ordinance) means the lesser of the maximum interest rate permitted from time to time under applicable State law and fifteen percent (15%) per annum.

Determination of SIFMA Index Rates and Calculation of Interest. During the New Interest Period, interest shall accrue from one Interest Payment Date to, but not including, the next Interest Payment Date (or, initially, from the November 1, 2022 commencement of the New Interest Period to, but not including, the first Interest Payment Date), at a rate per annum (not to exceed the Maximum Rate) equal to the SIFMA Index Rate, which

is defined in the Ordinance as the sum of the Applicable Spread for such Interest Period during which the Bonds are in a SIFMA Index Mode plus the SIFMA Index, as calculated by the then-acting Calculation Agent as hereinafter-described, rounded upward to the fifth decimal place (all dollar amounts used in or resulting from such calculation of interest on the Bonds bearing interest at the SIFMA Index Rate will be rounded to the nearest cent (with one-half cent being rounded upward)).

The Calculation Agent will calculate the SIFMA Index Rate not later than the Business Day immediately succeeding each Calculation Reset Date. The Calculation Reset Date will occur on the day immediately succeeding the SIFMA Determination Date (as defined in the Ordinance), which shall generally mean each Thursday, or if such day is not a Business Day, the immediately preceding Business Day (being the SIFMA Determination Date). The Bonds will bear interest at each recalculated SIFMA Index Rate from a Calculation Reset Date through the day preceding the next Calculation Reset Date.

The “SIFMA Index” means, for any day, the level of the most recently effective index rate which is issued weekly and which is compiled from the weekly interest rate resets of tax-exempt variable rate issues. The index is calculated and published by Bloomberg and overseen by the Securities Industry and Financial Markets Association (“SIFMA”) and issued on each SIFMA Determination Date. If such index is no longer published, the SIFMA Index for any day will mean the level of the most recently effective *S&P Municipal Bond 7-Day High Grade Rate Index* maintained by S&P Dow Jones Indices LLC (previously Standard & Poor’s Securities Evaluations Inc.), or any successor organizations, for a 7-day maturity as published on the day which is one U.S. Government Securities Business Day immediately preceding the effective date of such index. The effective date for each such index is every Thursday (or any other day specified by the Securities Industry and Financial Markets Association, in the case of the first such index), or if any Thursday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day. If neither the original index or such substitute index is available, the SIFMA Index for a day will be the alternate index for such day identified at the time of the conversion of the Bonds or portion thereof to the SIFMA Index Mode.

The “Applicable Spread” for the Bonds during the New Interest Period is set forth on page ii herein.

Initially, the Paying Agent/Registrar will also serve as the Calculation Agent pursuant to applicable provisions included in the Paying Agent/Registrar Agreement. The Ordinance provides that the Remarketing Agent is also authorized to serve as a Calculation Agent. In the absence of manifest error, the determination by the Calculation Agent of any index component and the SIFMA Index Rate will be conclusive and binding on the Bondholders, the Paying Agent/Registrar, the Calculation Agent, the Remarketing Agent, and the City. If during any SIFMA Index Period, the acting Calculation Agent fails to calculate or recalculate the applicable interest rate by the time requirement specified above, such calculation may instead be made by the Remarketing Agent, the Calculation Agent, or any other banking institution, financial institution, or other entity designated by an Authorized Official (with written notice to the Paying Agent/Registrar and the Remarketing Agent).

CONVERSION OF INTEREST MODES; MANDATORY TENDER; PURCHASE OF TENDERED BONDS

Conversion of Interest Modes. Upon conclusion of the New Interest Period (or prior date of mandatory tender for purchase), the City is permitted to change the mode for all or any portion of the Bonds to any Interest Mode, including to a SIFMA Index Mode of different duration (and, if the new interest rate mode is a SIFMA Index Mode or Term Mode, to designate the duration of such interest rate period). The Bonds, at the conclusion of the New Interest Period, are subject to mandatory tender without right of retention by the Holders thereof.

Remarketing Agent. Jefferies LLC serves as the remarketing agent (the “Remarketing Agent”) for the Bonds, pursuant to a Remarketing Agreement, dated as of August 2, 2022 (but effective as of October 12, 2022), between the City and the Remarketing Agent.

Tender Provisions Generally. The Bonds are not subject to optional tender during the New Interest Period. The Bonds are, however, subject to mandatory tender (without right of retention) at the times and in the manner described under “Mandatory Tender” below; provided that when there exists no Liquidity Facility relating to the Bonds, which includes the Bonds in the New Interest Period, a failure to remarket such Bonds subject to mandatory tender will not constitute an event of default under either the Ordinance or the affected Bonds themselves and, in such instance, the mandatory tender is deemed rescinded until the Remarketing Agent is able to remarket or the City redeems the affected Bonds, all in accordance with the Ordinance.

As stated above, the Bonds, during their New Interest Period, are not benefitted by a Liquidity Facility provided by a third party. Accordingly, a failure by the Remarketing Agent to remarket Bonds subject to mandatory tender on November 1, 2025 (the “Latest Mandatory Tender Date”) will result in the rescission of the notice of mandatory tender with respect thereto, and the City will not have any obligation to purchase the Bonds. The occurrence of the foregoing will not result in an event of default under the Ordinance or the Bonds. Until such time as the City redeems or remarkets such Bonds after the Latest Mandatory Tender Date, the Bonds shall bear interest at the “Stepped Rate”, being the per annum rate of interest then applicable to such unremarketed Bonds specified on page ii hereof, calculated on a 365/366-day year and the actual number of days elapsed. A failure to remarket Bonds that are subject to mandatory tender, by election of the City, on a date that occurs prior to the Latest Mandatory Tender Date (such failure to be evidenced by a rescission of the notice of mandatory tender in the manner hereafter described) shall result in those affected Bonds continuing to bear interest at the SIFMA Index Rate until the earlier to occur of redemption, mandatory tender for purchase by their Latest Mandatory Tender Date, or the expiration of such New Interest Period (after which such Bonds, if not remarketed, shall bear interest at the Stepped Rate as described above).

Mandatory Tender. The Bonds are subject to mandatory tender, without right of retention by the owner thereof and at the election of the City, beginning on May 1, 2025 and on any date thereafter (but in no case later than the Latest Mandatory Tender Date); provided, however, if such day is not a business day, actual tender shall occur on the next such business day (though interest will have ceased to accrue as of the expiration of the New Interest Period). A mandatory tender date for the Bonds, other than their Latest Mandatory Tender Date, shall be determined at the option of the City. On the specified mandatory tender date, each owner of the Bonds will be required to tender, and in any event will be deemed to have tendered, such Bonds (or the applicable portion thereof described below) to the Tender Agent (identified below) for purchase at a purchase price equal to 100% of the principal amount plus accrued interest, if any (payable from the limited sources of funds described below).

The Tender Agent is required to give notice of mandatory tender to each registered owner of the Bonds affected thereby by mail, first class postage prepaid, not more than 60 nor less than 30 days, while Bonds are in a SIFMA Index Mode (which includes the New Interest Period). Except with respect to a notice of mandatory tender scheduled to occur on the Latest Mandatory Tender Date (recission of which may be “deemed”, as described herein), the City may rescind any such notice of mandatory tender so long as such recission occurs at least one Business Day prior to the scheduled date of mandatory tender. While the Bonds are registered in the name of Cede & Co., only Cede & Co. will receive such notice from the Tender Agent. See “THE BONDS – Book-Entry-Only System” herein.

However, beneficial owners may register to receive such information directly by contacting the Tender Agent. See “CONTINUING DISCLOSURE OF INFORMATION” herein.

In the event that the Bonds are not converted and remarketed to new purchasers on the Latest Mandatory Tender Date, the City shall have no obligation to purchase the Bonds tendered on such date, the failed conversion and remarketing shall not constitute an event of default under the Ordinance or the Bonds, the mandatory tender will be deemed to have been rescinded for that date with respect to the Bonds subject to such failed remarketing only, and such Bonds (i) will continue to be Outstanding, (ii) will be purchased upon the availability of funds to be received from the subsequent remarketing of such Bonds, (iii) will be subject to redemption on any date and mandatory tender for purchase on any date during the New Interest Mode period during which interest accrues at the Stepped Rate upon which a conversion to another Interest Mode occurs (which shall occur at the City’s discretion upon delivery of at least one day’s notice of such redemption or requirement of mandatory tender to the holders of Bonds bearing interest at the Stepped Rate), and (iv) will be deemed to continue in the New Interest Mode for all other purposes of the Ordinance, though bearing interest during such time at the Stepped Rate until remarketed or redeemed in accordance with the terms of the Ordinance.

In the event of a failed conversion and remarketing as described above, the City has covenanted in the Ordinance to cause the Bonds to be converted and remarketed on the earliest reasonably practicable date on which they can be sold at par, in such Interest Mode or Modes as the City directs, at a rate not exceeding the Maximum Rate.

Tender Agent. U.S. Bank Trust Company, National Association, Houston, Texas, currently serves as the tender agent (the “Tender Agent”) for the Bonds pursuant to a Tender Agent Agreement, dated as of March 20, 2014, between the City and the Tender Agent.

Tender Procedures. While the Bonds are all registered in the name of Cede & Co., as nominee for DTC, Bondholders may tender Bonds for purchase by giving DTC sufficient instructions to transfer beneficial ownership of such Bonds to the account of the Tender Agent against payment. In the event that the Book-Entry-Only System herein is discontinued and registered bonds are issued, all notices and Bonds are required to be delivered to the Tender Agent.

Limitations on Payment of Purchase Price; Untendered Bonds. The Tender Agent will be required to effect purchases of tendered Bonds solely from and to the extent of (1) proceeds of the remarketing of such Bonds pursuant to the Remarketing Agreement, or, to the extent such proceeds are insufficient and (2) payments, if any, elected to be made by the City in its sole discretion. The City will have no obligation and has no intent to purchase tendered Bonds. No purchase right will pertain to Bonds registered in the name or held for the benefit or account of the City or certain affiliates. See discussion above under “Mandatory Tender” above for the effects of a failed remarketing of Bonds when there exists no Liquidity Facility providing liquidity support therefor.

ANY BOND (OR PORTION THEREOF) WHICH IS REQUIRED TO BE TENDERED OR FOLLOWING NOTICE OF TENDER AND FOR WHICH PAYMENT OF THE PURCHASE PRICE IS DULY PROVIDED FOR ON THE PURCHASE DATE WILL BE DEEMED TO HAVE BEEN TENDERED AND SOLD ON SUCH PURCHASE DATE, AND THE HOLDER OF SUCH BOND WILL NOT THEREAFTER BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST ACCRUED SUBSEQUENT TO SUCH PURCHASE DATE) IN RESPECT THEREOF OTHER THAN THE PURCHASE PRICE FOR SUCH BOND OR PORTION OR OTHERWISE BE SECURED BY OR ENTITLED TO ANY BENEFIT UNDER THE ORDINANCE.

SECURITY AND SOURCE OF PAYMENT; PLEDGE OF NET REVENUES

The Bonds are special obligations of the City, payable both as to principal and interest, solely from and secured by, together with the other Junior Lien Obligations (as described herein), a junior lien on and pledge of the Net Revenues of the System remaining after satisfaction of all City payment and reserve fund obligations, among other matters, relating to the Senior Lien Obligations. **The Bonds are not additionally benefited by the creation and establishment of a Reserve Fund. The City has not covenanted or obligated itself to pay the Bonds from money raised or to be raised from taxation.**

All Net Revenues of the System remaining after satisfaction of financial obligations of the City resulting from the prior pledge thereof and lien thereon securing the payment of the Senior Lien Obligations and any Additional Senior Lien Obligations (as defined in the Ordinance) hereafter issued by the City have been irrevocably pledged to the payment and security of the Junior Lien Obligations, which includes the Bonds, the Previously Issued Junior Lien Obligations, the Junior Lien Obligations–No Reserve Fund, and any Additional Junior Lien Obligations (as each such term is defined in the Ordinance) hereafter issued by the City, including the establishment and maintenance of special funds or accounts created for the payment and security thereof.

This pledge constitutes a junior lien on the Net Revenues of the System. In addition to the foregoing, the City has, in the Ordinance, reserved the right to pledge, and has in fact pledged, on a subordinate and inferior lien level of priority to the pledge thereof and lien thereon securing the payment of the Junior Lien Obligations, the Net Revenues of the System as security for the Subordinate Lien Obligations (as defined in the Ordinance), as well as the right to pledge, on a further subordinated and inferior lien level of priority to the pledge thereof and lien thereon securing the payment of the Subordinate Lien Obligations, the Net Revenues of the System as security for the Inferior Lien Obligations (as defined in the Ordinance). To date, the City has not issued any Inferior Lien Obligations.

For a complete description of the security for the Bonds, see “SECURITY FOR THE BONDS” herein.

PERFECTION OF SECURITY FOR THE BONDS

Chapter 1208, Texas Government Code, as amended, applies to the initial issuance and the remarketing of the Bonds and the pledge of the Net Revenues, and such pledge is therefore, valid, effective, and perfected. Should Texas law be amended while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the Net Revenues is to be subject to the filing requirements of Chapter 9, Texas Business and Commerce Code, as amended, in order to preserve to the registered owners of the Bonds a security interest in such pledge, the City has covenanted in the Ordinance to take such measures as it determines is reasonable and necessary to enable a filing of a security interest in said pledge to occur.

OUTSTANDING DEBT

As of the date of the settlement of the Bonds into the New Interest Period, the City will have outstanding the Senior Lien Obligations secured by and payable from Net Revenues as follows:

Dated Date	Outstanding Debt (\$) ⁽¹⁾	Issue Description
November 1, 2009	72,085,000	Water System Revenue Bonds, Taxable Series 2009B (Direct Subsidy - Build America Bonds)
November 15, 2010	29,750,000	Water System Revenue Bonds, Taxable Series 2010B (Direct Subsidy - Build America Bonds)
Total	101,835,000	

⁽¹⁾ Unaudited as of the date of this Remarketing Memorandum.

In addition to the outstanding Senior Lien Obligations presented above, the City will, as of the date of settlement of the Bonds into the New Interest Period, have outstanding the Junior Lien Obligations secured by and payable from Net Revenues as follows:

Dated Date	Outstanding Debt (\$) ⁽¹⁾⁽²⁾	Issue Description
August 1, 2012	13,755,000	Water System Junior Lien Revenue Bonds, Series 2012
April 1, 2013	28,420,000	Water System Junior Lien Revenue Bonds, Series 2013A
May 1, 2013	46,145,000	Water System Junior Lien Revenue Refunding Bonds, Series 2013B (No Reserve Fund)
October 1, 2013	15,395,000	Water System Junior Lien Revenue Bonds, Series 2013C
October 1, 2013	46,010,000	Water System Junior Lien Revenue Bonds, Series 2013D
October 1, 2013	44,555,000	Water System Junior Lien Revenue and Refunding Bonds, Series 2013E (No Reserve Fund)
October 1, 2013	98,420,000	Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2013F (No Reserve Fund)
April 1, 2014	56,385,000	Water System Junior Lien Revenue and Refunding Bonds, Series 2014A (No Reserve Fund)
April 1, 2014	99,590,000	The Bonds
May 15, 2014	29,665,000	Water System Junior Lien Revenue Bonds, Series 2014C
May 15, 2014	13,960,000	Water System Junior Lien Revenue Bonds, Series 2014D
January 1, 2015	60,610,000	Water System Junior Lien Revenue Bonds, Series 2015A
February 1, 2015	276,275,000	Water System Junior Lien Revenue and Refunding Bonds, Series 2015B (No Reserve Fund)
January 1, 2016	131,390,000	Water System Junior Lien Revenue Refunding Bonds, Series 2016A (No Reserve Fund)
January 1, 2016	12,770,000	Water System Junior Lien Revenue Refunding Bonds, Taxable Series 2016B (No Reserve Fund)
October 1, 2016	290,640,000	Water System Junior Lien Revenue and Refunding Bonds, Series 2016C (No Reserve Fund)
December 1, 2016	10,410,000	Water System Junior Lien Revenue Bonds, Series 2016D
December 1, 2016	11,970,000	Water System Junior Lien Revenue Bonds, Series 2016E
January 1, 2017	67,295,000	Water System Junior Lien Revenue Refunding Bonds, Series 2017A (No Reserve Fund)
May 1, 2018	199,250,000	Water System Junior Lien Revenue and Refunding Bonds, Series 2018A (No Reserve Fund)
April 1, 2018	9,325,000	Water System Junior Lien Revenue Bonds, Series 2018B
January 1, 2019	166,480,000	Water System Variable Rate Junior Lien Revenue Bonds, Series 2019A (No Reserve Fund)
September 1, 2019	27,780,000	Water System Junior Lien Revenue Bonds, Series 2019B
September 1, 2019	76,850,000	Water System Junior Lien Revenue Refunding Bonds, Series 2019C (No Reserve Fund)
January 1, 2020	262,510,000	Water System Junior Lien Revenue and Refunding Bonds, Series 2020A (No Reserve Fund)
February 1, 2020	23,645,000	Water System Junior Lien Revenue Bonds, Series 2020B
July 1, 2020	153,390,000	Water System Junior Lien Revenue Bonds, Series 2020C (No Reserve Fund)
November 1, 2020	11,015,000	Water System Junior Lien Revenue Bonds, Series 2020D
July 1, 2021	269,765,000	Water System Junior Lien Revenue and Refunding Bonds, Series 2021A (No Reserve Fund)
February 1, 2022	77,785,000	Water System Junior Lien Revenue Refunding Bonds, Series 2022A (No Reserve Fund)
October 1, 2022	258,235,000 ⁽³⁾	2022B Bonds
Total	2,889,690,000	

⁽¹⁾ Unaudited as of the date of this Remarketing Memorandum.

⁽²⁾ Includes the Bonds, whose remarketing is the subject of this Remarketing Memorandum.

⁽³⁾ Recently sold and closed on October 18, 2022, as further described herein. See "INTRODUCTION – Sale in Close Proximity to the Remarketing of the Bonds".

In addition to the outstanding Senior Lien Obligations and Junior Lien Obligations presented above, the City has outstanding, as of the date of this Remarketing Memorandum, the following Subordinate Lien Obligations secured by and payable from Net Revenues:

	Authorized Amount (\$)	Amount Outstanding (\$)*	Issue Description
	398,000,000 ⁽¹⁾⁽³⁾	227,585,000	Water System Commercial Paper Notes, Subseries A-1
	2,000,000 ⁽²⁾⁽³⁾	2,000,000 ⁽²⁾	Water System Commercial Paper Notes, Subseries A-2
	100,000,000	-	Water System Commercial Paper Notes, Series B & C ⁽⁴⁾
Total	<u>500,000,000⁽⁵⁾</u>	<u>229,585,000</u>	

* Data is unaudited.

⁽¹⁾ Represents the liquidity support available after the reduction of the amount required to be outstanding under the liquidity facility provided for in the hereinafter-defined Subseries A-2 Notes. See "COMMERCIAL PAPER NOTE PROGRAM" herein.

⁽²⁾ Amount required to remain outstanding during the term of the liquidity facility provided therefor. See "COMMERCIAL PAPER NOTE PROGRAM" herein.

⁽³⁾ JPMorgan (defined herein) supports the Series A Notes in the total amount of \$400,000,000. See "COMMERCIAL PAPER NOTE PROGRAM" herein.

⁽⁴⁾ Represents the liquidity support in the total combined amount of \$100,000,000 available from Wells Fargo (defined herein) for the Series B Notes and the Series C Notes. See "COMMERCIAL PAPER NOTE PROGRAM" herein.

⁽⁵⁾ Represents the combined authorization of the Series A Notes (including Subseries A-1 and Subseries A-2), the Series B Notes, and the Series C Notes. See "COMMERCIAL PAPER NOTE PROGRAM" herein.

None of the above obligations, including the Bonds, are a charge upon any other income or revenues of the City, other than Net Revenues, and will never constitute an indebtedness or pledge of the general credit or taxing powers of the City. The Ordinance does not create a lien or mortgage on the System, except the Net Revenues with respect to the Bonds, and no judgment against the City may be enforced by levy and execution against any property owned by the City.

See the "Combined System Revenue Debt Service Requirements" table under "DEBT AND OTHER FINANCIAL INFORMATION" for a description of the debt service requirements on all outstanding indebtedness issued by the City for the benefit of the System.

FLOW OF FUNDS

The flow of funds of the System requires that Gross Revenues of the System be applied in sequence to: (i) current Maintenance and Operating Expenses, including maintenance of an operating reserve equal to two months of expenses for the current Fiscal Year; (ii) payment of amounts required on any Senior Lien Obligations issued by the City; (iii) payment of amounts required on any Junior Lien Obligations issued by the City; (iv) payment of amounts required on any Subordinate Lien Obligations issued by the City; (v) payment of amounts required on any Inferior Lien Obligations issued by the City; and (vi) transfers to the City's General Fund and to the Renewal and Replacement Fund. The Commercial Paper Note Program (under which the City may issue Series A Notes (in subseries form), Series B Notes, and Series C Notes (each defined herein) in a combined amount not to exceed \$500,000,000; see "COMMERCIAL PAPER NOTE PROGRAM" herein) represents the City's only currently outstanding Subordinate Lien Obligations, but it is authorized to issue Additional Subordinate Lien Obligations under the Ordinance. The City has not issued any Inferior Lien Obligations, but the City is authorized to do so under the Ordinance. (See "THE BONDS – Security and Source of Payment; Pledge of Net Revenues" herein; see also "SECURITY FOR THE BONDS – Flow of Funds" and "APPENDIX D – SELECTED PROVISIONS OF THE ORDINANCE" herein).

RATES

The City has covenanted in the Ordinance that it will at all times charge and collect rates for services rendered by the System sufficient to (i) pay all Maintenance and Operating Expenses of the System, (ii) produce "Pledged Revenues" (substantively defined in the Ordinance to mean the senior and superior lien on and pledge of Net Revenues of the System securing the repayment of the Senior Lien Obligations and any Additional Senior Lien Obligations, plus any additional revenues, income, receipts, or other resources of the City pledged as security for the Senior Lien Obligations) at least equal to 1.25 times the interest on and the principal of the Senior Lien Obligations and the amounts required to be deposited in any reserve or contingency fund created for the payment and security of the Senior Lien Obligations, and (iii) produce Net Revenues, together with any other lawfully available funds, to pay the principal of and interest on the currently outstanding Junior Lien Obligations, which includes the Bonds, as the same become due and payable and to deposit the amounts required to be deposited in any special fund or account created and established for the payment and security of any Additional Junior Lien Obligations hereafter issued by the City. (See "SECURITY FOR THE BONDS – Rate Covenant" for a description of additional rate covenants of the City.)

ADDITIONAL OBLIGATIONS

In the Ordinance, the City has reserved the right to issue (i) Additional Senior Lien Obligations, which are primarily secured by and payable from a lien on and pledge of the Net Revenues of the System (included in the definition of Pledged Revenues) that is senior and superior to the pledge thereof and lien thereon securing the Bonds, (ii) Additional Junior Lien Obligations, which are secured by and payable from a lien on and pledge of the Net Revenues of the System on parity with the pledge thereof and lien thereon securing the Bonds, (iii) Additional Subordinate Lien Obligations, which are primarily secured by and payable from a lien on and pledge of the Net Revenues of the System that is subordinate and inferior to the pledge thereof and lien thereon securing the Bonds, and (iv) Inferior Lien Obligations, which are primarily secured by and payable from a lien on and pledge of the Net Revenues of the System that is subordinated and inferior to the pledge thereof and lien thereon securing the Subordinate Lien Obligations and any Additional Subordinate Lien Obligations.

The issuance of Additional Senior Lien Obligations is subject to the requirements of the ordinances of the City authorizing the respective issuance of Senior Lien Obligations and include, as the primary threshold matter, the ability to demonstrate that the Pledged Revenues, for the preceding Fiscal Year or for any 12 consecutive calendar month period out of the 18-month period ending not more than ninety (90) days preceding the month

the ordinance authorizing the issuance of the Additional Senior Lien Obligations is adopted, are equal to at least 125% of the maximum annual debt service requirements for all Senior Lien Obligations to be outstanding after giving effect to the issuance of the Additional Senior Lien Obligations then proposed.

The City’s issuance of Additional Junior Lien Obligations payable from a parity lien pledge of the Net Revenues, which (together with the Previously Issued Junior Lien Obligations and the Junior Lien Obligations–No Reserve Fund (which includes the Bonds)) will be equally and ratably secured by a junior lien on and pledge of the Net Revenues of the System, is subject to complying with certain conditions in the Ordinance. For the issuance of Additional Junior Lien Obligations the repayment of which is not insured by a municipal bond insurance policy and that are not sold to the Texas Water Development Board (the “TWDB”), and in addition to certain other covenants, the Net Revenues, for the preceding Fiscal Year or for any 12 consecutive calendar month period out of the 18-month period preceding the month the ordinance authorizing the issuance of the Additional Junior Lien Obligations is adopted, must be equal to at least the average annual requirement for the payment of principal of and interest on all outstanding Junior Lien Obligations after giving effect to the Additional Junior Lien Obligations then proposed. For the issuance of Additional Junior Lien Obligations the repayment of which is not insured by a municipal bond insurance policy and that are sold to the TWDB, the City must show that Net Revenues for the same reporting period identified above are at least equal to one and one-fourth times the average annual requirement for the payment of principal of and interest on all outstanding Junior Lien Obligations after giving effect to the Additional Junior Lien Obligations then proposed. The issuance of Additional Junior Lien Obligations that are Reserve Fund–Secured Junior Lien Obligations (defined herein) also requires satisfaction of certain conditions precedent, including additionally funding, as necessary, the Reserve Fund. (See “SECURITY FOR THE BONDS – Reserve Fund” herein.) The Ordinance also specifies the conditions upon which Additional Subordinate Lien Obligations and Inferior Lien Obligations may be issued. See “APPENDIX D – SELECTED PROVISIONS OF THE ORDINANCE” for terms and conditions to be satisfied for the issuance of Additional Junior Lien Obligations herein.

REDEMPTION

Optional Redemption. The Bonds are subject to redemption, at the City’s option, on May 1, 2025, prior to the expiration of the New Interest Period, and on any day thereafter through the expiration thereof, and on the first Interest Payment Date after the conclusion of the New Interest Period. Bonds bearing interest at a Stepped Rate are subject to redemption on any date.

Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption by the City prior to their scheduled maturity (but not during the New Interest Period) at a redemption price equal to 100% of the principal amount thereof, without premium, on May 1 of the years and in the principal amounts indicated below:

<u>Year of Stated Maturity</u>	<u>Amount (\$)</u>
2030	5,690,000
2031	5,810,000
2032	5,935,000
2033	6,065,000
2034	6,200,000
2035	6,335,000
2036	6,470,000
2037	6,610,000
2038	6,755,000
2039	6,900,000
2040	7,050,000
2041	7,205,000
2042	7,360,000
2043	7,520,000
2044	7,685,000*

* Stated Maturity.

The principal amount of a Bond required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the City, by the principal amount of any Bonds of such series and of such stated maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been defeased or acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City with money in the Bond Fund, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth herein and not theretofore credited against a mandatory redemption requirement.

Though these mandatory sinking fund redemption payments are not scheduled to occur in a New Term Period, they are nevertheless included herein to demonstrate that the Bonds are not structured as a “bullet” maturity and to evidence the Bonds as a part of the table appearing under “DEBT AND OTHER FINANCIAL INFORMATION – Combined System Revenue Debt Service Requirements” herein.

Selection of Bonds for Redemption. If less than all of the Bonds are to be redeemed, the City may select from the sinking fund installments the portion or portions of Bonds to be redeemed. The Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION

Except with respect to Bonds bearing interest at the Stepped Rate (which may be redeemed on one day's notice to the holders thereof), not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first-class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to redemption of Bonds effected on their Mandatory Tender Date, the notice of mandatory tender provided pursuant to the Ordinance shall also serve as notice of any such redemption.

AMENDMENTS

Subject to the provisions of the Ordinance, the City may amend the Ordinance without the consent of or notice to any registered owners of Bonds in any manner not detrimental to the interests of such registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein.

In addition, the City may, with the written consent of the registered owners of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Bonds, no such amendment, addition, or rescission may (i) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereof, the rate of interest thereon, or the redemption price therefor, change the place or places at or the coin or currency in which any Bond or interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required for consent to any amendment, addition, or rescission.

DEFEASANCE

The Ordinance provides that any Bond will be deemed paid and will no longer be considered to be outstanding within the meaning of the Ordinance when payment of principal of and interest on such Bond to its stated maturity or date of prior redemption has been made or provided for. Payment may be provided for by deposit of any combination of (1) money in an amount sufficient to make such payment and/or (2) Government Securities (defined herein). Any such deposit must be certified by an independent public accountant, the System's Co-Financial Advisors, the Paying Agent/Registrar, or another qualified third party certifying as to such maturities and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment. The Ordinance provides that "Government Securities" means (A) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (B) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (C) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (D) any additional securities and obligations hereafter authorized by Texas law as eligible for use to accomplish the discharge of obligations such as the Bonds. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Bonds, or those for any other Government Securities, will be maintained at any particular rating category. Further, there is no assurance that current Texas law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of those securities identified in clauses (A) through (C) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Bonds ("Defeasance Proceeds"), though the City has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Ordinance does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the City to use lawfully available Defeasance Proceeds to defease all or any portion of the Bonds, registered owners of Bonds are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under Texas law as permissible defeasance securities.

Upon such deposit as described above, such Bonds will no longer be regarded to be outstanding obligations for any purpose, including the application of any limitation on indebtedness. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that, the City's right to redeem the Bonds defeased to stated maturity is not extinguished if the City has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their stated maturity date, if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only

System has been provided by DTC for use in disclosure documents such as this Remarketing Memorandum. The City, SAWS, the Board, the Co-Financial Advisors, and the Remarketing Agent believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City and the Board cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Remarketing Memorandum. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully registered certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each such maturity and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company of DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings’ rating of “AA+”. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participant to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar on payable dates in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal of and interest on the Bonds to DTC is the responsibility of the City, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

Use of Certain Terms in Other Sections of this Remarketing Memorandum. In reading this Remarketing Memorandum it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Remarketing Memorandum to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, SAWS, the Board, the Co-Financial Advisors, or the Remarketing Agent.

Effect of Termination of Book-Entry-Only System. In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed certificates representing the Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange, and registration provisions as set forth in the Ordinance and summarized under “THE BONDS – Transfer, Exchange, and Registration” below.

PAYING AGENT/REGISTRAR

The paying agent/registrar is U.S. Bank Trust Company, National Association, Houston, Texas (the “Paying Agent/Registrar”). In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar must be a commercial bank, trust company, financial institution, or other agency organized under the laws of the State and duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice will also give the address of the new Paying Agent/Registrar.

Principal of the Bonds will be payable to the registered owner at maturity or prior redemption upon presentation at the designated payment office of the Paying Agent/Registrar in Houston, Texas. Interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar on the Record Date (defined herein) (see “THE BONDS – Record Date for Interest Payment” herein), or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, and payment on such date will have the same force and effect as if made on the original date payment was due.

Initially, the Bonds were issued utilizing the Book-Entry-Only System of the DTC. No physical delivery of the Bonds will be made to the Beneficial Owners of the Bonds and the registered owner of the Bonds appearing on the books of the Paying Agent/Registrar will be Cede & Co., the nominee of DTC. The use of the Book-Entry-Only System may affect the method and timing of payment to the Beneficial Owners of the Bonds. (See “THE BONDS – Book-Entry-Only System” above.)

TRANSFER, EXCHANGE, AND REGISTRATION

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange, and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the corporate trust office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer will be in any integral multiple of \$5,000 and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See “THE BONDS – Book-Entry-Only System” herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the City nor the Paying Agent/Registrar will be required to transfer or exchange any Bond (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the following principal or interest payment date, or (ii) with respect to any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer is not applicable to an exchange by the registered owner of the uncalled balance of a Bond.

RECORD DATE FOR INTEREST PAYMENT

The record date (“Record Date”) for determining the person to whom interest on a Bond is payable on any Interest Payment Date means the last Business Day prior to an Interest Payment Date.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (“Special Payment Date”, which must

be 15 days after the Special Record Date) will be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

PAYMENT RECORD

The City has never defaulted in payments on its bonded indebtedness.

BONDHOLDERS' REMEDIES

If the City defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the City to perform in accordance with the terms of such Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("Tooke") that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing the issuance and remarketing of the Bonds. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the original issuance of the Bonds, as remarketed (as further described under the caption "PLAN OF FINANCING – Authority for Issuance and Remarketing"), the City has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Texas Legislature has effectively waived the City's sovereign immunity from a suit for money damages outside of Chapter 1371, bondholders may not be able to bring such a suit against the City for breach of the covenants included in the Bonds or the Ordinance.

Furthermore, Tooke, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary-Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of the municipality.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson"), the Texas Supreme Court addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Texas Supreme Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources". While the Texas Supreme Court recognized that the distinction between governmental and proprietary functions is not clear, the Wasson opinion held that the Proprietary-Governmental Dichotomy applies in contract-claims context. The Texas Supreme Court reviewed Wasson for a second time and issued an opinion on October 5, 2018 clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code, determination of which will dictate the availability of the defense of immunity for causes of action arising under such contract. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code, determination of which will dictate the availability of the defense of immunity for causes of action arising under such contract.

Notwithstanding the foregoing case law issued by the Texas Supreme Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality. If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the United States Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such as the Pledged Revenues, such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court), and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The original opinion of Fulbright & Jaworski LLP, a member of Norton Rose Fulbright (now Norton Rose Fulbright US LLP) and LM Tatum, PLLC, as co-bond counsel to the City at the time of initial delivery of the Bonds ("Original Co-Bond Counsel"), the form of which is attached hereto as APPENDIX E (and later referred to herein as the "Original Opinion"), notes that all opinions relative to the enforceability of the Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and principles of equity which permit the exercise of judicial discretion.

SOURCES AND USES OF BOND PROCEEDS

Proceeds from the remarketing of the Bonds, along with a cash contribution from the System, are to be expended as follows:

Sources of Funds	
Par Amount of the Bonds	\$99,590,000.00
System Contribution	517,320.08
Total Sources of Funds	<u>\$100,107,320.08</u>

Uses of Funds	
Purchase Fund Deposit	\$99,590,000.00
Remarketing Agent's Compensation	289,820.08
Cost of Issuance	227,500.00
Total Uses of Funds	<u>\$100,107,320.08</u>

SECURITY FOR THE BONDS

COMBINED SYSTEM

The City has previously authorized the creation of the System, a single, unified water system consisting of the City's then existing waterworks, wastewater, and water reuse systems, together with all future improvements and additions thereto, and all replacements thereof. In addition, the System Ordinance (hereinafter defined) permits the City to incorporate into the System a stormwater system (including all existing drainage facilities) and any other related system to the extent permitted by law. Currently, the City assumes the overall responsibility of the stormwater program. See "THE SAN ANTONIO WATER SYSTEM – Stormwater System" herein. The System will not include (i) any Special Projects which are declared by the City, upon the recommendation of the Board, not to be part of the System and which are financed with obligations payable from sources other than ad valorem taxes, Pledged Revenues, or Net Revenues, or (ii) any water or water-related properties and facilities owned by the City as part of its electric and gas systems.

To accommodate the assumption of the former Bexar Metropolitan Water District ("BexarMet") waterworks system, the City, by ordinance of the City Council, created a "Special Project", as authorized by the passage of Senate Bill 341 ("SB 341") by the 82nd Texas Legislature in 2011 and pursuant to City ordinances authorizing then-outstanding Senior Lien Obligations, where that waterworks system resided from the time of assumption as a segregated component unit of SAWS until the occurrence of operational integration within the System. This Special Project is referred to herein as the "District Special Project" or the "DSP"; the former BexarMet waterworks system assumed by the City and held in the DSP is referred to as the "DSP System". Following the retirement of all obligations secured by a lien on and pledge of and payable from the revenues of the DSP System, the DSP was dissolved in 2016, and the DSP System was consolidated into the System effective January 1, 2017.

PLEGGED REVENUES

The Bonds are special obligations of the City which, together with the currently outstanding Previously Issued Junior Lien Obligations, Junior Lien Obligations–No Reserve Fund, and any Additional Junior Lien Obligations hereafter issued (collectively, the "Junior Lien Obligations"), are payable solely from and equally and ratably secured by a lien on and pledge of the Net Revenues of the System that is junior and inferior to the pledge thereof and lien thereon securing the repayment of the Senior Lien Obligations and any Additional Senior Lien Obligations hereafter issued by the City (which first lien on Net Revenues is included in the definition of "Pledged Revenues"), along with any other additional revenues, income, receipts, or other resources that are pledged by the City to the payment of the Junior Lien Obligations (but excluding revenues excluded from Gross Revenues). At this time, no such additional revenues, income, receipts, or other resources are so pledged. The term "Net Revenues" means Gross Revenues less Maintenance and Operating Expenses. The term "Gross Revenues" means all revenue with respect to or on account of the operation and ownership of the System (which, since dissolution of the DSP, includes the DSP System), excluding (i) payments received by the Board under the CPS Contract (as defined herein) together with earnings thereon, (ii) income derived from the investment or deposit of money in the Construction Fund and, until the Reserve Fund contains the Required Reserve Amount, money in the Reserve Fund, and (iii) certain other amounts. Maintenance and Operating Expenses means all current expenses of operating and maintaining the System not paid from the proceeds of any Debt, including, for example, the cost of all salaries, labor, and materials; certain expenses of repairs and extensions; the costs of employee benefits; and the costs of purchasing water and wastewater treatment services from other entities, but excluding allowance for depreciation and other items not requiring an outlay of cash, and excluding interest on the Bonds or any other Debt. For a more detailed description of the defined terms referenced above, see "APPENDIX D – SELECTED PROVISIONS OF THE ORDINANCE" herein.

The Bonds do not constitute an indebtedness or general obligation of the City, the State, or any other entity; the Bonds are not payable from any funds raised or to be raised by taxation; and owners of the Bonds shall never have the right to demand payment thereof from the levy of ad valorem taxes or from any other source not pledged to the payment of the Bonds. No lien has been created on the physical properties of the System to secure payment of the Bonds (see "BONDHOLDERS' REMEDIES" herein).

FLOW OF FUNDS

The Ordinance provides that the Gross Revenues will be deposited by the Board, upon receipt, into the System Fund and will be pledged and appropriated to the extent required for the following uses and in the order of priority shown:

FIRST: to the payment of all necessary and reasonable Maintenance and Operating Expenses as defined herein or required by statute, including, but not limited to, Chapter 1502, Texas Government Code, as amended (formerly Texas Revised Civil Statutes Annotated Article 1113, as amended), to be a first charge on and claim against the Gross Revenues, including a two-month reserve amount based

upon the budgeted amount of Maintenance and Operating Expenses for the current Fiscal Year, which amount shall be retained in the System Fund.

SECOND: to the payment of the amounts required to be deposited into the special funds and accounts created and established for the payment, security and benefit of the currently outstanding Senior Lien Obligations and any Additional Senior Lien Obligations hereafter issued by the City.

THIRD: to the payment of the amounts required to be deposited into the special funds and accounts created and established for the payment, security, and benefit of the currently outstanding Junior Lien Obligations and any Additional Junior Lien Obligations hereafter issued by the City.

FOURTH: to the payment of the amounts that must be deposited in any special funds and accounts created and established for the payment, security and benefit of the currently outstanding Subordinate Lien Obligations and any Additional Subordinate Lien Obligations hereafter issued by the City.

FIFTH: to the payment of the amounts that must be deposited in any special funds and accounts created and established for the payment, security, and benefit of any Inferior Lien Obligations hereafter issued by the City.

SIXTH: to the payment of the amounts to be transferred to the City's General Fund and into the Renewal and Replacement Fund, in accordance with the applicable provisions of the Ordinance.

For a more detailed description of the funds referenced above, and the Board's obligations with respect thereto, see "APPENDIX D – SELECTED PROVISIONS OF THE ORDINANCE" herein.

BOND FUND; EXCESS BOND PROCEEDS

For purposes of providing funds to pay the principal of and interest on all Junior Lien Obligations (including the Bonds) as the same become due and payable, the City shall maintain, at the depository, a separate and special fund or account created and known as the "Bond Fund." The City has covenanted that there shall be deposited from the System Fund into the Bond Fund prior to each principal and interest payment date from the available Pledged Revenues an amount equal to one hundred percent (100%) of the amount required to fully pay the interest on and the principal of the Junior Lien Obligations then falling due and payable, such deposits to pay maturing principal and accrued interest on the Junior Lien Obligations to be made in substantially equal monthly installments on or before the first day of each month, beginning on or before the first day of the month next following the delivery of the Bonds to the Remarketing Agent. No such deposit shall be required if, on the first day of each month, revenues sufficient to pay the maturing principal and interest payments are and remain on deposit in the Bond Fund. If the Net Revenues in any month are insufficient to make the required payments into the Bond Fund, then the amount of any deficiency in such payment shall be added to the amount otherwise required to be paid into the Bond Fund in the next month.

The required monthly deposits to the Bond Fund for the payment of principal of and interest on the Junior Lien Obligations shall continue to be made as hereinabove described until such time as (i) the total amount on deposit in the Bond Fund is equal to the amount required to fully pay and discharge all Outstanding Junior Lien Obligations (principal and interest), or (ii) the Junior Lien Obligations are no longer Outstanding.

Accrued interest received from the Remarketing Agent shall be taken into consideration and reduce the amount of the monthly deposits hereinabove required to be deposited into the Bond Fund from the Net Revenues. Additionally, any proceeds of the Bonds, and investment income thereon, not expended for authorized purposes shall be deposited into the Bond Fund and shall be taken into consideration and reduce the amount of monthly deposits required to be deposited into the Bond Fund from the Net Revenues.

PARITY LIEN ORDINANCE AMENDMENT

By ordinance of the City Council adopted on March 8, 2012, the City has amended the respective City ordinances authorizing the issuance of each series of the then-outstanding Previously Issued Junior Lien Obligations. These ordinance amendments permitted the City to issue, under certain circumstances described below, Junior Lien Obligations–No Reserve Fund, which are City obligations payable from and secured by a junior and inferior lien on and pledge of Net Revenues on parity with the lien thereon and pledge thereof securing the Reserve Fund–Secured Junior Lien Obligations (defined below), but that are not additionally benefited by money on deposit in the Reserve Fund.

Prior to the effectiveness of these ordinance amendments, all Additional Junior Lien Obligations were required to be additionally secured by a lien on and pledge of the Reserve Fund. The aforementioned ordinance amendments, which are now effective, allow the City to issue Junior Lien Obligations–No Reserve Fund so long as such Junior Lien Obligations–No Reserve Fund are sold to parties other than the TWDB. The City remains permitted to issue from time to time Reserve Fund–Secured Junior Lien Obligations upon satisfaction of the conditions described below under "SECURITY FOR THE BONDS – Reserve Fund" (in addition to the other prerequisites to the issuance of Additional Junior Lien Obligations described herein under "THE BONDS – Additional Obligations").

The necessary amendments to City ordinances to permit the issuance of Junior Lien Obligations–No Reserve Fund were consented to by each bond insurer and surety fund provider for each series of then-outstanding Previously Issued Junior Lien Obligations, as well as the TWDB (being the sole owner or consent right holder with respect to this matter for each series of then-outstanding Previously Issued Junior Lien Obligations).

As used herein, "Junior Lien Obligations–No Reserve Fund" means the City's (i) Water System Junior Lien Revenue Refunding Bonds, Series 2013B (No Reserve Fund), (ii) Water System Junior Lien Revenue and Refunding Bonds, Series 2013E (No Reserve Fund), (iii) Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2013F (No Reserve Fund), (iv) Water System Junior Lien Revenue and Refunding Bonds, Series 2014A (No Reserve Fund), (v) the Bonds, (vi) Water System Junior Lien Revenue and Refunding Bonds, Series 2015B (No Reserve

Fund), (vii) Water System Junior Lien Revenue Refunding Bonds, Series 2016A (No Reserve Fund), (viii) Water System Junior Lien Revenue Refunding Bonds, Taxable Series 2016B (No Reserve Fund), (ix) Water System Junior Lien Revenue and Refunding Bonds, Series 2016C (No Reserve Fund), (x) Water System Junior Lien Revenue Refunding Bonds, Series 2017A (No Reserve Fund), (xi) Water System Junior Lien Revenue and Refunding Bonds, Series 2018A (No Reserve Fund), (xii) Water System Variable Rate Junior Lien Revenue Bonds, Series 2019A (No Reserve Fund), (xiii) Water System Junior Lien Revenue Refunding Bonds, Series 2019C (No Reserve Fund), (xiv) Water System Junior Lien Revenue and Refunding Bonds, Series 2020A (No Reserve Fund), (xv) Water System Junior Lien Revenue Bonds, Series 2020C (No Reserve Fund), (xvi) Water System Junior Lien Revenue and Refunding Bonds, Series 2021A (No Reserve Fund), (xvii) Water System Junior Lien Revenue Refunding Bonds, Series 2022A (No Reserve Fund), (xviii) upon issuance, the 2022B Bonds, and (xix) any Additional Junior Lien Obligations hereafter issued that are not additionally benefited by money on deposit in the Reserve Fund; the term “Reserve Fund–Secured Junior Lien Obligations” means the Previously Issued Junior Lien Obligations and any Additional Junior Lien Obligations that are secured by a parity lien on and pledge of the Reserve Fund and specifically excluding the Junior Lien Obligations–No Reserve Fund.

RESERVE FUND

The City ordinances authorizing the respective issuance of the Previously Issued Junior Lien Obligations require the Board to accumulate and maintain a reserve for the payment of the currently outstanding Junior Lien Obligations that are Reserve Fund–Secured Junior Lien Obligations (the “Required Reserve Amount”) equal to the Average Annual Debt Service Requirements (calculated on a Fiscal Year basis and determined as of the date of issuance of the most recently issued series of Additional Junior Lien Obligations that are Reserve Fund–Secured Junior Lien Obligations) of the Junior Lien Obligations that are Reserve Fund–Secured Junior Lien Obligations. To comply with this requirement, the City has heretofore created and established and now maintains, a separate and special fund or account known as the “City of San Antonio, Waterworks and Sewer System Junior Lien Revenue Bond Reserve Fund” (the “Reserve Fund”), which fund or account is maintained at the Depository. All funds deposited into the Reserve Fund (excluding earnings and income derived or received from deposits or investments which will be transferred to the System Fund during such period as there is on deposit in the Reserve Fund the Required Reserve Amount) shall be used solely for the payment of the principal of and interest on the currently outstanding Junior Lien Obligations that are Reserve Fund–Secured Junior Lien Obligations when and to the extent other funds available for such purposes are insufficient, and, in addition, may be used to retire the last stated maturity or interest on any Junior Lien Obligations that are Reserve Fund–Secured Junior Lien Obligations. As of the date of remarketing of the Bonds, the Reserve Fund is fully funded with a combination of cash, investments, and reserve fund surety policies issued by qualified providers. **The Reserve Fund does not additionally secure the Bonds.**

Except as hereinafter described, as and when Additional Junior Lien Obligations that are Reserve Fund–Secured Junior Lien Obligations are delivered and incurred, the Required Reserve Amount shall be increased, if required, to an amount calculated in the manner provided in the City ordinances authorizing the respective issuance of the Previously Issued Junior Lien Obligations that are Reserve Fund–Secured Junior Lien Obligations. Any additional amount required to be maintained in the Reserve Fund shall be so accumulated by the deposit of the necessary amount of the proceeds of the issue or other lawfully available funds in the Reserve Fund immediately after the delivery of the issue of the then proposed Additional Junior Lien Obligations that are Reserve Fund–Secured Junior Lien Obligations, or, at the option of the City, by the deposit of monthly installments, made on or before the tenth day of each month following the month of delivery of the then proposed Additional Junior Lien Obligations that are Reserve Fund–Secured Junior Lien Obligations, of not less than 1/60th of the additional amount to be maintained in the Reserve Fund by reason of the issuance of the Additional Junior Lien Obligations that are Reserve Fund–Secured Junior Lien Obligations then being issued (or 1/60th of the balance of the additional amount not deposited immediately in cash), thereby ensuring the accumulation of the appropriate Required Reserve Amount.

When and so long as the cash and investments in the Reserve Fund equal the Required Reserve Amount, no deposits need be made to the credit of the Reserve Fund, but, if and when the Reserve Fund at any time contains less than the Required Reserve Amount other than as the result of the issuance of Additional Junior Lien Obligations that are Reserve Fund–Secured Junior Lien Obligations as described in the preceding paragraph), the City has covenanted and agreed to cure the deficiency in the Required Reserve Amount by resuming the Required Reserve Fund Deposits to said Fund or account from the Net Revenues of the System, or any other lawfully available funds, such monthly deposits to be in amounts equal to not less than 1/60th of the Required Reserve Amount covenanted by the City to be maintained in the Reserve Fund with any such deficiency payments being made on or before the tenth day of each month until the Required Reserve Amount has been fully restored. The City has further covenanted and agreed that, subject only to the prior payments to be made to the Bond Fund relating to the Junior Lien Obligations and as required by the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations or any Additional Senior Lien Obligations hereafter issued by the City, the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of the ordinances authorizing the respective issuance of Previously Issued Junior Lien Obligations that are Reserve Fund–Secured Junior Lien Obligations and any other ordinance pertaining to the issuance of any Additional Junior Lien Obligations that are Reserve Fund–Secured Junior Lien Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the City may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount and deposit such surplus in the System Fund; provided, however, to the extent that such excess amount represents bond proceeds, then such amounts must be transferred to the Bond Fund.

See “THE BONDS – Security and Source of Payment; Pledge of Net Revenues” and “SELECTED PROVISIONS OF THE ORDINANCE – Reserve Fund” in APPENDIX D herein.

PAYMENTS TO GENERAL FUND OF THE CITY

General. Pursuant to the Ordinance, the Board is required to transfer to the General Fund of the City, no later than the last business day of each month, an amount of money calculated not to exceed 5% (or such lesser amount as may be determined from time to time by the City Council) of the Gross Revenues (after payment of all Maintenance and Operating Expenses and debt service requirements on any outstanding Debt) for the preceding month to be utilized by the City in the manner permitted by the provisions of Chapter 1502, Texas Government Code, as amended. The

amount so transferred shall be net of all amounts owed by the City to the Board for use of the System's services and facilities by the City and its instrumentalities. The amounts payable to the General Fund of the City are required to be paid *pari passu* with deposits to the Renewal and Replacement Fund. (See "SECURITY FOR THE BONDS – Renewal and Replacement Fund" below.)

To the extent that the available Net Revenues in any month are insufficient for the Board to make all or part of the transfer otherwise required to be made to the General Fund of the City, the Board is required to make up such shortfall (i) in the next month in which available Net Revenues exceed the amounts otherwise required to be transferred to the General Fund of the City and the *pari passu* payment to the Renewal and Replacement Fund, or (ii) to the extent such shortfall has not been made up by the last month of the Fiscal Year, solely from any surplus funds deposited into the Renewal and Replacement Fund during such Fiscal Year. The Board's obligation to make up any shortfall in a Fiscal Year does not carry over to a subsequent Fiscal Year.

Effective with the City's 2020 Fiscal Budget, the transfer to the City increased from 2.7% to 4.0% of Gross Revenues. In SAWS' evaluation of this increase, the foregoing has not materially impacted the System's current financial position or its operations. SAWS transferred \$30,162,000 to the City in SAWS' Fiscal Year 2021.

See "APPENDIX D – SELECTED PROVISIONS OF THE ORDINANCE – Payments to City General Fund" herein.

RENEWAL AND REPLACEMENT FUND

The Renewal and Replacement Fund has been established and confirmed under the Ordinance for the purpose of (i) paying the costs of improvements, enlargements, extensions, additions, replacements or other capital expenditures related to the System, (ii) paying the costs of unexpected or extraordinary repairs or replacements of the System for which System funds are not available, (iii) paying unexpected or extraordinary expenses of operation and maintenance of the System for which System funds are not otherwise available, (iv) depositing any funds received by the City pursuant to the contract with CPS Energy, the City owned electricity and gas utility, for the provision of recycled water (the "CPS Contract"), and such funds, including any interest or income thereon, are required to be maintained in a separate, segregated account of the Renewal and Replacement Fund and may only be used to pay Maintenance and Operating Expenses of the System's water reuse facilities or the debt service requirements on any obligations incurred as permitted by the CPS Contract and in no event may any such amount, including interest and income thereon, be transferred to the General Fund of the City, except as permitted by the CPS Contract, (v) paying bonds or other obligations of the System for which other System revenues are not available, (vi) in the last month of any Fiscal Year to make up any shortfall in the required payments to the General Fund of the City, or (vii) for any other lawful purpose in support of the System.

Deposits to the Renewal and Replacement Fund are required to be *pari passu* with the gross amount payable to the General Fund of the City (prior to the deduction of any charges for water utility services provided by the System to the City) until the full amount payable to the City has been paid. That is, such deposits to the Renewal and Replacement Fund are to be made equally and ratably, without preference, and on a dollar-for-dollar basis with the gross amount payable to the General Fund of the City, prior to the deduction of any charges for services, until the full amount to be paid to the General Fund of the City in a Fiscal Year has been paid. Thereafter all surplus Net Revenues are to be deposited to the Renewal and Replacement Fund. See "APPENDIX D – SELECTED PROVISIONS OF THE ORDINANCE – Renewal and Replacement Fund" herein.

RATE COVENANT

The City has agreed, while any of the Senior Lien Obligations and Junior Lien Obligations are outstanding, to establish and maintain rates and charges for facilities and services afforded by the System that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to produce Gross Revenues in each Fiscal Year sufficient:

- (a) to pay Maintenance and Operating Expenses;
- (b) to produce Pledged Revenues sufficient to pay (i) 1.25 times the Annual Debt Service Requirements for such Fiscal Year on the Senior Lien Obligations, and (ii) the amounts required to be deposited in any reserve or contingency fund created for the payment and security of the Senior Lien Obligations and any other obligations or evidence of indebtedness issued or incurred that are payable from and equally and ratably secured solely by a first lien on and pledge of the Pledged Revenues;
- (c) to produce Net Revenues, together with any other lawfully available funds (including the proceeds of Debt which the City expects will be utilized to pay all or part of the principal and interest on any obligations described in this subparagraph), sufficient to pay the principal of and interest on the currently outstanding Junior Lien Obligations and the Subordinate Lien Obligations or any Additional Junior Lien Obligations, Additional Subordinate Lien Obligations, and/or Inferior Lien Obligations hereafter issued by the City and the amounts required to be deposited in any special fund created for the payment and security of any such obligations, and any other obligations payable from and secured by a junior, subordinate or inferior lien on and pledge of the Net Revenues;
- (d) to produce Net Revenues, together with any other lawfully available funds, to make the required transfers to the General Fund of the City as described in the Ordinance; and
- (e) to pay any other Debt payable from the Net Revenues or secured by a lien on revenues of the System.

See "SAWS' STATISTICAL SECTION AND MANAGEMENT DISCUSSION – Monthly Water, Sewer, and Water Supply Fee Rates" and "APPENDIX D – SELECTED PROVISIONS OF THE ORDINANCE – Rates and Charges" herein.

REFUNDABLE TAX CREDIT BONDS

The refundable tax credits to be received by the City in connection with any obligations secured by System revenues that are designated as obligations entitling the City to the receipt of refundable tax credits from the United States Department of the Treasury under the Internal Revenue Code of 1986, as amended (the “Code”) (including, but not limited, to obligations designated as “build America bonds” and “qualified bonds” under the Code), will be considered as an offset to debt service on those obligations to which the credit relates for the purpose of satisfying any debt service coverage requirements under the Ordinance, including satisfaction of any rate covenant, reserve fund requirement, or prerequisite to the issuance of additional indebtedness at any lien level.

The City has determined that the reduced amount of refundable tax credit payments to be received from the United States Treasury in relation to its outstanding obligations designated as “build America bonds” or “qualified bonds” under the Code as a result of the automatic reductions in federal spending effective March 1, 2013 pursuant to the Budget Control Act of 2011 (commonly referred to as “Sequestration”), and extensions thereof pursuant to the Bipartisan Budget Act of 2013, will not have a material impact on the financial condition of the City or its ability to pay regularly scheduled debt service on its outstanding obligations when and in the amounts due and owing. See Footnote (2) to the table appearing under “DEBT AND OTHER FINANCIAL INFORMATION – Combined System Revenue Debt Service Requirements” herein.

Under current law, Sequestration is scheduled to continue through September 2030. Assuming Congress does not repeal the sequester, the percentage reduction that will be applied to payments of issuers of direct-pay bonds for Fiscal Years 2021 thru 2030 will be 5.7 percent. Additionally, on June 22, 2020, the Internal Revenue Service (“IRS”) issued a notice that due to the suspension or limitation of operations related to the Pandemic, the processing of returns for credit payments to issuers of qualified bonds, including requested payments, were being delayed and such payments continue to be subject to delays. See “EFFECT OF SEQUESTRATION AND IRS OPERATIONS DURING THE PANDEMIC” herein. The City previously defeased and refunded certain maturities of its outstanding Senior Lien Obligations’ issued as tax credit bonds (the “Tax Credit Bonds”). As a result of the foregoing actions, the City’s exposure to any Sequestration risk or any delays in processing by the IRS has been significantly reduced due to the limited remaining principal amount of the Tax Credit Bonds outstanding. See “THE BONDS – Outstanding Debt” herein.

COMMERCIAL PAPER NOTE PROGRAM

The City Council has authorized a Tax-Exempt Commercial Paper Program for the System (the “TECP”) in the amount of \$500,000,000, to be issued from time to time as the City of San Antonio, Texas Water System Commercial Paper Notes, Subseries A-1 (the “Subseries A-1 Notes”), City of San Antonio, Texas Water System Commercial Paper Notes, Subseries A-2 (the “Subseries A-2 Notes”, and collectively with the Subseries A-1 Notes, the “Series A Notes”), City of San Antonio, Texas Water System Commercial Paper Notes, Series B (the “Series B Notes”), and City of San Antonio, Texas Water System Commercial Paper Notes, Series C (the “Series C Notes”). The purpose of the TECP is to provide funds for the interim financing of a portion of the costs of capital improvements to the System. Scheduled maturities of the short-term borrowing under the TECP may not extend past September 13, 2058. Liquidity support for the entire TECP is currently in place with the following liquidity agreements. The City entered into two separate revolving credit agreements, the first with JPMorgan Chase Bank, National Association (“JPMorgan”), which expires in accordance with its terms on October 4, 2023 (the “Subseries A-1 Credit Agreement”) and the second with Wells Fargo Bank, N.A. (“Wells Fargo”), which expires in accordance with its terms on January 5, 2024 (the “Wells Fargo Credit Agreement”). Capacity under the Wells Fargo Credit Agreement is currently available in the amount of \$100,000,000. The TECP is also supported by a note purchase agreement directly placed with JPMorgan (the “Subseries A-2 Purchase Agreement” and together with the Subseries A-1 Credit Agreement, the “Series A Credit Agreements”; collectively with the Wells Fargo Credit Agreement, the “Credit Agreements”), the term of which runs concurrently with the Subseries A-1 Credit Agreement, and the Subseries A-2 Notes are not currently eligible to be publicly marketed and sold. JPMorgan supports the Series A Notes under the Series A Credit Agreements in the amount of \$400,000,000. The City initially issued, and is required to maintain \$2,000,000 outstanding under the Subseries A-2 Purchase Agreement (reducing the available support under the Series A Credit Agreements to \$398,000,000).

As of the date of this Remarketing Memorandum, \$229,585,000 in Commercial Paper Notes are outstanding, comprised of \$227,585,000 in Subseries A-1 Notes and \$2,000,000 in Subseries A-2 Notes. Any advances for payment of the Commercial Paper Notes under the Credit Agreements are secured by a lien and pledge of the Net Revenues of the System subordinate to the Senior Lien Obligations, and the Junior Lien Obligations (including the Bonds), and on a parity with the Commercial Paper Notes (which are the only Subordinate Lien Obligations currently outstanding), and the System’s obligations under the interest rate hedge transaction described herein. (See “DEBT AND OTHER FINANCIAL INFORMATION – Interest Rate Hedge Transaction” herein.)

THE SAN ANTONIO WATER SYSTEM

HISTORY AND MANAGEMENT

On February 13, 1992, the City Council determined that it was in the best interest of the citizens of the City and the customers served by the water and wastewater systems to consolidate all water related systems, functions, agencies, and activities into one agency. This action was taken due to the myriad of issues confronting the City related to the development and protection of its water resources. The consolidation provided the City a singular voice of representation when promoting or defending the City’s goals and objectives for water resource protection, planning and development when dealing with local, regional, state, and federal water authorities and officials.

Final City Council approval for the consolidation was given on April 30, 1992 with the approval of Ordinance No. 75686 (the “System Ordinance”). The System Ordinance approved the creation of the System, a single unified system consisting of the City’s existing waterworks (formerly the City Water Board), wastewater and water reuse systems (formerly departments of the City), together with all future improvements and additions thereto, and all replacements thereof. In addition, the System Ordinance authorizes the City to incorporate into the System a stormwater system and any other related system to the extent permitted by law.

Simultaneously with the creation of the System, the City sold its \$635,925,000 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 1992 for the purpose of (i) enabling the City to consolidate its waterworks, wastewater and water reuse systems, and (ii) refunding all outstanding obligations of the City issued to finance improvements to and extensions of its waterworks, wastewater and water reuse systems; and refunding certain other outstanding obligations relating to the City’s waterworks, wastewater and water reuse systems, which are secured by and payable from a pledge of revenues derived from, the City’s waterworks, wastewater and water reuse systems, respectively. The City believes that refunding the obligations and establishing the System in 1992 has allowed the City greater flexibility in meeting future financing requirements. More importantly, it has allowed the City to develop, implement, and plan for its water needs through a single agency.

The System provides water and wastewater service to the majority of the population within the corporate limits of the City and the County. The System employs 1,669 personnel and maintains approximately 13,306 miles of water and sewer mains.

The complete management and control of the System is vested in the Board, which initially had five members. Subsequent legislation authorized expansion to a board consisting of seven members. The Board consists of the Mayor of San Antonio (as an ex-officio Board member) and up to six persons who are residents of the City or reside within the area serviced by the System. With the exception of the Mayor, all other Board members are appointed by the City Council for four-year, staggered terms, and are eligible for reappointment for one additional four-year term. Four Board members must be appointed from four different quadrants in the City and two Board members are appointed from the north and south sides of the City. Notwithstanding the foregoing, the membership on the Board may be increased to an amount greater than seven, to include the Mayor of the City as an ex-officio member, as otherwise appointed by the City Council.

Attached hereto as APPENDIX B is SAWS’ Annual Comprehensive Financial Report for the Fiscal Year ended December 31, 2021 which provides the System’s recent audited operating results and is available through SAWS’ website at www.saws.org. See “APPENDIX B – SAN ANTONIO WATER SYSTEM ANNUAL COMPREHENSIVE FINANCIAL REPORT”. Attached hereto as APPENDIX C are the System’s unaudited operating results, being those available through June 30, 2022. See “APPENDIX C – UNAUDITED FINANCIAL STATEMENTS (THROUGH JUNE 30, 2022)”.

The present members of the Board are:

<u>Board</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Jelyne LeBlanc Jamison Chairwoman	2 Years, 3 Months	May 31, 2026	President and CEO The Center for Health Care Services
David McGee Vice Chair	8 Years, 1 Month	May 31, 2025	President/CEO of San Antonio Region Amegy Bank of Texas
Eduardo Parra Secretary	4 Years, 7 Months	May 31, 2025	CEO – Principal Engineer Parra & Co., LLC.
Amy Hardberger Assistant Secretary	4 Years, 7 Months	May 31, 2025	McCleskey Professor of Law and Director of the Texas Tech Center for Water Law and Policy Texas Tech School of Law
Ed Belmares Trustee	2 Years, 1 Month	May 31, 2024	Owner IConnect, LLC
Marilu Reyna Trustee	1 Year	May 31, 2026	Communications Executive BCFS
Ron Nirenberg, Mayor and Ex-Officio Member	5 Years, 4 Months	May 31, 2023	Broadcast General Manager

Except as provided in the System Ordinance, the Board has absolute and complete authority and power to control, manage, and operate the System and controls the expenditure and application of the Gross Revenues of the System and in connection therewith is vested with all of the powers of the City with respect thereto, including all powers necessary or appropriate for the performance of all covenants, undertakings, and agreements of the City contained in the System Ordinance, and with the exception of fixing rates and charges for services rendered by the System and other matters hereinafter described, the Board has full power and authority to make rules and regulations governing the furnishing of services of the System to customers for the payment of the same, and for the discontinuance of such services upon the failure of customers to pay for the services.

The Board, to the extent authorized by law, has authority to make extensions, improvements, and additions to the System and to acquire by purchase or otherwise properties of every kind in connection therewith.

EXCEPTIONS

As noted, under the System Ordinance, only the City Council can fix rates and charges for service rendered by the System. Similarly, State law provides that only the City Council can authorize the sale of revenue bonds or other securities, exercise the use of condemnation for the acquisition of real property, and select and appoint members of the Board. Additionally, Ordinance No. 74050 adopted on August 1, 1991, provides that the disposition of real property by the System requires some degree of oversight by the City.

The general operations of the System are under the supervision of the President/Chief Executive Officer who is employed by the Board. The Board shall appoint and employ all other officers, employees, and professional consultants, which it may deem desirable.

ADVISORY COMMITTEES

There are three ongoing advisory committees which provide comment and report to the Board and the System staff on System projects and activities: the Customer Experience Committee (“CEC”), the Community Conservation Committee (“CCC”), and the Capital Improvements Advisory

Committee (“CIAC”). Members for each of these committees are sought to represent diverse interests from the System’s service area. In addition to these ongoing advisory committees, the Rate Advisory Committee (“RAC”) is a special purpose committee that was implemented in 2019. Similar to the other committees, the membership of RAC is designed to represent diverse viewpoints from the System’s service area.

Customer Experience Committee. The CEC was created on April 6, 2021. The members of the committee are appointed by the Board with input from City Council and other stakeholders. The purpose of the CEC is to both involve the community in the System’s development of operations and outreach, as well as provide key representatives that can act as ambassadors to the community. The CEC will work with System staff to provide customer perspectives and serve as an outlet of information to the community on System activities and programs.

Community Conservation Committee. The CCC was organized in 1996 to provide input to System staff and the Board on conservation issues. The CCC is the cornerstone of the System’s public involvement in conservation and drought management efforts. The members of the committee are appointed by the Board with input from City Council and other stakeholders.

The CCC provides input on program development, program performance, and new program ideas. Some of its work is accomplished through focus groups that enlist community experts to address specific issues – residential, commercial, institutional, and industrial. Over the last several years, the CCC’s major accomplishments included the development of a pilot program to evaluate and reduce water use among the System’s top commercial and residential users and assistance in the development of better marketing methods to inform the community about conservation programs. The CCC has also been instrumental in providing input as the System’s conservation focus shifted to a primarily outdoor paradigm.

Capital Improvements Advisory Committee. The CIAC advises the City Council on impact fees and was first formed in 1987. The 11-member committee is appointed by City Council (one from each City Council district and one member appointed by the Mayor to represent the City’s extraterritorial jurisdiction), with representation from the real estate and development industry and the general community.

Impact fees are one-time fees charged to developers for new development to pay for general benefit facilities such as treatment plants, tanks, wells, water supply projects, and large transmission mains and outfall mains. Collecting adequate impact fees helps fund construction of infrastructure needed to support growth with minimum impact on existing ratepayers. The impact fees are required to be updated at least every 5 years, with the most recent update approved May 16, 2019. (See “SAWS’ STATISTICAL SECTION AND MANAGEMENT DISCUSSION – Impact Fees” herein.)

Rate Advisory Committee. During 2019, SAWS began a comprehensive rates, fees, and charges study (the “2019 Rate Design Study”). The purpose of the 2019 Rate Design Study was to provide SAWS with information regarding the rate structures for water delivery, water resource development, recycled water, and wastewater. The RAC, comprised of a cross-section of SAWS’ customers, assisted with and provided input to the Board on the 2019 Rate Design Study. The RAC met a total of eight times from September 2019 to February 2020. During these meetings, the RAC prioritized pricing objectives, reviewed usage characteristics and cost allocation methodologies, and approved the cost of service by customer class recommendations. As a result of the Pandemic, the RAC was indefinitely suspended in March 2020.

In 2022, SAWS began a new comprehensive rates, fees, and charges study (the “2022 Rate Design Study”) which incorporated certain of the findings and accomplishments of the 2019 Rate Design Study. The Board appointed a new RAC to review SAWS existing rate structures and make rate design recommendations for water and wastewater rates. The RAC met seven times from February 2022 through June 2022 and has finalized their rate design recommendations. SAWS has briefed the Board and City Council and will begin a public outreach phase where the RAC’s recommendations will be reviewed with various community and business stakeholders. The final rate recommendations will be submitted to the Board for consideration in late 2022. Any rate changes approved by the Board would also require approval by the City Council to become effective and would likely not take effect until at least Fiscal Year 2023.

ADMINISTRATION AND OPERATING PERSONNEL

The President/Chief Executive Officer of SAWS is Robert R. Puente. Prior to joining SAWS in May 2008, Mr. Puente served in the Texas House of Representatives where he was Chair of the House Natural Resources Committee and served on the House Local Ways and Means Committee. Mr. Puente was first elected to the Texas House of Representatives in 1991. Mr. Puente also received his Doctor of Jurisprudence from The University of Texas School of Law in 1982, and practiced law as a private attorney and managed his own firm from 1983 to 2008.

The Senior Vice President/Chief Operating Officer is Steven M. Clouse. Mr. Clouse retired from SAWS as Senior Vice President/Chief Operating Officer effective December 31, 2018 after more than 30 years of service. Mr. Clouse worked in several departments and served in many capacities prior to his retirement. Mr. Clouse returned to SAWS effective December 2, 2019 as the Senior Vice President of Engineering and Construction and transitioned to Senior Vice President/Chief Operating Officer in February 2020. He announced his second retirement, planned for the end of calendar year 2022. Prior to the System’s inception in 1992, he worked for the Environmental Management Department of the City.

The Senior Vice President/Chief Financial Officer is Douglas P. Evanson. Mr. Evanson joined SAWS in April of 2005. Prior to joining SAWS, Mr. Evanson was the Assistant Treasurer at Black & Veatch. Before that, he was the Chief Financial Officer for United Energy and Multinet Gas, electricity and natural gas distribution companies located in Melbourne, Australia.

The Senior Vice President/Chief Legal and Ethics Officer is Nancy Belinsky. Ms. Belinsky joined the System in 2003. Prior to joining SAWS, Ms. Belinsky practiced commercial real estate law with the law firm of Akin Gump Strauss Hauer and Feld LLP. Ms. Belinsky received her Doctor of Jurisprudence from St. Mary’s University School of Law.

The Vice President of Human Resources is Sharon De La Garza. Ms. De La Garza joined the System in 2012. Prior to joining SAWS, Ms. De La Garza was Assistant City Manager for the City of San Antonio, having spent a total of ten years with the City. Ms. De La Garza also served as the Assistant Human Resources Director and Human Resource Director for the City of Dallas, Texas from 1999 to 2004.

The Vice President of Water Resources & Governmental Relations is Donovan Burton. Mr. Burton joined SAWS in November of 2006. Prior to joining SAWS, he worked for 10 years for a local State Representative in Austin, heading up a legislative office and a committee with primary jurisdiction over military and homeland security issues. Mr. Burton also served in the U.S. Navy for four years from 1989-1993.

The Vice President of Communications & External Affairs is Gavino Ramos. Mr. Ramos joined the System in early 2015. Prior to joining the System, Mr. Ramos served as Director of Corporate Communications for the Leonard Holding Company. Mr. Ramos also serves as the Vice Chairman of the Alamo Regional Mobility Authority.

The Chief of Staff/Vice President of Operations Support & Innovation is Jaime Castillo. He is also serving in the role of Interim Vice President – Distribution and Collection. Mr. Castillo joined SAWS in August 2017. Prior to joining SAWS, Mr. Castillo served in various strategic communications roles at the municipal and federal levels, including Assistant Secretary of Public Affairs at the U.S. Department of Housing and Urban Development.

The Vice President of Customer Experience & Strategic Initiatives is Mary Bailey. Ms. Bailey joined SAWS in September 2006. Before her promotion to her current role in 2018, Ms. Bailey served as Vice President of Accounting & Financial Planning for the System. Prior to joining SAWS, Ms. Bailey served in various accounting positions at both privately-owned and publicly-traded companies.

Name	Position	Length of Service with System	Total Government Service
Robert R. Puente	President/Chief Executive Officer	14 Years, 5 Months	31 Years, 9 Months
Steven M. Clouse ⁽¹⁾	Senior Vice President/Chief Operating Officer	32 Years, 2 Months	33 Years, 11 Months
Douglas P. Evanson	Senior Vice President/Chief Financial Officer	17 Years, 6 Months	17 Years, 6 Months
Nancy Belinsky	Senior Vice President/Chief Legal and Ethics Officer	19 Years, 6 Months	19 Years, 6 Months
Sharon De La Garza	Vice President – Human Resources	10 Years, 6 Months	26 Years, 6 Months
Donovan Burton	Vice President – Water Resources & Governmental Relations	15 Years, 11 Months	30 Years, 3 Months
Gavino Ramos	Vice President – Communications & External Affairs	7 Years, 6 Months	7 Years, 6 Months
Jaime Castillo	Chief of Staff/Vice President – Operations Support & Innovation and Interim Vice President – Distribution and Collection ⁽²⁾	5 Years, 1 Month	12 Years, 7 Months
Mary Bailey	Vice President – Customer Experience & Strategic Initiatives	16 Years	16 Years

⁽¹⁾ Mr. Clouse previously announced his plans to retire at the end of calendar year 2022. SAWS engaged a management recruiting firm to assist in a national search to identify a successor.

⁽²⁾ Mr. Castillo assumed the additional role of Interim Vice President – Distribution and Collection, on September 26, 2022, upon the departure of the prior individual serving in this capacity. SAWS plans a search for a permanent replacement.

SYSTEM STRUCTURE

The System is structured to strategically position functions to maximize efficiencies and responsiveness to System customers. Eight groups report to the President/Chief Executive Officer, which include the Senior Vice President/Chief Operating Officer, Senior Vice President/Chief Financial Officer, Senior Vice President/Chief Legal and Ethics Officer, Vice President – Human Resources, Vice President – Water Resources & Governmental Relations, Vice President – Communications & External Affairs, Chief of Staff/Vice President – Operations Support and Innovation, and Vice President – Customer Experience & Strategic Initiatives.

The Internal Audit Department, which is responsible for financial and operational audits of System departments, divisions, activities, and programs, reports functionally to the Board and administratively to the President/Chief Executive Officer.

President/Chief Executive Officer. The President/Chief Executive Officer is responsible and accountable for leading and managing the System, including the implementation of the policy goals set by the Board and City Council. The President/Chief Executive Officer sets the vision and works alongside employees to achieve SAWS’ mission and goals.

Senior Vice President/Chief Operating Officer. The Senior Vice President/Chief Operating Officer is responsible for the day-to-day operations of the System. The following groups report directly to the Chief Operating Officer:

Production and Treatment

The Production and Treatment group provides the essential function of managing the 24-hour-a-day operation of the Waterworks System and Wastewater System (each as defined herein). The group is responsible for the production and distribution of potable water; the treatment of wastewater for distribution in the recycle system or discharge; the processing of wastewater biosolids for ultimate disposal; the distribution of recycled water for reuse purposes; and management of the City-wide odor control program. The group consists of the following departments:

- Production – Manages the production of potable water across the System’s service area. Operates the System’s potable water facilities, recycle water distribution, and the Agua Vista Facility and H₂Oaks Facility operations, including the Aquifer Storage and Recovery (“ASR”) operations. Also manages the Production Mechanical Maintenance unit and associated instrumentation and controls;
- Treatment Operations Management – Oversees all operations of the three water recycling centers which includes biosolids processing to ensure proper recycling or disposal in compliance with State and federal regulations. Also manages the Wastehauler program and odor control program and operates the recycle water system outfalls and environmental flows to rivers;

- Treatment Maintenance Management – Manages centralized mechanical and electrical maintenance across all the System’s production, treatment, and lift station facilities to include the Agua Vista Facility and H2Oaks Facility. The department also maintains the recycle water outfalls and special construction and repairs across the System; and
- Predictive Maintenance – Manages and plans maintenance functions within the Production and Treatment group, as well as performs analysis to reduce critical infrastructure failures and ultimately improve systems.

Sewer System Improvements

The Sewer System Improvements Department is responsible for developing, implementing, and administering various programs designed to reduce sanitary sewer overflows in the wastewater collection and transmission system (“WCTS”), including the following:

- Capacity Assessment – Responsible for evaluating the capacity of the wastewater collection and transmission system through flow monitoring and a series of hydraulic modeling, direct the Inflow/Infiltration Reduction Program to decrease excess flow from entering the WCTS during significant rain events;
- Capacity, Management, Operation & Maintenance – Comprehensive program encompassing activities to optimize the performance of the wastewater collection and transmission system related to sanitary sewer overflow (“SSO”) reduction, including a System-wide cleaning program, Fats, Oils, and Grease Control Program, and Smart Cover/Clean Program;
- Program Administration – Leads the comprehensive Sewer System Improvement program activities related to SSO reduction. Provides overall data management and reporting pertaining to the operations and maintenance of the wastewater collection and transmission system; and
- Structural Sewer Assessment – Provides program direction for activities associated with inspecting, assessing, and performing remedial measures associated with condition and capacity constraints in the wastewater collection and transmission system.

Distribution and Collection Operations

The Distribution and Collection Operations group operates, maintains, and repairs the water and wastewater mains, recycled water distribution lines, and chilled water lines ensuring the System’s customers receive uninterrupted, quality potable water and associated wastewater services. This is accomplished by providing:

- Construction & Maintenance – Repairs and proactively maintains the wastewater collection system, including line cleaning and televising to verify sewer infrastructure condition and pinpoint defects. Hydrant Maintenance and Leak Detection oversees proactive leak detection, valve assessment, and fire hydrant maintenance programs. Contractor Inspections direct external support of water and sewer repairs as well as concrete and asphalt restoration. Field Utility Coordinators also perform emergency and routine field investigations including utility locate services, and oversees proactive manhole inspections;
- Operations Support – Provides administrative support to departments within the group, including invoice processing, data management, service contract management, materials acquisition, and notification services for maintenance crews; and
- Operation Centers – SAWS’ utility crews are mobilized from five strategically located operations centers throughout the City: Northeast, East Side, North Side, West Side, and Steven M. Clouse Water Recycling Center (formerly Dos Rios) on the South Side. SAWS’ operations centers are staffed with the necessary resources to properly repair and maintain underground water, wastewater, recycled water, and chilled water infrastructure throughout the SAWS’ service area, including surface restoration.

Engineering and Construction

The Engineering and Construction group coordinates the development and execution of the System’s annual CIP (see “DEBT AND OTHER FINANCIAL INFORMATION – Capital Improvement Program” herein). The group performs engineering analysis of existing facilities and plans new infrastructure to meet the increasing water and wastewater demands of the growing community. The group also manages the design and construction of new and replacement water and wastewater infrastructure. The Engineering and Construction group is further broken down into the following departments:

- Project Controls – Oversees the CIP and supports the Sanitary Sewer Overflow Reduction Program compliance through project execution. Project Controls focuses on cost, schedule, document and data management, quality control and compliance audits;
- Pipelines – Plans and coordinates design activities and for new and rehabilitated or replacement of the water distribution system and wastewater collection system projects. Coordinates the adjustment of SAWS’ facilities within public right of way (state, county, and city) in accordance with the governmental program;
- Construction – Inspects construction projects for water and sewer and water supply projects;
- Development – Manages impact fee program, develops water and wastewater master plans, coordinates infrastructure necessary for new development, and provides engineering support to Distribution and Collection Operations and Production and Treatment Operations;
- Plants and Major Projects – Plans and coordinates design activities water transmission projects, potable and recycled water production facilities, and wastewater treatment plants; and
- Asset Management – Oversees efforts of condition assessment activities in order to maximize usage of SAWS’ assets and infrastructure and operational support.

Senior Vice President/Chief Financial Officer. The Senior Vice President/Chief Financial Officer is responsible for the overall financial management of the System. The following groups report directly to the Senior Vice President/Chief Financial Officer:

Financial Services

The Financial Services Group is headed by the Senior Vice President/Chief Financial Officer and ensures the utility's efficient operation by effectively managing and reporting on the corporate financial position, ensuring financial compliance with current legal and regulatory requirements, and providing timely financial support, services, and guidance to internal and external stakeholders. This is accomplished through the following functions:

- Accounting and Business Planning:
 - Accounting – Responsible for accurate and timely accounting and financial reporting through the general accounting, property accounting, payroll, and accounts payable departments.
 - Business Planning – Ensures that SAWS' strategic objectives are financially supported through short and long range financial planning, developing, and implementing the annual budget and developing rates sufficient to fund SAWS' capital and operating activities.
- Treasury – Responsible for banking relationships, investment and debt management, and remittance (customer payment) processing; and
- Purchasing – Manages the processing and contracting of all procurement requests for materials, supplies, and services. Also manages the inventory control function.

Information Services

Information Services delivers quality, secure, cost-effective applications and information technology services, which promote innovation to sustain growth while enabling SAWS to better serve its valued customers. This group is further broken down into the following departments:

- Enterprise Solutions:
 - Geographic Information Systems (“GIS”) – Develops, analyzes, and delivers geographic data and solutions related to SAWS' infrastructure and activities.
 - Control Systems – Implements, monitors, and maintains supervisory control and data acquisition systems.
 - Enterprise Resource Planning – Responsible for the programming, configuration, implementation, support, and sustainability for all major business support applications.
 - Data and Platform Services – Manages the enterprise data warehouse, business intelligence and GIS platforms to provide SAWS timely information for decision making.
 - Innovative Systems – Delivers rapid and effective development of innovative solutions for SAWS with a specific focus on improving customer experience through technology.
- Shared Services – Supports SAWS' technology initiatives through project life-cycle management, metrics-based tracking, business process re-engineering, quality control/assurance, and organizational change management.
 - Client Services – Supports workstation and related peripheral devices across the System, including desktop support services as well as technology, software orders, and requisitions.
 - Billing and Print Shop – Provides computer operations and bill printing services as well as copy services.
- IT Infrastructure and Operations:
 - Operations – Manages telecommunication services including Internet protocol (IP) telephone, teleconferencing, call center systems, interactive voice response systems, recording systems, digital radio systems and 911 systems.
 - Engineering – Provides network and Internet services, including all aspects of network architecture and engineering, and wired and wireless network infrastructure for SAWS' facilities.
 - Infrastructure – Responsible for all aspects of System's administration, database administration, systems software and hardware, the storage area network, backup, and disaster recovery.
- Information Security – Responsible for developing, monitoring, and maintaining cyber security controls to protect the confidentiality, integrity, and availability of enterprise data and information systems assets.

Senior Vice President/Chief Legal and Ethics Officer. The Senior Vice President/Chief Legal and Ethics Officer provides legal advice and counsel to the Board and System management and is responsible for strategic management and all real estate assets and purchases, and administration of all contracts for construction and professional services. This group consists of the following departments:

- Legal Services – Provides full service, in-house legal support to the Board, Executive Management, and staff; manages the activities of outside legal counsel. The range of legal expertise includes water resources, labor and employment, litigation management, real estate, general transactional, environmental, and public law;
- Contracting – Manages the administration of all construction and professional services contracts and oversees administration of the System's Award Winning Small, Minority, Women and Veteran Owned Business Program;
- Corporate Real Estate – Manages real property acquisitions, dispositions, and lease management activities and supports all construction and maintenance activities by obtaining all rights of entry and easements; and
- Records Management – Manages all utility records in compliance with Texas Local Government Records Act, Texas Public Information Act, and best records management practices.

Vice President – Human Resources. The Vice President – Human Resources is responsible for all aspects of human resources. Human Resources is committed to attracting, training, and retaining a workforce of qualified employees to achieve the goals and mission of SAWS. Human Resources consists of the following departments:

- Talent Acquisition & Succession – Proactively implements recruitment strategies to attract, secure and retain top talent for SAWS. Recruits employee resources required by all administrative and operational areas. Forecasts and assists organizational areas with succession management;
- Learning & Development – Develops strategies and designs for organizational development, talent and performance management, employee engagement, and change management functions. Manages learning initiatives around a continuous cycle of needs analysis, design, project management, delivery, and evaluation. Helps lead culture change through processes that support organizational learning, including the continual enhancement of the performance evaluation process;
- Employment Relations – Provides proactive assistance to employees and supervisors regarding the interpretation and implementation of policies, procedures, and directives. Provides direction and oversight for a variety of employment matters, including performance and disciplinary issues, investigations into formal complaints, and other workplace concerns;
- Compensation & Benefits – Develops and manages the employees’ compensation, benefit, and wellness programs, balancing competitiveness and cost efficiency for these plans and programs. Responsible for the plan development and fiscal accountability of all medical and prescription plans, pension programs, wellness initiatives, and oversees the administration of these plans and programs;
- Risk Management – Manages all facets of the comprehensive commercial insurance program including administration of premises risk assessments. Administers all workers compensation, casualty, and subrogation claims; and
- Safety & Environmental Health – Coordinates all workplace safety activities to ensure a safe environment for employees. Partners with organizational management in anticipating safety challenges and exploring opportunities for improvement.

Vice President – Water Resources & Governmental Relations. The Vice President – Water Resources & Governmental Relations is responsible for the development and management of water supplies, drought management, and water rights acquisitions. The group consists of the following departments:

- Water Resources – Implements SAWS’ long-range Water Management Plan, through proactively managing existing supplies to ensure customer needs are met and leading efforts in the planning and development of new water supply opportunities to meet the City’s population growth. The department also manages the day-to-day obligations and oversight of the contract with Vista Ridge. Water Resources is also responsible for the marketing of the direct recycled water program as well as directing efforts to minimize non-revenue water and ensuring efficient use of water;
- Governmental Relations – Identifies and manages critical issues that have public impact and manages key strategic policy issues and relationships with elected officials and agencies at the regional, state, and federal levels;
- Resource Protection & Compliance – Ensures water quality of all sources are protected; enforces the regulatory requirements established to protect regional water quality; monitors best management practices at construction sites; utilizes an extensive sampling and monitoring network for compliance purposes and oversees the dead end main flushing and backflow testing activities; and
- Laboratory Technical Services – Provides analytical services for all of SAWS’ water quality needs. Performs a wide variety of routine environmental tests to support SAWS’ water and wastewater activities. The lab is accredited by the TCEQ under the National Environmental Laboratory Accreditation Program.

Vice President – Communications & External Affairs. The Vice President – Communications & External Affairs is responsible for providing proactive strategic outreach and partnerships to inform and involve System customers and stakeholders, driving the image and success of the organization. This is accomplished through:

- Communications – Manages and directs mass communications efforts through the following departments:
 - Creative Services – Develops the creative content for all internal and external communication efforts including newsletters, brochures, website, and advertisements.
 - Public Relations – Manages news media relations for accuracy and appropriate messaging in news coverage concerning SAWS. Coordinates community events, manages social media content, and directs advertising to promote awareness of SAWS’ programs, projects, and image.
- External Affairs – Manages outreach efforts with customers, neighborhood and civic leaders, and City Council members. Implements the SAWS Affordability Program that aids economically disadvantaged customers so that they have access to water and sewer service. Develops and conducts adult and youth educational programs to inform and promote water awareness in the community; and
- Conservation – Delivers nationally recognized programs that achieve cost-effective water savings while enhancing quality of life. San Antonio’s cheapest source of water is conservation. To help keep rates affordable, SAWS aggressively promotes efficient commercial and residential water use through education, outreach, incentives, and drought ordinance rules.

Chief of Staff/Vice President – Operations Support & Innovation. The Chief of Staff/Vice President – Operations Support & Innovation oversees the operation of Fleet and Facilities, Chilled Water Operations, and Security. The group consists of the following departments:

- Security – Manages a proactive security program and associated support contracts for all SAWS’ facilities;
- Fleet and Facilities – Provides comprehensive maintenance services for all SAWS’ vehicles and equipment. Fleet also manages vehicle replacement and disposal. Facilities Maintenance provides building maintenance and management services at SAWS’ facilities. The department also includes the following functions:
 - Chilled Water Operations provide service to customers in downtown and at Port San Antonio.
 - Office of Energy Management manages the process for electric/gas services metering, bill review and payment for SAWS’ activities.
- Continuous Improvement and Innovation – Conducts business performance reviews and process analysis across the organization to streamline operations, maximize budgetary resources, promote efficiencies, enhance customer service, and implement innovative management practices.

Vice President – Customer Experience & Strategic Initiatives. The Vice President – Customer Experience & Strategic Initiatives is responsible for providing the highest level of service to System customers at all times, responding in the most expedient and professional manner possible. This group is also responsible for the accurate and timely billing of System customers and maintenance of customer accounts. This group consists of the following departments:

- Billing and Customer Care – Reviews the billing process for accuracy of all the System’s bills printed daily and resolves customer billing issues. Also handles all inbound telephone, electronic, and in-person customer inquiries regarding billing, account information, service problems and payments;
- Field Operations – Responsible for all meter related services including setting new meters, replacing existing meters, meter reading, service turn-on/off requests, and service investigations. Manages the Advanced Metering Infrastructure operations department, which is responsible for executing the program to install electronic meters across SAWS’ service area, managing System performance, and responding to meter-related alarms and events. Reduces revenue loss through theft detection efforts;
- Performance Analysis and Training – Responsible for data analytics, training, and process improvements throughout Customer Service; ensures quality of customer interactions; and
- Emergency Operations Center – Manages 24-hour emergency center and reports/dispatches crews for water leaks, main breaks, and overall tactical response to problems with the System.

THE SYSTEM

The System includes all water resources, properties, facilities, and plants owned, operated, and maintained by the City relating to supply, storage, treatment, transmission, and distribution of treated potable water, and chilled water (collectively, the “Waterworks System”); collection and treatment of wastewater (the “Wastewater System”); and treatment and reuse of wastewater (the “Water Reuse System”). The System does not include any “Special Projects” which are declared by the City, upon the recommendation of the Board, not to be part of the System and are financed with obligations payable from sources other than ad valorem taxes, Pledged Revenues, or Net Revenues or any water or water-related properties and facilities owned by the City as part of the System.

In addition to the water related utilities, which the Board has under its control, on May 13, 1993, the City Council approved Ordinance No. 77949 which established initial responsibilities over the stormwater quality program with the Board and adopted a schedule of rates to be charged for stormwater drainage services and programs. As of the date hereof, the stormwater program is not a part of the System. (See “THE SAN ANTONIO WATER SYSTEM – Stormwater System” herein.)

Since 2006, the System has submitted 21 separate applications to the appropriate regulatory agency to generally expand its CCN or service areas, for water and sewer service, to the extraterritorial jurisdiction (the “ETJ”) boundary of the City. These applications were ultimately approved in 2013 and have added 28,309 acres to the water service area and 276,849 acres to the sewer service area. The Public Utility Commission of Texas (the “PUC”) has legal jurisdiction over the application for, and modifications to, CCNs in the State. Consequently, when PUC grants a CCN to a water or sewer purveyor, it provides that purveyor with for the exclusive right to provide retail service. By generally expanding the CCN to the ETJ, developments needing retail water and sewer service within the CCN must apply to SAWS. Service can then be provided according to System standards, avoiding small, undersized systems servicing new development. The expansion of the CCN supports development regulations for the City. Within the ETJ, the City has certain, though limited, standards for the development that ensure areas developed in the ETJ and when annexed by the City will already have some City development regulations in place. On July 12, 2022, the Board authorized the transfer to all SAWS’ CCN in Kendall County, Texas, consisting of approximately 520 acres of water CCN and 317 acres of sewer CCN to SJWTX, Inc., an investor-owned retail water and sewer service utility and holder of other CCN in Kendall County. The transfer is subject to approval by the PUC.

WATERWORKS SYSTEM

The City acquired its Waterworks System in 1925 through the acquisition of the San Antonio Water Supply Company, a privately owned company. Since such time and until 1992, when the System was created, management and operation of the Waterworks System was under the control of the City Water Board. The System’s authority to provide potable water service within a defined area was established by CCN No. 10640 originally issued by the PUC on November 1, 1979, as amended, and updated with substantial expansion as reflected in its certificate currently on file at the TCEQ. The System’s Waterworks System service area currently extends over approximately 934 square miles, making it the largest water purveyor in the County. The System serves approximately 93% of the water utility customers in the County. As of December 31, 2021, the System provided potable water service to approximately 545,000 customer connections. Potable water service is provided to residential, commercial, multifamily, industrial, and wholesale accounts. The System monitors its Waterworks System on a constant basis to ensure compliance with the Safe Drinking Water Act. (See “ENVIRONMENTAL AND REGULATORY MATTERS” herein.)

The Waterworks System currently utilizes 57 elevated storage tanks and 68 ground storage reservoirs, of which 28 act as both, with combined storage capacities of approximately 308 million gallons. As of December 31, 2021, the Waterworks System maintained 7,511 miles of distribution mains, ranging in size from 4 inches to 61 inches in diameter, the majority of which are between 6 inches and 12 inches in diameter.

WASTEWATER SYSTEM

The City Council created the City Wastewater System in 1894. A major sewer system expansion program began in 1960 with bond proceeds for new treatment facilities and an enlargement of the Wastewater System. In 1970, the City became the regional agent of the TCEQ. In 1992, the Wastewater System was consolidated with the City’s Waterworks and Recycling Systems to form the System.

The System serves a substantial portion of the residents of the City, 12 governmental entities, and other customers outside the corporate limits of the City. As regional agent, the System has certain prescribed boundaries that currently cover an area of approximately 630 square miles. The System also coordinates with the City for wastewater planning for the City’s total planning area, its ETJ, of approximately 1,107 square miles. The

population for this planning area is approximately 1.6 million people. As of December 31, 2021, the System provided wastewater services to approximately 487,370 customer connections.

In addition to the treatment facilities owned by SAWS, there are seven other entities who operate sewage and treatment plants within the County.

The Wastewater System is composed of approximately 5,800 miles of mains and three major treatment plants, Steven M. Clouse (formerly Dos Rios), Leon Creek, and Medio Creek. All three plants are conventional activated sludge facilities. The System holds Texas Pollutant Discharge Elimination System (the “TPDES”) wastewater discharge permits, issued by the TCEQ for 187 million gallons per day (“MGD”) in treatment capacity and 46 MGD in reserve permit capacity. See “ENVIRONMENTAL AND REGULATORY MATTERS” herein. The permitted flows from the Wastewater System’s three regional treatment plants represent approximately 98% of the municipal discharges within the City’s ETJ.

CHILLED WATER SYSTEM

The System owns, operates, and maintains four thermal energy facilities providing chilled water services to governmental and private entities. Two of the facilities, located in the City’s downtown area, provide chilled water to 21 customers. They include various City facilities such as the Henry B. Gonzalez Convention Center and the Alamodome, which constitute a large percentage of the System’s downtown chilled water annual production requirements. In addition to City facilities, the two central plants also provide chilled water service to a number of major hotels in the downtown area, including the Grand Hyatt, Marriott Riverwalk, and Hilton Palacio Del Rio. The other two thermal energy facilities owned and operated by the System are located at the Port of San Antonio industrial area (formerly Kelly USA) and provide chilled water to large industrial customers that include Standard Aero and Boeing Aerospace. The System’s chilled water producing capacity places it as one of the largest producers of chilled water in South Texas. The chilled water system had operating revenues of \$10.8 million in Fiscal Year 2021.

In connection with its 2022 budget process, SAWS implemented a 10% increase in the demand charge for chilled water customers which is expected to generate approximately \$550,000 in additional revenues and is the first such increase in more than 15 years.

SAWS has recently taken steps to evaluate how best to optimize the value of its investment in chilled water. In order to assist in this initiative, SAWS engaged Jacobs Engineering (“Jacobs”) to assist in charting a path forward for this business unit. As part of this process, Jacobs developed a forward-looking operational and capital plan while also verifying that the existing rates for service are well below market. The results of this analysis, which demonstrated the need to invest approximately \$50 million in needed rehabilitation initiatives, was recently presented to the Board. SAWS is currently working with Jacobs, the Board, and other stakeholders to develop a rate plan which will support the operational and capital plan. The current version of this rate plan projects the need for approximately 50% in future rate adjustments to be spread out over the next three to five years. Even with these projected adjustments, it is expected that SAWS’ chilled water rates will remain below market levels. SAWS is currently in discussions with various interested parties to further refine the amount of the rate request for 2023 but is projecting that any such adjustment will generate at least \$600,000 in additional revenues for the System.

RECYCLED WATER SYSTEM

The System is permitted to sell Type I (higher quality) recycled water from its Water Recycling Centers located on the City’s south side and has been doing so since 2000. The water recycling program can produce up to 35,000 acre-feet per year of recycled water to commercial and industrial businesses in the City. The original system was comprised of two major transmission lines, running east and west. In 2008, these two major transmission lines were interconnected at the northern end, providing additional flexibility to this valuable water resource. In 2013, an additional Water Recycling Center and pipeline was connected to the western line, providing further recycled water system redundancy. Currently, approximately 130 miles of pipeline deliver highly treated effluent to approximately 60 customers. Recycled water is being delivered for industrial processes, cooling towers, and irrigation of golf courses and parks, all of which would otherwise rely on potable-quality water. Aside from supporting the local economy, this water recycling system also releases water into the upper San Antonio River and Salado Creek to sustain base flows. The result has been significant and lasting environmental improvements for the aquatic ecosystems in these streams.

Combined with the 50,000 acre-feet per year used by CPS Energy, this is the largest recycled water system in the United States. The System amended its contract with CPS Energy to provide such recycled water through 2060. The revenues derived from the CPS Contract have been excluded from the calculation of Gross Revenues and are not included in any transfers by SAWS to the City.

As part of the 2022 Rate Design Study, the RAC recommended that SAWS raise its recycled water rates by 15% for 2023 and then 10% per year for the years 2024-2027. These rate adjustments would bring the existing recycled water rates more in line with the cost to provide this service, while keeping the rates for recycled water less than potable water alternatives. SAWS currently plans to seek the recommended 15% rate increase in connection with its 2023 budget process. Such increase, if approved, would provide approximately \$550,000 in additional revenues for the System.

STORMWATER SYSTEM

The TPDES is administered by the TCEQ. The System is a co-permittee with the City under TPDES Permit No. WQ0004284000 (the “Stormwater Permit”). The Stormwater Permit was originally issued on September 28, 2007 and amended on April 11, 2011 but expired on September 28, 2012. An application for renewal was submitted to the TCEQ and a Notice of Receipt for permit renewal was issued on June 7, 2012. The co-permittees continue to operate under the terms of the expired permit until its renewal by the TCEQ. The Stormwater Permit identifies the joint and individual requirements of the City and the System. Each of the co-permittees have developed a Stormwater Management Plan outlining their operational responsibilities. See “ENVIRONMENTAL AND REGULATORY MATTERS” herein. An agreement between the System and the City for stormwater services has been in place since October 3, 1996.

In September of 1997, the City established a Stormwater Utility by ordinance. The System is contractually obligated to perform certain program requirements as described in the Stormwater Permit. The City has the overall responsibility for the program. The approved annual budget for the

System’s share of program responsibilities for Fiscal Year 2022 was approximately \$5.7 million for which the System anticipates being reimbursed in full from the stormwater utility fee imposed by the City.

WATER SUPPLY

Water supply and management planning efforts have always been the cornerstone of SAWS’ water resources, including a new era of robust planning as early as 1996. These early planning efforts led to City Council actions, including in October 2000 when the City Council created a permanent funding mechanism (known as the “Water Supply Fee”) for water supply development and water quality protection through Ordinance No. 92753. The Water Supply Fee provides a specific fund for the development of water resources.

The Water Management Plans are updated approximately every five years, with the most recent update having been approved by the Board in October 2017. An ongoing planning effort, beginning in March of 2022, is underway to complete a new draft plan for Board consideration in early 2023. The 2017 Water Management Plan outlines a diversified foundation for the System’s water supply. While the Edwards Aquifer will always be the cornerstone of the City’s water supply, the System has already successfully developed several additional groundwater and surface water resources from Canyon Lake, the Trinity Aquifer, the Carrizo Aquifer, the Simsboro Aquifer, and the Wilcox Aquifer. The System’s recycled water program provides highly treated wastewater to CPS Energy and other industrial and commercial customers who would otherwise use potable water. The System’s underground ASR facility allows SAWS to retain excess Edwards Aquifer permitted water supplies during wet years and use in times of drought. In addition, the System began receiving water from the Vista Ridge project in 2020, providing approximately 50,000 acre-feet per year to the SAWS’ distribution system. Over the past 20 years, SAWS has developed one of the most diversified and innovative water supply portfolios in the U.S. In doing so, the System has greatly reduced its reliance on the Edwards Aquifer while enhancing the System’s ability to manage drought and accommodate projected growth.

As of December 31, 2021, the System’s annual unrestricted, permitted contractual water supply includes the following:

<u>Water Source</u>	<u>Acre-Feet</u>	<u>Percentage of Total Supply</u>
Edwards Aquifer	269,441	40%
H ₂ Oaks Center Aquifer Storage and Recovery (underground storage)	192,317	29%
Vista Ridge	50,000	7%
Recycled Water to CPS Energy	50,000	7%
Medina Lake and River System	29,974	3%
Recycled Water to Other Customers	25,000	4%
Trinity Aquifer	20,000	3%
Regional Carrizo Aquifer	12,188	2%
H ₂ Oaks Center Brackish Groundwater Desalination	11,200	2%
Local Carrizo Aquifer	9,900	1%
Western Canyon	7,400	1%
<u>Canyon Regional Water Authority</u>	<u>6,300</u>	<u>1%</u>
Total	<u>683,720</u>	<u>100%</u>

EDWARDS AQUIFER BACKGROUND

The Edwards Aquifer, the cornerstone of the System’s water supply, lies beneath an area approximately 3,600 square miles in size. Including its recharge zone, it underlies all or part of 13 counties, varying from five to 30 miles in width, and stretching over 175 miles in length, beginning in Brackettville, Kinney County, Texas, in the west and stretching to Kyle, Hays County, Texas, in the east. The Edwards Aquifer receives most of its water from rainfall runoff, rivers, and streams flowing across the 4,400 square miles of drainage basins located above it.

Much of the Edwards Aquifer region consists of agricultural land, but it also includes small suburban cities and fast-growing population centers such as the County with over 2 million people and its surrounding metropolis. In 2021, the Edwards Aquifer directly supplied approximately 59% of the potable water for municipal, domestic, industrial, and commercial needs for the System’s service area. Naturally occurring artesian springs, such as the Comal Springs and the San Marcos Springs, are fed by Edwards Aquifer water and are utilized for commercial, municipal, agricultural, and recreational purposes, while at the same time supporting ecological systems containing rare and unique aquatic life.

The Edwards Aquifer is a karst aquifer that recharges from seepage of water from streams and by precipitation infiltrating directly into the cavernous limestone outcroppings in its north and northwestern area. Practically continuous recharge is furnished by spring fed streams, with storm water runoff adding additional recharge. The historical annual average recharge, from 1934 to the present, to the aquifer is approximately 694,500 acre-feet. The average annual recharge over the last four decadal period is approximately 829,523 acre-feet. The lowest recorded recharge was approximately 43,000 acre-feet in 1956, while the highest was approximately 2,485,000 acre-feet in 1992.

EDWARDS AQUIFER REGULATION

In 1993, the Texas Legislature adopted the Edwards Aquifer Authority Act (the “EAA Act”). This act created the Edwards Aquifer Authority (“EAA”) as a conservation and reclamation district under Article XVI, Section 59, of the Texas Constitution. The EAA is governed by a 17 member Board of Directors, with 15 voting directors elected from single member districts apportioned to counties within the EAA’s jurisdiction, and two non-voting directors appointed to reflect downstream and western regional interests, all pursuant to and in accordance with the EAA Act. The EAA has broad powers to manage, conserve, preserve, and protect the Edwards Aquifer and to increase the recharge of, and prevent the waste or pollution of water in, the Edwards Aquifer. Among other charges, the EAA was directed to limit groundwater withdrawals from the Edwards Aquifer through a permitting system. The EAA was also directed by the Texas Legislature to ensure that the continuous minimum springflows of the Comal Springs (in New Braunfels) and the San Marcos Springs (in San Marcos) are maintained to protect endangered and threatened species to the extent required

by federal law and to achieve other purposes of the EAA Act. To date, the EAA’s exercise of power has been primarily limited to managing Edwards Aquifer withdrawals, although the EAA has initiated efforts in recent years to pursue more efforts focused on water quality.

As a consequence of the EAA’s permitting regime, the System’s access to Edwards Aquifer supplies is now limited to its highest, pre-1996 annual historic use plus any additional permitted withdrawal rights that the System can acquire by lease or purchase. As of December 31, 2022, through permitting, purchases, and leases, the System will have access to 269,441 acre-feet per year of Edwards Aquifer groundwater withdrawal rights, which is approximately 47% of the regional pumping cap. See “THE SAN ANTONIO WATER SYSTEM – Edwards Aquifer Recovery Implementation Program and the Edwards Aquifer Habitat Conservation Plan” herein. The System owns approximately 256,368 acre-feet, of which a portion is committed to the EAA Regional Water Conservation Program and contractual lease agreements, while the remainder is leased from permit holders. All Edwards Aquifer permitted withdrawal rights are subject to on-going regulation by the EAA, with more stringent use limitations applied during periods of drought.

EDWARDS AQUIFER MANAGEMENT; CITY’S EDWARDS AQUIFER MANAGEMENT PLAN

Edwards Aquifer Authority. Pursuant to applicable Texas law, including the EAA Act and legislation enrolled subsequent thereto serving to supplement and/or amend this legislation, the EAA has adopted rules that require a reduction in the amount of permitted Edwards Aquifer water rights that may be pumped annually for the duration of a drought event. During a period of drought management, permitted water rights are impacted on a pro rata basis based on the number of days of a calendar year that there exists a particular category of drought (depending on severity) requiring a reduction in pumping. Reductions of permitted rights to withdraw water are generally applied to all permit holders, although there do exist some limited exceptions applicable to agricultural users. The various stages of reduction in permitted water rights are declared by the EAA General Manager in accordance with rules adopted by the EAA Board of Directors and impact the System’s access to its permitted Edwards Aquifer water rights, without input or action by the City or the System. The EAA’s drought triggers and requisite reduction in pumping for the San Antonio and Uvalde Pools of the Edwards Aquifer are indicated in the following tables. The entirety of the System’s Edwards Aquifer water rights is subject to the restrictions associated with the San Antonio Pool.

SAN ANTONIO POOL				
Comal Springs Flow ⁽¹⁾	San Marcos Springs Flow ⁽¹⁾	Index Well J-17 Level ⁽²⁾	Critical Period Stage ⁽³⁾	Withdrawal Reduction (%)
< 225	< 96	< 660	I	20
< 200	< 80	< 650	II	30
< 150	N/A	< 640	III	35
< 100	N/A	< 630	IV	40
< 45/40 ⁽⁴⁾	N/A	< 625	V ⁽⁴⁾	44
UVALDE POOL				
Comal Springs Flow ⁽¹⁾	San Marcos Springs Flow ⁽¹⁾	Index Well J-27 Level ⁽²⁾	Critical Period Stage ⁽³⁾	Withdrawal Reduction (%)
N/A	N/A	N/A	I	N/A
N/A	N/A	< 850	II	5
N/A	N/A	< 845	III	20
N/A	N/A	< 842	IV	35
N/A	N/A	< 840	V ⁽⁴⁾	44

⁽¹⁾ Measured in cubic feet per second.

⁽²⁾ Measured in mean sea level.

⁽³⁾ A change to a critical period stage with higher withdrawal reduction percentages, including initially into Stage I for the San Antonio Pool and Stage II for the Uvalde Pool, is triggered if the 10-day average of daily springflows at the Comal Springs or the San Marcos Springs or the 10-day average of daily Edwards Aquifer levels at the J-17 or J-27 Index Wells, as applicable, drop below the lowest number of any of the trigger levels for that stage. A change from any critical period stage to a critical period stage with a lower withdrawal reduction percentage, including existing from Stage I for the San Antonio Pool and Stage II for the Uvalde Pool, is triggered only when the 10-day average of daily springflows at the Comal Springs and the San Marcos Springs and the 10-day average of daily Edwards Aquifer levels at the J-17 or J-27 Index Wells, as applicable, are all above the same stage trigger level.

⁽⁴⁾ In order to enter into Critical Period Stage V, the applicable springflow trigger is either less than 45 cubic feet per second based on a ten-day rolling average or less than 40 cubic feet per second based on a three-day rolling average. Expiration of Critical Period Stage V is based on a ten-day rolling average of 45 cubic feet per second or greater.

Due to varying weather patterns, the EAA has, from time to time, imposed various Critical Period Stage withdrawal reduction notices. For any current drought restrictions, as well as additional information on the various levels of drought restrictions imposed by the EAA and current level of the Edwards Aquifer, see www.edwardsaquifer.org.

City’s Edwards Aquifer Management Plan. In addition, and separate and apart from the EAA’s rules governing withdrawal of Edwards Aquifer water during drought, the City has established a proactive Aquifer Management Plan to manage the region’s water resources during periods of drought. Established by City ordinance, the Aquifer Management Plan also restricts outdoor water use based on specific levels of the Edwards Aquifer. The City approved the following Edwards Aquifer level triggers in 2009 and updated certain revisions to the water use restrictions in 2014.

Year Round – Year round restrictions are in effect when the Edwards Aquifer level is above 660 feet mean sea level at the monitored well (J-17 Index Well). During year round watering restrictions, SAWS’ customers are permitted to water landscape with an irrigation system or sprinkler any day of the week before 11 a.m. or after 7 p.m. Hand watering with a hand-held hose, drip irrigation, soaker hose or bucket is permitted any time of day.

Stage One – Stage One restrictions begin when the 10-day rolling average of the Edwards Aquifer level drops to 660 feet mean sea level at the monitored well (J-17 Index Well). SAWS’ customers are limited to one-day-per week landscape watering with an irrigation system or sprinkler based on the last number of the customer’s street address and are only allowed to water before 11 a.m. or after 7 p.m. Watering with a hand-held hose, drip irrigation, bucket, or watering can is permitted at any time and any day.

Stage Two – Stage Two restrictions begin when the 10-day rolling average of the Edwards Aquifer level drops to 650 feet mean sea level at the monitored well (J-17 Index Well). SAWS’ customers are limited to one-day-per week landscape watering with an irrigation system or sprinkler based on the last number of the customer’s street address and are only allowed to water from 7 a.m. to 11 a.m. and 7 p.m. to 11 p.m. Watering with a hand-held hose is allowed any time on any day.

Stage Three – Stage Three restrictions may begin when the 10-day rolling average of the Edwards Aquifer level drops to 640 feet mean sea level at the monitored well (J-17 Index Well) and the total supply of water to SAWS from the Edwards Aquifer and other available sources is insufficient to meet customer demand while complying with applicable regulations governing water supply withdrawals. SAWS’ customers are limited to landscape watering with an irrigation system or sprinkler once every other week based on the last number of the customer’s street address and are only allowed to water from 7 a.m. to 11 a.m. and from 7 p.m. to 11 p.m. on their assigned day. Watering with a hand-held hose is allowed any time on any day.

Stage Four – Stage Four restrictions may be declared if the total supply of water from the Edwards Aquifer and other available water sources to SAWS is insufficient to meet customer demand while complying with applicable regulations governing water supply withdrawals. Stage Four restrictions may be declared at the discretion of the City Manager upon completion of a 30-day monitoring period following Stage Three declaration. SAWS’ customers are limited to landscape watering with an irrigation system or sprinkler once every other week based on the last number of the customer’s street address and are only allowed to water from 7 a.m. to 11 a.m. and from 7 p.m. to 11 p.m. on their assigned day. During Stage Four, a drought surcharge is assessed on all accounts for water used or assumed to be used for landscape irrigation. The surcharge is the highest volumetric rate assessed by SAWS and is assessed on any residential and irrigation account with monthly water usage exceeding 12,717 and 5,236 gallons, respectively. The surcharge rate is assessed in addition to the regular water and wastewater rates. Watering with a hand-held hose is allowed any time on any day.

Due to modest rainfall in 2022, SAWS’ year-to-date total operating revenues were approximately \$53.7 million favorable to budget, and water production through mid-August 2022 was 11.7% greater than the last five years’ average. The below average rainfall contributed to an increase in water main breaks, from an average of approximately 230 main breaks per month in January 2022 through May 2022, to an average of 660 main breaks in June and July 2022. The unfavorable expenses associated with higher water production and maintenance have been more than offset by favorable operating revenues.

EDWARDS AQUIFER RECOVERY IMPLEMENTATION PROGRAM AND THE EDWARDS AQUIFER HABITAT CONSERVATION PLAN

In 2007, the Texas Legislature adopted legislation commonly known as Senate Bill 3 (“SB 3”) to address various water-related environmental issues confronting the State. Among other provisions, the legislation established a new, higher pumping cap of 572,000 acre-feet for the Edwards Aquifer, thus making more water available for pumping when Edwards Aquifer levels are high. However, also incorporated into State statute are certain existing regulatory restrictions on water availability during periods of drought. When Edwards Aquifer levels at certain well gauges and springflows at Comal Springs and San Marcos Springs fall to identified trigger points, pumping allocations are reduced by the EAA by 20% to 44% depending on the severity of the drought. In February 2009, the City’s Code of Ordinances was updated to ensure that restrictions on water usage by City residents are permitted to commence in close proximity to the occurrence of these restrictions on pumping by SAWS and other water purveyors in the City. (See “THE SAN ANTONIO WATER SYSTEM – Edwards Aquifer Management; City’s Edwards Aquifer Management Plan”.)

The City, acting by and through SAWS, along with the EAA, the City of New Braunfels, the City of San Marcos, and Texas State University – San Marcos are individually, and in certain cases collectively, responsible for implementing conservation measures, as well as the minimization and mitigation measures, defined in the Habitat Conservation Plan (the “HCP”). With the addition of the GBRA as a non-voting observer, these five partners comprise the HCP Implementing Committee, responsible for supervising all aspects of the implementation of the HCP, including routine decisions and strategic policy matters. The HCP Implementing Committee operates under a requirement of 100% consensus agreement. The System is actively engaged in the HCP Implementing Committee.

The Phase One activities associated with ensuring minimum continuous springflows included a Voluntary Irrigation Suspension Program Option (“VISPO”), a Regional Conservation Program, prescribed use of the SAWS ASR Facility, and an EAA Critical Period Stage V Drought Management stage as a back-up to the other activities. The ASR commitment includes that the EAA will lease and deliver to SAWS up to 50,000 acre-feet of Edwards Aquifer groundwater withdrawal rights for pumping and storage in the ASR Facility during periods of water availability. SAWS will then be required at certain drought trigger levels over a 10-year period similar in hydrologic character to the drought of record to forbear pumping from the Edwards Aquifer in like amounts to what was previously stored on behalf of the HCP (up to 46,300 acre-feet of water in the driest year). SAWS may use the ASR, or other supplies of water, to accomplish this forbearance at its discretion. EAA Critical Period Stage V pumping restrictions could reduce firm yield of Edwards Aquifer permits to 56% of the face permit amount if the San Antonio Pool of the Edwards Aquifer reaches one of the Stage V trigger levels. The 2017 Water Management Plan accounted for and addressed these changes.

In addition to the springflow management activities, the proposed management plan requires mitigation and habitat restoration activities at the Comal and San Marcos Springs. These activities include recreation management, additional biological research, modeling enhancement, expansion of refugia facilities, and control of non-native species. Ongoing effort in all of these activities are showing positive benefits to the endangered species as documented in the HCP annual reports.

WATER PRODUCTION

The table below provides a summary of the annual potable water production by source for distribution to System customers.

Total Distribution to Customers by Year (in acre-feet)	2017	2018	2019	2020	2021
Edwards Aquifer	194,858	192,748	191,941	171,955	146,974
Vista Ridge	-	-	-	26,392	50,939
Aquifer Storage and Recovery Production	1,187	4,460	3,930	12,184	5,215
Trinity Aquifer	12,803	9,047	17,141	6,601	9,685
Medina Lake and River System	-	-	-	-	-
Regional Carrizo Aquifer	13,188	10,780	11,404	11,347	10,749
Brackish Groundwater Desalination	5,596	4,851	4,593	6,706	6,089
Local Carrizo Aquifer	1,982	7,348	6,504	6,149	6,009
Western Canyon	8,849	8,467	8,038	8,072	7,968
Canyon Regional Water Authority	2,468	3,712	7,793	6,288	6,361
Total Distribution	240,731	241,412	246,344	255,694	249,990

H₂OAKS CENTER

SAWS' H₂Oaks Center located in far southern portion of the County is home to three water supplies, all operated from the H₂Oaks control room. These include the ASR, Local Carrizo Aquifer Project, and Brackish Groundwater Desalination Program.

On August 22, 2022, a lightning strike near the H₂Oaks Center caused a small fire on SAWS' property, a temporary loss of power to the facilities, and one water line to go offline. SAWS shut down all water delivery from the facility and kept all deliveries offline while the responsible parties completed cleanup and any required remediation of the site. SAWS has maintained customers' water supply throughout the event with no disruption in service, and officials continue to monitor the site for any latent results related thereto. SAWS recently began injecting water back into the ASR, and the facility is back in service.

AQUIFER STORAGE AND RECOVERY

An ASR project involves injecting ground or surface water into an aquifer, storing it and later retrieving it for use. Essentially, it accomplishes storage that is traditionally provided through surface water reservoirs without the concern of evaporation. The ASR is primarily designed to optimize use of water from the Edwards Aquifer; the optimization takes place when aquifer levels are high and the System is able to store excess Edwards Aquifer water rights to help offset demand on the Edwards Aquifer when those levels reach critical period reduction stages. During those critical period reduction stages the System may deliver stored Edwards Aquifer water from ASR to its customers. The reduced demand helps slow the downward trend of declining levels until rain events return to recharge the Edwards Aquifer.

In 2006, the ASR became an integral component of the System's drought management strategy, and in the 2009 Water Management Plan, the role of the ASR was expanded to use the facility as a longer-term storage reserve and to expand the ASR storage capability to serve as a long-term strategy to optimize available water resources. The System plans for a total storage volume of 200,000 acre-feet, including the amounts stored under the HCP. Also, as described under "THE SAN ANTONIO WATER SYSTEM – Edwards Aquifer Recovery Implementation Program and the Edwards Aquifer Habitat Conservation Plan" herein, the ASR is an integral component of the HCP.

The System has stored and recovered Edwards Aquifer water from the ASR based on annual weather patterns. The chart on the following page provides a summary of the acre-feet of Edwards Aquifer water stored and recovered each year since 2004 when the ASR became operational, as well as the amount of Edwards Aquifer water stored on behalf of the HCP. A total volume of up to 126,000 acre-feet is committed to the successful implementation of the HCP.

[The remainder of this page intentionally left blank.]

H ₂ Oaks Aquifer Storage and Recovery (acre-feet)				
Year	SAWS' ASR Recharge	HCP Recharge	ASR Recovery	Total ASR Storage
2004	5,527	-	461	5,066
2005	13,491	-	937	17,620
2006	9,056	-	6,391	20,285
2007	20,200	-	432	40,053
2008	10,849	-	1,250	49,652
2009	17,007	-	1,448	65,211
2010	25,532	-	1,706	89,037
2011	12,054	-	13,223	87,869
2012	11,485	-	4,436	94,917
2013	6,201	1,868	14,711	88,275
2014	783	4,031	19,562	73,527
2015	9,135	12,075	5,840	88,897
2016	987	33,259	2,139	121,004
2017	2,889	31,475	1,418*	153,949
2018	3,058	16,667	4,460	169,214
2019	-	13,597	3,930	178,880
2020	-	6,831	12,184	173,527
2021	20,909	3,096	5,215	192,317
2022**	6,706	-	6,583	192,439

* Includes operational authorized water use not put in distribution.

** As of June 30, 2022.

In the summer of 2022, SAWS began performing an operational performance test on the ASR system to ensure that the ASR planning assumptions are in line with the actual performance of the facility's wells, treatment, and production. The production levels from the ASR were increased substantially during this performance test to maximize the design capacity of the treatment system and to ensure that the wells did not experience operational problems. Additionally, sampling is being performed to analyze and better understand the hydrology and chemistry of the stored water and whether any changes would be shown at these higher production levels. Data from the test is expected to inform more robust modeling efforts in the future. The performance test was slated to continue through September 2022 but was interrupted by the lightning strike previously discussed herein. Additional testing and analysis is currently anticipated to continue in 2023.

LOCAL CARRIZO AQUIFER PROJECT

The System has access to a total of 9,900 acre-feet per year of Carrizo Aquifer groundwater on property owned by SAWS at the H₂Oaks Center. The production of water from the Local Carrizo Aquifer will reduce the effects of the naturally occurring movement of ASR water stored nearby and provides increased operational flexibility of recovering ASR water.

Timing of additional phases of this project will be based upon population and System demand projections. These additional phases are projected to provide an additional 21,000 acre-feet per year of Carrizo Aquifer groundwater from SAWS owned properties proximal to the H₂Oaks facility and can be designed and constructed quickly relative to other supplies while tying easily into existing infrastructure.

BRACKISH GROUNDWATER DESALINATION PROGRAM

The brackish groundwater desalination ("BGD") program involves the production of brackish (salty) groundwater from the Lower Wilcox Aquifer in southern portion of the County. Water with a total dissolved solids content of between 1,300 and 1,500 milligrams per liter (mg/L) is treated through a reverse osmosis treatment plant to drinking water standards at the System's H₂Oaks Center. A BGD program is well suited for the south-central Texas region, which contains more than 300 million acre-feet of brackish groundwater.

After a period of testing, the BGD Plant became fully operational in November 2016 and was commissioned and named "H₂Oaks Center" in January 2017. Full operational capacity is currently 11,200 acre-feet per year of drought-proof desalinated groundwater. Future phases can bring the total supply from this project to 33,600 acre-feet per year. Development of additional phases of the project will be determined based on population and demand projections of the System. The System's 2017 Water Management Plan determined additional phases may not be required until the 2040 decade. The ongoing water management planning efforts will consider these assumptions again and present any recommended changes as part of approval of the plan.

TRINITY AQUIFER PROJECTS

The System reached a milestone in February 2002 with the introduction of the first non-Edwards Aquifer drinking water supply from the Lower Glen Rose/Cow Creek formation of the Trinity Aquifer in northern portion of the County. The System has wholesale contracts with Massah Corporation (“Oliver Ranch”), and the System owned and controlled Timberwood Park wellfield for the System for purchase and delivery of up to 3,000 acre-feet per year of non-Edwards Aquifer groundwater from the Trinity Aquifer from the north-central portion of the County.

In July 2012, SAWS entered into an agreement with Water Exploration Company, Ltd., currently doing business as Texas Water Supply Co., to purchase groundwater produced by Texas Water Supply Co. from the Trinity Aquifer. The agreement expires in 2027, with two optional five-year extensions. Currently, SAWS is obligated to purchase up to 17,000 acre-feet per year in monthly increments not to exceed 1,417 acre-feet. SAWS is only required to pay for water made available which meets all State and federal drinking water standards. The actual amount of water produced will depend on the level of the Trinity Aquifer.

WESTERN CANYON PROJECT

The System, along with entities in Comal and Kendall Counties (together, the “Participants”), contracted with the GBRA to deliver water from the Canyon Lake Reservoir. The System has been receiving project water since 2006 with the System receiving all water produced by the project that is not used by other Participants. Over time, the amount received could decline to a guaranteed amount of 4,000 acre-feet as GBRA’s in-district Participants in the project complete infrastructure necessary to enable them to obtain their contracted supply and their growth allows the Participants to utilize their full allotment of reserved water. Pursuant to its terms, the contract with GBRA will terminate December 31, 2037, with an option to extend if agreed upon by both parties.

REGIONAL CARRIZO PROGRAM

The System has been receiving Carrizo Aquifer water from an agreement with the SSLGC since late 2013 and producing water from the System’s Buckhorn wellfield located in western Gonzales County since 2014.

Since 2010, the System has held a single permit with the Gonzales County Underground Water Conservation District (the “District”) to produce and export 11,688 acre-feet per year of groundwater from the Carrizo Aquifer. The District is a local governmental entity with a locally elected Board of Directors (the “District Directors”) and operates pursuant to statutory authority set forth in Chapter 36, Texas Water Code, as amended and the rules adopted by the District Directors. The operating component of the permit had a five-year term, with an expiration date of July 12, 2015. The transportation component of the permit had a term of thirty years as was required by State statute. The System subsequently filed an aggregate permit request on April 30, 2020, and the District granted the aggregate permit June 9, 2020, with an expiration of July 13, 2025.

In order to minimize the cost of transporting the water, SAWS negotiated a contract with the Cities of Schertz and Seguin and the SSLGC for shared use of that entity’s existing infrastructure in Gonzales County and Guadalupe County, located in the vicinity of the System’s project well field. The SSLGC is a statutory quasi-governmental corporation created by the Cities of Schertz and Seguin to develop and operate a ground water supply for those municipalities. It also provides services to certain other small municipalities in the area. The System may also purchase surplus water produced by SSLGC at the same rate charged to the Cities of Schertz and Seguin. Utilizing SSLGC’s pipeline reduced the capital investment by SAWS necessary to complete this water supply project by approximately \$88 million.

CANYON REGIONAL WATER AUTHORITY; LAKE DUNLAP AND WELLS RANCH

The CRWA is a public entity created by the Texas Legislature to develop non-Edwards Aquifer water supplies for its members. The CRWA has a contract with GBRA for the purchase of raw water from Canyon Lake and has constructed a treatment plant for the water downstream on Lake Dunlap. Under various agreements with CRWA and other parties, SAWS may purchase up to 4,000 acre-feet annually of Lake Dunlap surface water through 2023, of which, 500 acre-feet is sub-leased to Springs Hill Water Supply Corporation through 2023. Effective 2024, CRWA will provide 4,000 acre-feet of groundwater to replace the 4,000 acre-feet of surface water produced from Lake Dunlap.

Under a separate agreement, CRWA provides SAWS 2,800 acre-feet annually of groundwater from the Carrizo-Wilcox Aquifer in Gonzales and Guadalupe Counties, known as the Wells Ranch Project. The agreement between SAWS and CRWA for the purchase of water from the Wells Ranch Project expires in 2047 but includes an extension option.

SAWS has an unconditional obligation to pay debt service on various bonds issued by CRWA for improvements to the Lake Dunlap, Mid-Cities, and the Wells Ranch Projects that benefit the production of water for SAWS. The obligation to pay the debt service to CRWA is a Maintenance and Operating expense of SAWS.

WATER TRANSMISSION AND PURCHASE AGREEMENT FOR CARRIZO AND SIMSBORO AQUIFER WATER

Water Transmission and Purchase Agreement. In 2014, the Board embarked on an effort to achieve significant diversification of the City’s water supply, which (at the time) was primarily comprised of Edwards Aquifer groundwater. Through a competitive procurement and subsequent negotiation process, SAWS entered into a Water Transmission and Purchase Agreement (the “Agreement”) with Vista Ridge in 2016. Pursuant to the Agreement, and after completion of requisite, privately-financed, owned and operated infrastructure, Vista Ridge is obligated to annually make available to SAWS, and for which SAWS is obligated to pay (if made available), up to 50,000 acre-feet of potable water (“Project Water”) for an initial period of 30 years, plus a limited (20 year) extension period under certain scenarios (such total period of time, the “Operational Term”). To produce and distribute Project Water, Vista Ridge acquired interests in long-term water leases, developed well fields in Burleson County, Texas to withdraw water from the Carrizo and Simsboro Aquifers, and constructed a 142-mile pipeline route paralleling the Central/South Texas I-35 corridor (one of the highest growth regions in the country) from this well field to the northern portion of the County (the well fields, pumping and related treatment facilities and the pipeline are collectively known as the “Project”) where it connected to the System (being the connection point

at which Project Water is deemed to have been “made available” under the Agreement). The Project financed by Vista Ridge is non-recourse to SAWS and the City. SAWS constructed approximately \$220 million in System improvements necessary to accept and integrate the Project Water made available.

Under the Agreement, SAWS pays for Project Water made available (the price for which includes a component attributable to Project operations and maintenance), as a Maintenance and Operating Expense of the System. At the end of the Operational Term, ownership of the Project will be transferred to SAWS at no cost, in accordance with the Agreement. SAWS has also entered into a separate agreement with Blue Water Vista Ridge, LLC (“Blue Water”), the lessee under the groundwater leases providing the basis for production of Project Water, to continue to acquire 50,000 acre-feet of untreated groundwater for an additional 30-year period after conclusion of the Operational Term and transfer of the Project to SAWS. The cost of such groundwater paid by SAWS after conclusion of the Operational Term will be tied to the costs of then-prevailing two-year Edwards Aquifer water leases.

The execution and implementation of the Agreement represented a significant diversification of the City’s water source. Project Water, if delivered at the maximum amount (which is the expectation of both SAWS and Vista Ridge), will account for approximately 20% of the System’s annual usage as of the Agreement’s date of execution. See “Project Performance” below.

Production and Transportation Permits. Blue Water has received production and transportation permits for the Project Water from the Post Oak Savannah Groundwater Conservation District (“POSGCD”). POSGCD is currently participating with other groundwater districts in Groundwater Management Area 12 (“GMA 12”) in the statutorily required planning process to determine the Desired Future Conditions (“DFCs”) of the Simsboro and Carrizo Aquifers, which includes the Project’s wellfield. The DFCs are the desired aquifer levels at certain future benchmark periods, expressed as maximum aquifer draw-down levels. This planning process allows POSGCD to manage production levels and permits for production. Vista Ridge has also been involved in the GMA 12 meetings to represent the Project’s interest in maintaining the full volume of permitted production. This planning process could result in a regulatory permit reduction at some future date.

Primary Project Participants. By virtue of a majority equity interest therein, Vista Ridge is currently owned and controlled by Ridgewood Infrastructure. The Project is operated by EPCOR Services, Inc. (“EPCOR”) under an operating service agreement having a primary 30-year term (ending contemporaneously with the initial term of the Agreement). EPCOR also owns a minority equity interest in Vista Ridge.

Project Performance. Delivery of Project Water to SAWS commenced on April 15, 2020. At the initial start-up of the integration of Project Water into the System, SAWS did not take delivery of all of the Project Water that Vista Ridge was able to make available on a daily basis. Per the terms of the Agreement, SAWS paid for such Project Water available but not integrated into the System. The volumetric amount of Project Water paid for, but not received, is accounted for, and pursuant to the terms of the Agreement, will be provided to SAWS at a future date at no additional cost. The dollar amount of such “prepaid” Project Water purchases is recorded as a prepaid System asset.

Between April 15, 2020 and June 30, 2022, SAWS has paid for approximately 9,029 acre-feet of Project Water that it was unable to receive. As such, SAWS has recorded a prepaid asset totaling approximately \$3.4 million. Given the priority of water deliveries and payments, it is currently estimated it will take a number of years to fully amortize this prepaid Project Water amount.

During the 2021 Event (see “TEXAS 2021 WINTER WEATHER EVENT” herein), the Project was shut down from February 15 through February 23, 2021 because of power outages and freezing weather. This shutdown resulted in approximately 1,080 acre-feet of Project Water that was unable to be delivered to SAWS. As provided in the Agreement, SAWS did not pay for water that was not made available. Vista Ridge has the opportunity to make up delivery of the undelivered water, and SAWS will pay for the water when those volumes are actually made available at the times permitted in the Agreement. In response to the 2021 Event, EPCOR has added heat tape to smaller gauges to prevent freezing during future events and has wrap insulation readily available to wrap all meters if needed.

For the year ending December 31, 2021, Vista Ridge made available to SAWS, and SAWS accepted 50,939 acre-feet of Project Water.

Groundwater Lease Litigation. On November 22, 2021, Metropolitan Water Company, LP, the entity that originally signed the groundwater leases, that were then leased to Blue Water, filed for Chapter 11 (business reorganization) bankruptcy protection. The groundwater leases are currently held in trust to insulate their effectiveness from the impacts or results of litigation. SAWS is monitoring the proceedings, and at this time does not believe the proceedings constitute a substantive risk to the Project. The Chapter 11 reorganization plan was approved by the Court on September 13, 2022.

MEDINA LAKE AND RIVER SYSTEM

The Medina Lake and River System consists of a 650 square mile drainage area upstream of the confluence of Medio Creek, Potranco Creek, and the Medina River. The surface runoff from about two-thirds of the Medina Valley is upstream of Medina Lake. SAWS owns and leases approximately 10,000 acre-feet per year of municipal surface water rights in the Medina Lake and River System. These “run-of-river” rights have minimum downstream flow restrictions that prohibit diversions when streamflow gets below 20 cubic feet per second (“cfs”).

The Bexar-Medina-Atascosa Counties Water Control and Improvement District No. 1 (“BMA”) is authorized to impound up to 254,000 acre-feet of water in Medina Lake and annually divert approximately 66,000 acre-feet per year (19,974 acre-feet per year for municipal and industrial purposes and 46,000 acre-feet per year for agricultural irrigation). The most current agreement between the former BexarMet and BMA for the lease of approximately 19,974 acre-feet per year of municipal/industrial water was executed in 2007 and runs through 2049. SAWS assumed this agreement in January of 2012, together with other assets and liabilities of BexarMet, pursuant to the passage of SB 341 by the 82nd Texas Legislature in 2011. This volume is in addition to the above described run-of-river rights. Under the Water Supply Agreement, SAWS is required to use the water purchased for municipal purposes within its service areas or, upon prior approval of BMA, may resell to third parties outside of its

service areas for any lawful purpose. Third party sales of water diverted by SAWS outside of the San Antonio River Basin require the approval of the TCEQ. This surface water right has no minimum downstream flow restrictions.

Water from the Medina River can be diverted to a surface water treatment plant (the “Plant”) located southwest of the City. The Plant is located on a 39-acre site approximately one and one quarter mile from the Medina River. When it is operational, the Plant is capable of treating 15.5 MGD expandable in modular form to an ultimate treatment capacity of 27.0 MGD.

During the height of the 2011-2014 drought, Medina Lake’s capacity was greatly diminished, leading to poor water quality. As a result, the Plant was idled from April 2013 through August 2015. As a result of heavy rainfall during the summer of 2015, lake levels increased to about 75% of capacity. SAWS restarted the Plant on September 1, 2015 and treated approximately 500 acre-feet of Medina Valley water. Water quality concerns persisted, and SAWS elected to again idle the Plant in October 2015. Due to the sufficiency of SAWS’ alternative sources of supply, the Plant has remained idled since that time. Under the terms of this agreement, SAWS is required to pay for this water supply whether water is taken or not. During Fiscal Year 2021 and year-to-date August 31, 2022, SAWS paid approximately \$3.0 and \$2.1 million, respectively, under this agreement, with these amounts reflected in SAWS’ financial statements. The region’s area is subject to frequent periods of drought, as evidenced by the most recent rainfall statistics indicating the City has received 5.12 inches of rainfall as of the date hereof (compared to the normal 18.52 inches generally received by this time period). Additional investments in the treatment process would be required in order to eliminate these water quality concerns in the future. Current available water supplies are expected to be sufficient to meet System customers’ demand in the foreseeable future without utilizing Medina’s supplies. The book value of the Plant as of December 31, 2021 was \$10.5 million. SAWS is continuing to depreciate the Plant. SAWS is currently evaluating the changes in circumstances affecting the Plant to determine the extent of impairment, if any, of the asset.

WESTERN INTEGRATION PIPELINE

The 2012 Water Management Plan addressed the operating challenge of co-locating the Brackish Groundwater Desalination Program, Local Carrizo and ASR projects at a single site (H₂Oaks Center in the southern portion of the County) by recommending the expedited construction of the Western Integration Pipeline to bring water to the western half of the City.

Construction was divided into two phases. Phase I construction commenced in 2014 and became operational in September 2016. Phase I construction consisted of 28 miles of pipeline, a high service pump station, and a ground storage tank and distribution pumps capable of delivering up to 50 million gallons per day of water from the H₂Oaks Center to the System’s distribution system.

Phase II, which has a total budgeted construction cost of approximately \$70.7 million, began construction in 2020. Phase II consists of 16 miles of pipeline, the remaining portion of the high service pump station, and a second ground storage tank and additional high service pumps to increase the total production capacity of water from the H₂Oaks Center to 75 million gallons per day. Construction of the pipeline is scheduled to be complete prior to year-end; however, due to delays in the receipt of required pumps, it is not anticipated that phase II of the project will be operational until mid-2023.

CONSERVATION

General. SAWS recognizes that the effort to promote conservation is a cost-efficient approach at minimizing the increase in demand for water caused by population growth. Beginning in 1994, SAWS implemented progressive water conservation programs aimed at reducing the total amount of water used. These programs target both indoor and outdoor residential, commercial, and industrial uses.

The City’s long-standing commitment and investment in water conservation and infrastructure improvements has yielded its largest water supply. SAWS’ total per capita water consumption has decreased significantly from 225 gallons per capita per day (“GPCD”) in 1982 to 116 GPCD in 2020, which has resulted in approximately 3.2 million acre-feet of cumulative savings. Using today’s larger population, a total per capita of 225 GPCD would require an additional 214,000 acre-feet of water per year. SAWS has successfully cultivated an ethic of conservation, invested in infrastructure over the past 35 years and effectively reduced GPCD by approximately 50 percent, all while SAWS’ service area population has grown by approximately 150%.

As part of the 2017 Water Management Plan, water conservation continues to be a strategy for long-term water supply. By 2070, conservation investments are projected to result in approximately 4.3 million acre-feet of cumulative water savings since 2017 and would replace the need for approximately 132,000 acre-feet per year of new water projects.

Over the last five years, several initiatives have contributed to SAWS’ progress in extending the City’s water supplies through conservation and innovation:

- Over 2 million square feet of water-intensive grass has been replaced with low water-use plants or permeable patios through WaterSaver Landscape Coupon programs.
- Regional Carrizo Water Project was brought on line in 2013, providing more than 10,000 acre-feet of water in both 2015 and 2016 from the Carrizo Aquifer in Gonzales County, Texas to the City.
- In January 2017, SAWS held the grand opening of the H₂Oaks Desalination Plant and Water Center, Phase I of which is capable of producing 12 million gallons of drinking water daily from desalination operations.
- WaterSaver Irrigation Consultations providing home irrigation and landscape education visits have reduced household usage by 140 million gallons per year.
- The GardenStyleSA.com website and e-newsletter providing timely City-focused low water use landscape information to reduce outdoor watering.
- SAWS’ ASR at H₂Oaks has reached a record storage volume of 143,000 acre-feet, representing over a half-year of SAWS’ potable demand.

- The public-private partnership with Vista Ridge for up to 50,000 acre-feet per year of groundwater from Burleson County, Texas by 2020 is recognized globally as a benchmark agreement in water projects.
- The System's 2017 Water Management Plan strives for a reduction of residential consumption to 55 GPCD by 2070 and a total consumption (to include commercial, industrial, and non-revenue water) to 88 GPCD by 2070.

Strategies to Save Water. Conservation results are achieved through a combination of education and outreach, reasonable regulation, and financial incentives. Education is provided through workshops and events offered directly by staff and through partnerships with expert volunteers. Over 100,000 people receive face-to-face education on how to save water through these efforts each year.

Regulations that save water are negotiated with impacted stakeholder groups to determine where it is logical to set a conservation standard for a particular activity. An example is regulations that set standards to ensure that swimming pools are designed to operate as efficiently as possible. Other regulations set efficiency standards for landscape and irrigation, power washing, decorative fountains, and car wash operations.

Financial incentives include a tiered rate structure, free conservation supplies, rebates for efficiency upgrades and coupons that offset material costs. Each incentive is designed to achieve a change in how water is used for a particular activity. The incentives are evaluated to assess the cost per gallon of water saved to ensure that they acquire water savings at a rate lower than the cost of new water. The new focus on peak water savings has resulted in procedures that place a higher financial incentive on programs that result in landscape irrigation reductions than on programs that reduce the year-round baseline use of water.

Residential Conservation Programs. Residential conservation programs encourage customers to save water and ensure that their landscape and irrigation practices are efficient. A variety of education and rebate incentive programs are available to help ratepayers understand how following best practices can save water and money. Customers learn about these programs through the System's website, public events, direct mail inserts in bills, paid advertisements, and educational materials in popular local periodicals. The System's most effective residential programs for water use reduction include the following:

Conservation Consultations provide the System's ratepayers with a free analysis of their in-ground irrigation system and landscape care needs. Trained conservation consultants visit homes to review each component of irrigation systems to determine maintenance needs to make suggestions for improving efficiency. Customers are invited to participate in the review process to get the maximum benefit from the site visit. A report that outlines any necessary maintenance repairs, suggestions for design improvements and how much water the system uses is provided to customers. The consultation visit includes suggestions and rebate incentive amounts available for making suggested design improvements. Customers are advised of ways to further reduce outdoor consumption by adjusting irrigation scheduling and by considering other landscape options.

Conservation Coupons provide instant incentive savings to customers who wish to make changes in their landscape or irrigation system. The coupons offset the upfront costs associated with transforming portions of their traditional landscape to attractive bedding areas comprised of hardy, drought-tolerant plants. The incentives require customers to replace grass with lower water use options in the same space. Coupon packages are offered several times per year and reflect seasonal plant offerings available in locally owned plant nurseries. Some coupons also offset the material costs of replacing grass by installing a patio.

Irrigation Design Rebates are designed to make an irrigation system more efficient or remove it altogether and receive a rebate to help cover the cost. During a conservation consultation, trained consultants work with local irrigators to help identify design flaws in a customer's irrigation system that, if changed, can result in water savings, healthier landscapes, and rebates.

Flow Sensor Rebate provides an incentive for residential customers to purchase a flow sensor from an approved list. The flow sensors provide near real time feedback on water use at homes enabling customers to trouble shoot high bills and find costly leaks faster. Flow sensors have been one of SAWS' most popular incentive programs in the past two years making this an excellent transition for Advanced Meter Infrastructure investments that may provide flow data for all SAWS' customers.

Plumbers to People provides leak repairs and retrofits to qualified low-income homeowner customers. The System qualifies applicants based on the current Federal Assistance Guidelines. Only leaks that result in a loss of potable water are eligible for repair under the program. Water conservation is achieved by quickly repairing leaks that would otherwise continue due to the cost of repairs. When applicable, special analysis is prepared within low-income housing areas where high water bills and older housing stock indicate the possibility of leaks or high flow fixtures. Identified households are sent letters offering a conservation assessment. Contracted plumbers provide services that include replacement of high flow fixtures and repair of minor potable water leaks.

Garden Style San Antonio website (www.GardenStyleSA.com) is a one stop resource for inspiring designs, information on drought-hardy plants, and regional expert advice to help SAWS' customers transform their landscapes into a water-saving showpiece. The website was launched in May 2014. During 2020, the popular site had 653,306 visits by 211,000 unique users.

GardenStyleSA e-Newsletter is a weekly free newsletter provided to 16,289 individuals who want expert advice on how to take care of their landscape. It includes timely lawn irrigation advice that is based on current weather conditions. Local horticulture experts provide weekly articles on seasonal landscape care featuring plants that thrive in the City. Incentive programs and local educational events are promoted. A gardening expert (the Garden Geek) responds to regularly submitted questions.

Commercial Conservation Programs. Commercial customers account for 10 percent of the System's customer base but represent 40 percent of the System's annual water sales; therefore, there is great potential for both water and monetary savings through the System's commercial conservation programs. The System has been working closely with commercial customers for the past 20 years to help them conserve water, maintain profitability, and become a water wise corporate partner. Water audits and case-by-case custom rebates for retrofits are also available. The System's most effective programs for commercial and industrial water use reduction include the following:

Irrigation Design Rebates provide an incentive for commercial properties to upgrade older, water wasting irrigation equipment with newer options that apply water more efficiently. Rebates are available to zone irrigation areas by plant material, to convert spray irrigation to drip and to cap areas that do not require irrigation.

Irrigation Check-Up is a regulation that requiring managers of large irrigation systems to submit an “Irrigation Check Up” report to SAWS once per year. Large systems are defined as any system using over 1 million gallons of water per year or those located on over five acres of property. The process helps managers of large irrigation systems better understand their usage patterns and be in control of their substantial water bills which reduces high bill complaints. Analysis of savings suggests that this cooperative effort is one of the most effective water savings measures in the portfolio of programs saving nearly 76 million gallons of water per year.

Commercial Custom Rebate Program allows commercial water users of all sizes to apply on a case-by-case basis for rebates to install water conserving equipment. The rebate pays for part of the costs of equipment changes based on the water projected to be saved over a ten-year period. The program requires a pre-audit, a pre-inspection, and on-going verification of water savings and is mutually beneficial between commercial customers and SAWS. The rebate is enticing for the business as it allows water saving projects to become economically feasible while at the same time maintaining the company’s market competitiveness. Additionally, after the technology is installed, the business will see a decrease in overhead cost as they are using less water for the same amount of product. For SAWS, the rebate provides an investment in permanent water savings. The water saved can be used to service other customers and alleviate the pressure to pump from other water sources.

Cooling Tower Consultations help businesses manage their cooling towers as efficiently as possible. This program provides for free consultations on all cooling towers within the System’s service area. A cooling tower review provides the customer with detailed advice on their specific operation, as well as recommendations for achieving water and energy savings through increased cycles of concentration, capture of blowdown water for reuse in other applications, or installation of other water conserving equipment.

Landscape & Irrigation Consultations allow conservation staff to work with irrigation and landscape professionals and with building managers to put best management practices in place as businesses are finding that irrigation consumption can account for a significant amount of their total water usage. These visits include a review of the overall site plan, the landscape maintenance plan, irrigation system quality, and irrigation scheduling. Customers are left with information on retrofits to improve efficiencies and irrigation scheduling advice. As part of the site analysis, custom rebates may be approved to encourage irrigation upgrades.

SEWER MANAGEMENT PROGRAM

In March 2007, SAWS was orally notified by Region 6 of the United States Environmental Protection Agency (the “EPA”) of alleged failures to comply with the Clean Water Act due to the occurrence of sanitary sewer overflows (“SSOs”). The EPA subsequently referred the matter to the United States Department of Justice (the “DOJ”) for enforcement action. SAWS engaged in settlement negotiations with the EPA and the DOJ to resolve the allegations. On June 4, 2013, the Board approved a Consent Decree (“Consent Decree”) between SAWS and the United States of America and the State to resolve this enforcement action. SAWS signed the Consent Decree on June 5, 2013 and the Consent Decree was subsequently executed by the United States of America and the State. On September 13, 2013, after consideration of the comments received, the United States of America filed its Motion for Entry of the Consent Decree, requesting the Court to approve the Consent Decree by signing and entering it. The Consent Decree was signed and entered by the Court on October 15, 2013. During the 10 to 12 year term of the Consent Decree, SAWS estimated the cost to perform the operating and maintenance requirements of the Consent Decree to be approximately \$250 million. SAWS initially estimated that capital investments of approximately \$850 million would be required over the Consent Decree term. During the last several years, through flow monitoring during significant rainfall events, physical inspection and televising, SAWS has accumulated additional information relative to the performance of its collection system. Based upon this additional information, as well as inflationary cost increases, SAWS currently estimates that capital expenditures associated with the requirements of the Consent Decree could range from \$1.2 billion to \$1.3 billion. As with any estimate, the actual amounts incurred could differ materially.

As mentioned above, capital requirements could range in total from \$1.2 billion to \$1.3 billion. Through December 31, 2021, capital expenditures related to the Consent Decree totaled approximately \$953 million which includes certain work which was previously planned prior to entry into the Consent Decree. Since entry into the Consent Decree, SAWS has performed its obligations under the terms of the Consent Decree and management believes SAWS is in material compliance with such terms, conditions, and requirements. Since 2010, SAWS has seen a significant reduction in SSOs, from 538 in 2010 to a record low of 152 SSOs in 2020. Through mid-September 2022, the year to date SSOs have totaled 125.

Until December 2021, SAWS operated the Mitchell Lake Site Wastewater Treatment Facility (“Mitchell Lake”) pursuant to a Texas Pollutant Discharge Elimination Permit (the “Permit”) issued by the TCEQ under a delegation of authority from the EPA. At the direction of the EPA, SAWS explored the conversion of Mitchell Lake from its classification as a wastewater treatment facility to a new classification as a Best Management Practice in a Municipal Separate Storm Sewer System permit (“MS4”) held jointly by SAWS and the City. This conversion of the Permit to the MS4 was completed on December 17, 2021.

Mitchell Lake is not a standard brick and mortar wastewater treatment facility. Instead, the approximately 425-acre lake and adjacent wetland complex of 125 acres are legacy remnants of 19th-century wastewater reuse and disposal practices by irrigation of adjacent croplands. Also, Mitchell Lake is a unique and environmentally sensitive natural facility that has become a wildlife refuge and an active destination attraction within the City. The site provides essential habitats where more than 330 species of migratory birds can rest and feed and was declared to be a “Refuge for Shore Birds and Waterfowl” by the City of San Antonio in 1973. Since 2004, the site has been operated by the National Audubon Society as a Nature Center.

The EPA regulated discharges from Mitchell Lake, which can occur after significant rainfall events, and on August 18, 2016, SAWS received an Administrative Order from the EPA that alleged SAWS violated the Permit by failing to meet effluent limitations for discharges from the lake as required by the Permit.

Upon receiving the Administrative Order, SAWS began working with consulting experts and conducted preliminary feasibility evaluations of a proposed solution that would entail the use of constructed treatment wetlands to meet water quality objectives while protecting and enhancing the existing natural resources and aquatic waterfowl habitats. The proposal has two major components: (a) modifications to the existing dam with the construction of a new spillway and (b) constructing treatment wetlands of approximately 83 acres below Mitchell Lake.

The EPA accepted SAWS' proposed solution and by letter dated February 28, 2019, the EPA delivered a second Administrative Order to SAWS that included a Schedule of Activities, which required completion of the wetlands project by September 30, 2024. On August 11, 2022, in order to allow for completion of additional historical and archaeological reviews, the EPA issued a revised schedule of activities extending the completion date to March 31, 2026.

To provide information for the design and operation of a full-scale constructed wetlands, SAWS commenced a pilot wetlands study in 2019 of approximately 1.3 acres. Operations began in the summer of 2019 and after a one-year operation period, a final report was produced in December of 2020. This report adequately documented the efficacy of using constructed wetlands to comply with permitted water quality requirements.

On January 9, 2018, SAWS purchased a 285-acre tract of land that is anticipated to be used to implement the water quality treatment wetlands project. After assessment of the actual amount and location of acreage needed for the proposed wetlands, on June 9, 2020, the Board declared approximately 128 acres of this 285-acre tract as surplus to the needs of the System and authorized its disposition. On September 23, 2022, SAWS acquired an additional 234-acre tract that will be necessary for the implementation of the project as currently designed. At this time, projected costs for the wetlands project are estimated to be approximately \$72 million. No monetary penalties have been assessed, although the EPA reserves all rights to seek any appropriate remedies.

In 2021, engineering design commenced for the dam modifications, new spillway, and constructed wetlands. Design is expected to be completed by 2024, with construction expected to be completed by 2026.

[The remainder of this page intentionally left blank.]

DEBT AND OTHER FINANCIAL INFORMATION

COMBINED SYSTEM REVENUE DEBT SERVICE REQUIREMENTS⁽¹⁾

FYE (December 31)	SAWS' Current Debt Service ⁽¹⁾		The Bonds		Total Projected Debt Service ⁽¹⁾		
	Senior Lien Obligations ⁽²⁾	Junior Lien Obligations ⁽³⁾	Principal	Interest ⁽⁴⁾	Senior Lien Obligations ⁽²⁾	Junior Lien Obligations ⁽⁵⁾	Total ⁽⁵⁾
2022	\$14,111,104	\$179,355,000	-	\$245,564	\$14,111,104	\$179,600,564	\$193,711,668
2023	3,871,816	189,551,089	-	2,987,700	3,871,816	192,538,789	196,410,605
2024	3,871,816	191,098,255	-	2,989,087	3,871,816	194,087,342	197,959,158
2025	7,454,546	189,477,736	-	2,986,313	7,454,546	192,464,050	199,918,595
2026	8,640,216	190,866,194	-	2,987,700	8,640,216	193,853,894	202,494,109
2027	7,445,080	182,412,226	-	2,987,700	7,445,080	185,399,926	192,845,006
2028	6,646,184	186,117,877	-	2,989,087	6,646,184	189,106,963	195,753,147
2029	7,437,403	205,330,315	-	2,986,313	7,437,403	208,316,628	215,754,031
2030	7,432,157	198,124,905	\$5,690,000	2,887,618	7,432,157	206,702,523	214,134,681
2031	7,429,489	198,460,082	5,810,000	2,714,808	7,429,489	206,984,890	214,414,379
2032	7,420,629	198,481,906	5,935,000	2,539,821	7,420,629	206,956,726	214,377,355
2033	7,415,388	198,190,713	6,065,000	2,356,829	7,415,388	206,612,541	214,027,929
2034	7,413,392	211,390,289	6,200,000	2,173,648	7,413,392	219,763,937	227,177,329
2035	11,810,314	195,360,308	6,335,000	1,985,273	11,810,314	203,680,581	215,490,895
2036	11,797,497	191,850,904	6,470,000	1,794,045	11,797,497	200,114,948	211,912,445
2037	11,790,035	191,867,576	6,610,000	1,595,492	11,790,035	200,073,068	211,863,103
2038	11,777,349	181,203,882	6,755,000	1,395,436	11,777,349	189,354,318	201,131,667
2039	11,759,053	178,725,465	6,900,000	1,190,236	11,759,053	186,815,701	198,574,754
2040	5,552,977	164,007,879	7,050,000	981,449	5,552,977	172,039,328	177,592,305
2041	-	121,433,685	7,205,000	765,956	-	129,404,642	129,404,642
2042	-	120,671,365	7,360,000	547,495	-	128,578,860	128,578,860
2043	-	112,250,751	7,520,000	323,880	-	120,094,631	120,094,631
2044	-	100,013,227	7,685,000	95,855	-	107,794,081	107,794,081
2045	-	98,282,568	-	-	-	98,282,568	98,282,568
2046	-	90,759,777	-	-	-	90,759,777	90,759,777
2047	-	80,583,828	-	-	-	80,583,828	80,583,828
2048	-	80,592,595	-	-	-	80,592,595	80,592,595
2049	-	67,485,437	-	-	-	67,485,437	67,485,437
2050	-	56,039,056	-	-	-	56,039,056	56,039,056
2051	-	33,407,163	-	-	-	33,407,163	33,407,163
2052	-	17,235,869	-	-	-	17,235,869	17,235,869
	\$161,076,445	\$4,600,627,918	\$99,590,000	\$44,507,304	\$161,076,445	\$4,744,725,222	\$4,905,801,667

⁽¹⁾ Excludes debt service on Commercial Paper Notes of the System.

⁽²⁾ Takes into account refundable tax credit anticipated to be received from the United States Department of the Treasury (the "Subsidy Payment") as a result of certain Senior Lien Obligations being issued and sold as "build America bonds" under and pursuant to the American Recovery and Reinvestment Act of 2009 used to offset debt service payments on subject outstanding Senior Lien Obligations. Though used for such purpose, such amounts are not pledged to the payment of any Senior Lien Obligations. Subsidy Payments are subject to offset by the federal government. SAWS has determined that the reduced amount of Subsidy Payment to be received from the United States Treasury in relation to the aforementioned Build America Bonds as a result of the automatic reductions in federal spending effective March 1, 2013 pursuant to the Budget Deficit Control Act of 2011 (commonly referred to as "Sequestration"), and extensions thereof pursuant to the Bipartisan Budget Act of 2013 signed into law by the President on December 26, 2013, and any potential delay in the delivery of the Subsidy Payment due to limitations on IRS operations during the Pandemic, will not have a material impact on the financial condition of the System or its ability to pay regularly scheduled debt service on its outstanding obligations when and in the amounts due and owing. See "SECURITY FOR THE BONDS – Refundable Tax Credit Bonds" herein. Subsidy payments reduced by 5.7% per annum through final maturity of the related Senior Lien Obligations to account for Sequestration. See "SECURITY FOR THE BONDS – Refundable Tax Credit Bonds" and "EFFECT OF SEQUESTRATION AND IRS OPERATIONS DURING THE PANDEMIC" herein for a discussion related to the current status of Sequestration and its limited effect on the City's outstanding obligations payable from SAWS' revenues since certain actions have been effectuated.

⁽³⁾ For purposes of illustration, interest on the San Antonio Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2013F (No Reserve Fund) is calculated at the actual rate of 1.00% through October 31, 2026 and an assumed rate of 3.00% thereafter, and San Antonio Water System Variable Rate Junior Lien Revenue Bonds, Series 2019A is calculated at an actual rate of 2.625% through April 30, 2024 and an assumed rate of 3.00% thereafter. While such obligations accrue interest at a variable rate, actual interest paid will vary dependent on market conditions. Excludes the Bonds and includes the 2022B Bonds.

⁽⁴⁾ Interest on the Bonds is shown at an assumed rate of 3.00% through final maturity of the Bonds. Actual interest during the New Interest Period will be calculated based on the weekly resets of SIFMA plus the applicable spread.

⁽⁵⁾ See Footnotes 3 and 4 above for information on the assumed interest rates of the City's variable rate obligations. Includes the Bonds and the 2022B Bonds.

INTEREST RATE HEDGE TRANSACTION

To hedge against changes in interest expense associated with the Subordinate Lien Obligations designated as the “City of San Antonio, Texas Water System Subordinate Lien Revenue and Refunding Bonds, Series 2003-A and 2003-B” (the “2003 Subordinate Lien Obligations”), which were issued in a weekly interest reset mode, the City has entered into an agreement with JPMorgan, as the successor in interest to Bear Stearns Financial Products Inc. Under the agreement, the City must pay any excess monthly (and the counterparty must pay any deficit monthly) of 4.18% per annum over the Municipal Swap Index published by The Securities Industry and Financial Markets Association applied to a specified notional amount that reduces annually through the date of stated termination on May 1, 2032. The City’s obligations under the agreement, both scheduled payments and termination payments (subject to the policy’s terms and condition, including policy limits upon termination), are insured by MBIA Insurance Corporation (“MBIA”); the counterparty’s obligations are not insured or guaranteed. In February 2009, MBIA ceded its United States public finance book of business (which includes the aforementioned hedge insurance policy) to subsidiary MBIA Insurance Corp. of Illinois, which has been renamed National Public Finance Guarantee Corp. The City and the counterparty may each terminate the agreement if the other party (or in some cases, its insurer) commits an event of default (including under other specified transactions and indebtedness) or certain acts of insolvency or may not legally perform its obligations under the agreement, or merges or otherwise combines with or transfers substantially all of its assets to a materially less creditworthy entity. In that case, neither party may terminate the agreement without the consent of MBIA. The counterparty may also terminate the agreement if (i) MBIA defaults on the hedge insurance policy, (ii) MBIA fails to maintain an “A3” rating from Moody’s Investors Service, Inc. (“Moody’s”) and an “A-” rating from S&P Global Ratings (“S&P”) (the counterparty’s ability to exercise the right to terminate upon the occurrence of either of (i) or (ii) requires also that an event of default occurs and is continuing with respect to the City or a termination event occurs and is continuing with respect to the City), or (iii) the ratings assigned to the Senior Lien Obligations are reduced below “A1” by Moody’s or “A+” by S&P and the claims paying ability of MBIA are reduced below “A2” by Moody’s or below “A” by S&P. Under certain circumstances, MBIA may exercise the parties’ termination rights. If either party terminates the agreement, the City must pay to the counterparty (or the counterparty must pay to the City) the mean or median average of amounts quoted by leading dealers to be paid to or by the counterparty to enter into an economically equivalent agreement with the counterparty, regardless of whether the City or the counterparty was the defaulting party.

The City’s obligations under the agreement are secured by a lien on the Net Revenues of the System on a parity with the lien securing the 2003 Subordinate Lien Obligations and other Additional Subordinate Lien Obligations, except that the lien securing any uninsured portion of the City’s termination obligations is subordinate to that lien. Any amounts received by the City under the agreement will be revenues of the System. They will not be available to pay the 2003 Subordinate Lien Obligations unless Net Revenues remain after paying debt service due on the Senior Lien Obligations and the Junior Lien Obligations. The counterparty’s indexed obligations under the agreement are expected to correlate closely to the City’s interest obligations on the 2003 Subordinate Lien Obligations and Commercial Paper Notes so long as the credit of the credit enhancer and liquidity bank and the tax-exempt status on the 2003 Subordinate Lien Obligations and Commercial Paper Notes are maintained. If the counterparty’s obligations do not correlate closely, or if the counterparty defaults in payment under the agreement, the City would be exposed to possible increases in the rate of interest on the 2003 Subordinate Lien Obligations and Commercial Paper Notes.

The System still considers the swap agreement to be a valuable variable rate management tool within its debt portfolio. Accordingly, the System negotiated amendments to the swap agreement, effective June 16, 2009, with JPMorgan and MBIA to amend the swap agreement to allow the remaining 2003 Subordinate Lien Obligations outstanding to be redeemed with Commercial Paper Notes, while maintaining the swap agreement as an existing obligation to all parties. These amendments provide for the conditional release of MBIA’s swap insurance policy upon the occurrence of certain future events. The System redeemed the remaining 2003 Subordinate Lien Obligations on June 24, 2009 with Commercial Paper Notes. See “COMMERCIAL PAPER NOTE PROGRAM” herein. No such 2003 Subordinate Lien Obligations are currently outstanding; \$64,385,000 in Commercial Paper Notes used to redeem 2003 Subordinate Lien Obligations are currently outstanding.

If the swap agreement is terminated, the City could be obligated to make a substantial payment to the counterparty, depending on market conditions. As of August 31, 2022, the termination payment that the City would be liable for if the swap agreement were terminated on such date would be \$5.8 million (unaudited and unverified). Prospective investors should be aware that the value of the termination payments varies day-to-day and that such valuation herein provided represents an unaudited and unverified estimate provided to SAWS by JPMorgan, as the swap counterparty. For more information concerning the swap agreement, see “APPENDIX B – SAN ANTONIO WATER SYSTEM ANNUAL COMPREHENSIVE FINANCIAL REPORT”, Note G. The City may also enter into other interest rate hedging transactions payable from System revenues in the future, with comparable risks, although no such transactions are currently contemplated.

PENSION FUNDS

The System’s retirement program includes benefits provided by Texas Municipal Retirement System (“TMRS”), a State-wide multi-employer public retirement plan, and the San Antonio Water System Retirement Plan (“SAWSRP”), which serves as a supplement to TMRS. SAWSRP is a single-employer plan administered by the Principal Financial Group. SAWSRP has a defined benefit component covering employees hired prior to June 1, 2014 and a defined contribution component covering employees hired on or after June 1, 2014. The System makes annual contributions to TMRS and the defined benefit component of the SAWSRP equal to the actuarially determined contribution amounts. The System makes contributions to separate retirement accounts for eligible employees participating in the defined contribution component of the SAWSRP in accordance with the provisions of the plan, which currently require a System contribution equal to four percent of eligible employees’ compensation.

The System is also the plan sponsor of the District Special Project Retirement Income Pension Trust Fund (“Retirement Income Plan”) which is a single-employer defined benefit pension plan that covers eligible former employees of the former BexarMet. In 2008, the Retirement Income Plan was frozen for both future benefit accruals and new entrants to the plan. Annual contributions to the Retirement Income Plan are based on the actuarially determined contribution amounts.

Based on the most recent, unaudited actuarial evaluation, the cumulative net pension asset for these three plans totals \$6.2 million as of the valuations dated either December 31, 2020 or January 1, 2021. This represents a funded ratio of 101.2%. These plans’ liability amounts are based upon assumed discount rates of 6.25% for the SAWSRP and Retirement Income Plan and 6.75% for TMRS.

For further information with respect to the System’s audited pension liabilities, please refer to Note J and the Required Supplemental Information of the System’s Annual Financial Report for the year ended December 31, 2021. (See “APPENDIX B – SAN ANTONIO WATER SYSTEM ANNUAL COMPREHENSIVE FINANCIAL REPORT”.)

OTHER POSTEMPLOYMENT BENEFITS (“OPEB”)

The System provides certain postretirement medical and life insurance benefits to qualified employees, their spouses, and other dependents through a single-employer defined benefit plan administered by the System. The authority to establish and amend the OPEB provisions is vested in the System’s Board.

By State law, any employee that retires under either the TMRS or SAWSRP is eligible, at the time of retirement, to obtain health insurance benefits similar to those offered to active SAWS’ employees. Contributions made by retirees for health insurance benefits vary based on retirement date, years of service and the health care options selected. Retirees may also purchase coverage for their spouse at group rates partially subsidized by SAWS. Beginning January 1, 2015, retirees age 65 or older participate in a fully-insured Medicare Advantage healthcare plan sponsored by the System.

Based on the unaudited actuarial valuation dated January 1, 2021, the net OPEB liability for this plan was \$0.6 million and the annual required contribution was \$3.7 million. Prior to 2012, the System funded all obligations arising under these plans on a pay-as-you-go basis. In March 2012, SAWS established an OPEB Trust for the exclusive purpose of providing benefits to eligible retirees and their dependents. During 2021, the System made contributions to the OPEB Trust of \$5.1 million in addition to funding the pay-as-you-go costs of \$5.3 million.

For further information with respect to the System’s audited OPEB liabilities, please refer to Note K and the Required Supplemental Information of the System’s Annual Financial Report for the year ended December 31, 2021. (See “APPENDIX B – SAN ANTONIO WATER SYSTEM ANNUAL COMPREHENSIVE FINANCIAL REPORT”.)

CAPITAL IMPROVEMENT PROGRAM

The following is a proposed five-year CIP for the System. It is the intention of the System to fund the program with long-term bonds, tax-exempt commercial paper, impact fees, and excess System revenues. The System contemplates the following summary of capital improvement projects during calendar year 2022:

- \$77.5 million is budgeted for the wastewater treatment program to repair/replace/upgrade treatment facilities and provide capacity for future growth;
- \$1.0 million is budgeted for the wastewater collection program to fix deteriorated components of the collection system and provide capacity for future growth;
- \$88.4 million is budgeted to replace sewer and water mains;
- \$21.1 million is budgeted for new sewer and water mains;
- \$51.4 million is budgeted for the governmental replacement and relocation programs;
- \$75.6 million is budgeted to construct new or fix deteriorated components of the production facilities; and
- \$184.1 million is budgeted for automated metering infrastructure.

The capital improvement projections in the following table were prepared by the System staff.

	Capital Improvement Projections*					
	Fiscal Year Ended December 31,					
	2023	2024	2025	2026	2027	Total
Water Delivery	\$215,201,148	\$254,911,752	\$255,506,349	\$202,541,319	\$258,531,858	\$1,186,692,426
Wastewater	266,613,675	318,436,646	338,393,241	264,469,508	300,839,397	1,488,752,467
Chilled Water	17,769,650	22,926,766	6,472,700	4,483,301	5,230,592	56,883,009
Water Supply	25,157,750	32,405,700	25,398,608	19,381,859	26,717,725	129,061,642
Total Annual Requirements	<u>\$524,742,223</u>	<u>\$628,680,864</u>	<u>\$625,770,898</u>	<u>\$490,875,987</u>	<u>\$591,319,572</u>	<u>\$2,861,389,544</u>

* Preliminary, subject to change.

PROJECT FUNDING APPROACH

The table on the following page was prepared by the System staff based upon information and assumptions it deems reasonable and shows the projected financing sources to meet the projected capital needs.

[The remainder of this page intentionally left blank.]

Projected Funding Sources*
Fiscal Year Ended December 31,

	2023	2024	2025	2026	2027	Total
Revenues	\$119,519,422	\$92,113,137	\$94,419,746	\$114,170,811	\$133,706,304	\$553,929,420
Fees	50,000,000	55,000,000	55,000,000	55,000,000	61,000,000	276,000,000
Debt Proceeds	355,222,801	481,567,727	476,351,152	321,705,176	396,613,268	2,031,460,124
Total	<u>\$524,742,223</u>	<u>\$628,680,864</u>	<u>\$625,770,898</u>	<u>\$490,875,987</u>	<u>\$591,319,572</u>	<u>\$2,861,389,544</u>

* Preliminary, subject to change.

FINANCIAL POLICIES

Basis of Accounting. The financial statements are prepared using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Debt Service Fund Balance. The System maintains the parity lien Debt Service Fund and the Reserve Fund, as applicable, in accordance with the ordinances authorizing the currently outstanding Senior Lien Obligations and Junior Lien Obligations, respectively.

Budgetary Procedures. The System prepares and presents, approximately 60 days prior to the beginning of each fiscal year, an annual budget prepared on an accrual basis to serve as a tool in controlling and administering the management and operation of the System. The annual budget reflects an estimate of Gross Revenues and an estimate of the disposition of these revenues in accordance with the flow of funds required by Ordinance No. 75686. The annual budget is submitted to City Council for review and consultation. Encumbrances are not formally recorded in the accounting system but are monitored and disclosed if significant amounts are outstanding at year end. Outstanding encumbrances lapse at year end and must be reappropriated in the following year.

INVESTMENT INFORMATION

Available investable funds of the System, acting on behalf of the City, are invested as authorized and required by the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "Investment Act"), and in accordance with an Investment Policy approved by the Board of the System. The Investment Act requires that the System establish an investment policy to ensure that City funds are invested only in accordance with State law. The most recent update to the investment policy was adopted on December 7, 2021. The System's investments are managed by its Senior Vice President/Chief Financial Officer, Treasurer, and the Manager-Treasury, who, in accordance with the Investment Policy, reports investment activity to the Board.

Legal Investments. Under Texas law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, (2) direct obligations of the State or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent, (6) (a) certificates of deposit and share certificates issued by a depository institution that has its main office or branch office in the State, that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors, or are secured as to principal by obligations described in clauses (1) through (5) and clause (13) or in any other manner and amount provided by law for System deposits, and in addition (b) the System is authorized, subject to certain conditions, to invest in certificates of deposit with a depository institution that has its main office or branch office in the State and that participates in the Certificate of Deposit Account Registry Service® network ("CDARS®") and as further provided by Texas law, (7) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1), commercial paper or corporate bonds and require the security being purchased by the City or cash held by the City to be pledged to the City, held in the City's name and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer or a financial institution doing business in the State, (8) bankers' acceptances with the remaining term of 365 days or less from the date of issuance, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (9) commercial paper with the remaining term of 270 days or less from the date of issuance that is rated at least "A-1" or "P-1" or the equivalent by at least (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (10) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission (the "SEC") that comply with federal SEC Rule 2a-7, (11) no-load mutual fund registered with the SEC that: have an average weighted maturity of less than two years; and either has a duration of one year or more and is invested exclusively in securities authorized by the Investment Act, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities, (12) public funds investment pools that have an advisory board which includes participants in the pool and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or "AAA-m" or its equivalent, (13) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, and (14) bonds issued, assumed or guaranteed by the State of Israel. Texas law also permits the City to invest bond proceeds in a guaranteed investment contract subject to the limitations set forth in the Investment Act.

Entities such as the City may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized including accrued income, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a)

obligations that are described in clauses (1) through (5) and clause (14) above, (b) pledged irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than “A” or its equivalent or (c) cash invested in obligations described in clauses (1) through (5) and clause (14) above, clause (9) above and clauses (10) and (11) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to such investing entity or a third party designated by such investing entity; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

The System may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pool is rated no lower than “AAA” or “AAA-m” or an equivalent by at least one nationally recognized rating service. The System is specifically prohibited from investing in (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Investment Policies. Under Texas law, the System is required to invest its funds in accordance with written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; that includes a list of authorized investments for System funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pool fund groups, and the methods to monitor the market price of investments acquired with public funds and the requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments. All System funds must be invested consistent with a formally adopted “Investment Strategy Statement” that specifically addresses each fund’s investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type; (2) preservation and safety of principal; (3) liquidity; (4) marketability of each investment; (5) diversification of the portfolio; and (6) yield.

Under Texas law, System investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived”. At least quarterly the investment officers of the System must submit to the Board an investment report detailing (1) the investment position of the System; (2) that all investment officers jointly prepared and signed the report; (3) the beginning market value, the fully accrued interest, and the ending value of each pooled fund group; (4) the book value and market value of each separately listed asset at the end of the reporting period; (5) the maturity date of each separately invested asset; (6) the account or fund or pooled fund group for which each individual investment was acquired; and (7) the compliance of the investment portfolio as it relates to (a) adopted investment strategy statements and (b) State law. No person may invest System funds without express written authority from the Board.

Additional Provisions. Under Texas law, the System is additionally required to (1) annually review its adopted policies and strategies; (2) adopt an order or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the said order or resolution; (3) require any investment officers with personal business relationships or relative with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Board; (4) require the registered principal of firms seeking to sell securities to the System to (a) receive and review the System’s investment policy; (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities; and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the System’s investment policy; (6) provide specific investment training for the Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investments of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in mutual funds in the aggregate to no more than 15% of the System’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and further restrict the investment in no-load money market mutual funds of any portion of bond proceeds, reserves and funds held for debt service and to no more than 15% of the entity’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in the investment transactions with the System.

Current Investments. As of June 30, 2022, investable System funds were 58.63% invested in obligations of the United States, or its agencies and instrumentalities, 4.29% invested in money market funds, 15.87% invested in investment pools, and 21.21% invested in municipal securities. The investments and maturity terms are consistent with State law, and SAWS’ investment policy, which objectives are to preserve principal, limit risk, maintain diversification and liquidity, and to maximize interest earnings.

The market value of such investments (as determined by SAWS by reference to published quotations, dealer bids, and comparable information) was approximately 97.11% of their book value, with 43.57% of the System’s investments maturing in less than one year. No funds of SAWS are invested in derivative securities; i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

[The remainder of this page intentionally left blank.]

As of June 30, 2022, the System funds were invested in the following categories (data presented is unaudited):

	Percentages	Carrying Amount ⁽¹⁾	Market Value
Money Market Deposits	4.29%	\$51,727,388	\$51,727,388
U.S. Treasury Notes	25.19%	304,016,523	295,587,916
U.S. Agency Notes	33.00%	398,276,303	381,690,547
Investment Pools	15.87%	191,566,810	191,566,810
Municipal Bonds	21.21%	255,957,323	246,088,556
Collateralized Mortgage Obligations	0.44%	5,341,020	5,287,906
Total	100.00%	\$1,206,885,367	\$1,171,949,123

⁽¹⁾ At amortized cost.

[The remainder of this page intentionally left blank.]

SAWS' STATISTICAL SECTION AND MANAGEMENT DISCUSSION

The following Statistical Section (including certain historical financial information presented in this Remarketing Memorandum in table format was derived from SAWS' internal financial records and the presentation format itself was not audited) is included in SAWS' Annual Financial Report for the year ended December 31, 2021, which is available in its entirety at www.saws.org/who_we_are/Financial_Reports/CAFR. SAWS follows GASB Statement No. 34, which requires the preparation of a Management's Discussion and Analysis ("MD&A") in connection with the annual financial report of SAWS. Reference is hereby made to APPENDIX B for the MD&A pertaining to the SAWS' Fiscal Year ended December 31, 2021. Certain interim financial reports are made available periodically by SAWS to the general public and are accessible at <http://www.saws.org>.

The operating results of the System reflect the results of past operations and are not necessarily indicative of results of operations for any future period. Future operations will be affected by factors relating to changes in rates, operating costs, water, wastewater, and other industry regulation, environmental regulation, economic growth of the community, population, weather, and other matters the nature and effect of which cannot at present be determined. See "FORWARD-LOOKING STATEMENTS", "INFECTIOUS DISEASE OUTBREAK – COVID-19", and "TEXAS 2021 WINTER WEATHER EVENT" herein.

[The remainder of this page intentionally left blank.]

San Antonio Water System
Schedule 1 – Net Position
(accrual basis of accounting)
(amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015^(a)</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net Position:										
Net investment in capital assets	\$3,182,373	\$2,966,647	\$2,758,354	\$2,353,841	\$2,217,283	\$2,106,957	\$1,939,292	\$1,730,265	\$1,661,644	\$1,602,507
Restricted for operating reserve	75,675	72,664	58,408	56,642	54,143	52,279	45,801	43,385	40,656	38,389
Restricted for debt service	66,283	74,095	67,380	64,086	59,719	60,396	56,775	47,123	39,710	34,254
Restricted for debt service reserve	16,984	17,938	23,122	54,702	56,364	56,016	62,716	66,665	62,560	58,681
Restricted for construction	243,927	211,917	163,313	209,204	188,227	150,198	168,968	140,937	101,212	83,968
Restricted for pension benefits	3,568	503	-	-	-	-	-	-	-	-
Unrestricted	<u>473,874</u>	<u>419,960</u>	<u>359,938</u>	<u>367,220</u>	<u>278,542</u>	<u>187,503</u>	<u>126,352</u>	<u>137,207</u>	<u>118,285</u>	<u>116,179</u>
Total Net Position	<u>\$4,062,684</u>	<u>\$3,763,221</u>	<u>\$3,430,515</u>	<u>\$3,105,695</u>	<u>\$2,854,278</u>	<u>\$2,613,349</u>	<u>\$2,399,904</u>	<u>\$2,165,582</u>	<u>\$2,024,067</u>	<u>\$1,933,978</u>

^(a) Increase in amounts from 2014 to 2015 is partially due to the merger of SAWS and SAWS' District Special Project effective January 1, 2015.

[The remainder of this page intentionally left blank.]

San Antonio Water System
Schedule 2 – Change in Net Position
(accrual basis of accounting)
(amounts in thousands)

	2021	2020 ^(a)	2019	2018	2017	2016	2015 ^(b)	2014	2013	2012
Operating Revenues:										
Water delivery	\$215,484	\$223,076	\$229,203	\$218,399	\$202,264	\$190,913	\$168,338	\$127,708	\$119,767	\$121,078
Water Supply	273,008	295,682	218,842	202,674	202,143	185,037	163,759	150,079	134,367	136,704
Wastewater	280,014	266,265	274,519	259,124	250,977	234,966	213,833	210,704	195,584	168,368
Chilled water & steam	10,826	9,894	10,615	10,849	11,368	11,541	11,102	11,152	12,621	12,378
	<u>779,332</u>	<u>794,917</u>	<u>733,179</u>	<u>691,046</u>	<u>666,752</u>	<u>622,457</u>	<u>557,032</u>	<u>499,643</u>	<u>462,339</u>	<u>438,528</u>
Operating expenses before depreciation:										
Salaries and fringe benefits	154,788	163,910	162,445	149,970	148,058	142,315	133,681	115,049	125,210	125,295
Contractual services	203,658	184,517	173,187	171,032	168,350	170,845	163,768	127,685	107,194	100,165
Materials and supplies	27,707	25,836	26,469	23,485	23,159	21,959	23,490	20,930	23,355	23,966
Other charges	(5,714)	(2,402)	6,726	11,718	11,150	12,702	8,129	12,355	20,423	21,790
Less: Costs capitalized to Construction in Progress	(31,244)	(29,921)	(30,743)	(31,612)	(32,275)	(32,426)	(37,822)	(30,964)	(31,834)	(33,640)
Operating expense before depreciation	<u>349,195</u>	<u>341,940</u>	<u>338,084</u>	<u>324,593</u>	<u>318,442</u>	<u>315,395</u>	<u>291,246</u>	<u>245,055</u>	<u>244,348</u>	<u>237,576</u>
Depreciation	199,332	188,872	157,225	155,549	152,072	142,856	141,259	123,111	111,375	103,034
Total operating expenses	<u>548,527</u>	<u>530,812</u>	<u>495,309</u>	<u>480,142</u>	<u>470,514</u>	<u>458,251</u>	<u>432,505</u>	<u>368,166</u>	<u>355,723</u>	<u>340,610</u>
Operating Income	230,805	264,105	237,870	210,904	196,238	164,206	124,527	131,477	106,616	97,918
Non-operating revenues/(expenses):										
Interest and miscellaneous	(1,654)	17,974	32,583	22,488	10,407	8,146	6,079	5,792	5,410	6,149
Interest expense on revenue bonds and CP	(92,318)	(90,874)	(96,420)	(88,542)	(86,615)	(86,566)	(89,971)	(78,049)	(75,606)	(73,987)
Interest expense on contract payable	(45,930)	(32,947)	-	-	-	-	-	-	-	-
Amortization of debt insurance costs	(2,293)	(3,667)	(2,627)	(1,711)	(1,385)	(4,716)	(3,831)	(2,914)	(4,112)	(3,835)
Other finance charges	(1,319)	(1,814)	(2,066)	(1,957)	(2,697)	(2,121)	(2,041)	(2,726)	(2,361)	(2,934)
Gain/(loss) on defeased debt	326	1,556	(664)	-	-	-	-	-	-	-
Gain on sale of capital assets	2,376	777	886	924	951	3,087	4,674	23	1,075	430
Payments to City of San Antonio	(30,162)	(31,043)	(21,917)	(18,287)	(17,276)	(14,228)	(12,683)	(13,089)	(11,528)	(11,161)
Payments to other entities	(23)	(93)	(99)	(101)	(108)	(109)	(106)	(114)	(130)	(122)
Total non-operating expense	<u>(170,997)</u>	<u>(140,131)</u>	<u>(90,324)</u>	<u>(87,186)</u>	<u>(96,723)</u>	<u>(96,507)</u>	<u>(97,879)</u>	<u>(91,077)</u>	<u>(87,252)</u>	<u>(85,460)</u>
Increases (decreases) in net position, before capital contributions	59,808	123,974	147,546	123,718	99,515	67,699	26,648	40,400	19,364	12,458
Capital contributions:										
Plant Contributions	101,251	85,955	73,375	59,761	60,643	73,889	71,967	49,081	32,891	44,787
Capital Recovery Fees	136,963	119,571	94,641	79,794	72,846	67,991	64,056	51,973	37,289	36,761
Grant Revenue	1,441	3,206	9,258	6,435	7,925	3,866	-	61	545	237
Total contributions	<u>239,655</u>	<u>208,732</u>	<u>177,274</u>	<u>145,990</u>	<u>141,414</u>	<u>145,746</u>	<u>136,023</u>	<u>101,115</u>	<u>70,725</u>	<u>81,785</u>
Change in net position	<u>\$299,463</u>	<u>\$332,706</u>	<u>\$324,820</u>	<u>\$269,708</u>	<u>\$240,929</u>	<u>\$213,445</u>	<u>\$162,671</u>	<u>\$141,515</u>	<u>\$90,089</u>	<u>\$94,243</u>

^(a) Based on the commencement of the operational phase of the Vista Ridge Pipeline Project, a contract payable and the associated interest expense were added to the financial statements in April 2020.

^(b) Increase in amounts from 2014 to 2015 is partially due to the merger of SAWS and SAWS' District Special Project effective January 1, 2015.

[The remainder of this page intentionally left blank.]

San Antonio Water System
Schedule 3 – Net Position in System
(accrual basis of accounting)
(amounts in thousands)

	2021	2020 ^(a)	2019	2018	2017	2016	2015 ^(b)	2014	2013	2012
Assets:										
Capital Assets,										
net of accumulated depreciation	\$7,117,048	\$6,840,293	\$5,649,427	\$5,266,084	\$5,051,777	\$4,886,091	\$4,647,786	\$4,089,478	\$3,964,000	\$3,771,228
Cash and Investments	1,380,260	1,216,526	949,290	1,025,791	924,958	928,593	853,417	819,232	689,483	517,876
Other Assets	105,519	102,442	89,317	83,770	87,530	80,976	81,889	79,478	75,998	71,241
Total Assets	<u>8,602,827</u>	<u>8,159,261</u>	<u>6,688,034</u>	<u>6,375,645</u>	<u>6,064,265</u>	<u>5,895,660</u>	<u>5,583,092</u>	<u>4,988,188</u>	<u>4,729,481</u>	<u>4,360,345</u>
Deferred Outflows of Resources										
Deferred Charge on Bond Refunding	22,005	26,681	35,076	42,048	48,055	54,317	30,103	29,086	30,943	30,561
Deferred outflows-pension	26,490	35,302	60,446	33,411	33,428	28,115	16,083	-	-	-
Deferred Outflows-asset retirement	32,108	32,299	32,354	32,511	-	-	-	-	-	-
Accumulated Decrease in Fair Value of Hedging Derivatives	10,357	15,014	12,256	9,332	11,857	12,965	16,394	15,520	8,372	19,746
Total Deferred Outflows of Resources	<u>90,960</u>	<u>109,296</u>	<u>140,342</u>	<u>117,302</u>	<u>93,340</u>	<u>95,397</u>	<u>62,580</u>	<u>44,606</u>	<u>39,315</u>	<u>50,307</u>
Liabilities:										
Revenue Bonds Payable (net)	3,207,001	3,034,045	2,735,075	2,834,570	2,735,739	2,840,282	2,730,363	2,507,419	2,348,834	2,083,545
Contract and Leases Payable	904,000	918,958	-	-	-	-	-	-	-	-
Commercial Paper Notes	234,020	218,260	281,815	215,695	278,060	241,610	224,005	138,550	186,655	170,745
Other Liabilities	220,091	281,330	367,967	313,140	287,200	293,023	284,617	221,243	209,240	222,384
Total Liabilities	<u>4,565,112</u>	<u>4,452,593</u>	<u>3,384,857</u>	<u>3,363,405</u>	<u>3,300,999</u>	<u>3,374,915</u>	<u>3,238,985</u>	<u>2,867,212</u>	<u>2,744,729</u>	<u>2,476,674</u>
Deferred Inflows of Resources										
Deferred inflows - pension	65,991	52,743	12,794	23,847	2,328	2,793	6,783	-	-	-
Net Position in System	<u>\$4,062,684</u>	<u>\$3,763,221</u>	<u>\$3,430,515</u>	<u>\$3,105,695</u>	<u>\$2,854,278</u>	<u>\$2,613,349</u>	<u>\$2,399,904</u>	<u>\$2,165,582</u>	<u>\$2,024,067</u>	<u>\$1,933,978</u>
Percentage Net Position in System	<u>46.7%</u>	<u>45.5%</u>	<u>50.2%</u>	<u>47.8%</u>	<u>46.4%</u>	<u>43.6%</u>	<u>42.5%</u>	<u>43.0%</u>	<u>42.4%</u>	<u>43.8%</u>

^(a) Based on the commencement of the operational phase of the Vista Ridge Pipeline Project, the associated capital assets and contract payable were added to the financial statements in April 2020.

^(b) Increase in amounts from 2014 to 2015 is partially due to the merger of SAWS and SAWS' District Special Project effective January 1, 2015.

[The remainder of this page intentionally left blank.]

San Antonio Water System
Schedule 4 – Water Production, Water Usage, and Wastewater Treated
(gallons in millions)
Unaudited

Fiscal Year	Gallons of Water Production ^(a)	Gallons of Water Usage	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated ^(b)	Total Direct Rate			
						Water		Sewer	
						Base Rate ^(c)	Usage Rate ^(d)	Base Rate ^(e)	Usage Rate ^(f)
2021 ^(h)	81,460	64,020	17,440	21.41%	52,435	\$13.03	\$30.38	\$14.59	\$17.11
2020	83,321	67,193	16,128	19.36%	49,891	13.03	30.38	14.59	17.11
2019	80,271	65,655	14,616	18.21%	50,142	13.02	23.92	14.59	17.11
2018	78,665	63,660	15,005	19.07%	50,775	12.97	23.34	13.51	15.84
2017	79,256	65,318	13,938	17.59%	50,945	11.82	22.09	13.04	15.29
2016	76,857	63,394	12,923	16.81%	49,282	10.90	21.18	12.35	14.48
2015 ^(g)	76,227	62,896	13,331	17.49%	48,563	7.75	19.73	12.75	14.04
2014	68,265	57,261	11,004	16.12%	50,689	7.49	18.98	11.99	13.20
2013	66,391	55,108	11,283	16.99%	50,076	7.31	17.81	11.54	12.71
2012	66,596	55,320	11,276	16.93%	49,055	7.31	17.95	9.92	10.91

- ^(a) Pumpage is total potable water production less Aquifer Storage and Recovery recharge. In 2020, includes water produced from the Vista Ridge Pipeline Project water, which commenced operations in April 2020.
- ^(b) Represents amounts billed to customers. Residential Class customers are billed based on water usage during a consecutive three month billing period from November through March. All other customer classes are billed for wastewater treatment based on actual water usage during each monthly billing period.
- ^(c) Rate shown is for 5/8" meters. See Schedule 8 for the rates of other meter sizes. See Schedule 14 for additional information.
- ^(d) Represents standard (non-seasonal) usage charge for monthly residential water usage of 7,092 gallons per month. Includes water supply and EAA fees.
- ^(e) Minimum service availability charge (includes charge for first 1,496 gallons). Includes the State-imposed TCEQ fee.
- ^(f) Represents usage charge for a residential customer based on winter average water consumption of 5,668 gallons per month.
- ^(g) Increase in water produced and used from 2014 to 2015 is partially due to the merger of SAWS and SAWS' District Special Project effective January 1, 2015.
- ^(h) The increase in gallons of water unbilled is primarily due to the 2021 Event, which resulted in significant leak adjustments.

[The remainder of this page intentionally left blank.]

San Antonio Water System
Schedule 5 – Sales by Source
(accrual basis of accounting)
(amounts in thousands)
Unaudited

	2021	2020	2019	2018	2017	2016	2015 ^(a)	2014	2013	2012
Water Sales:										
Residential Class	\$126,128	\$133,959	\$127,488	\$123,006	\$113,070	\$100,982	\$95,068	\$74,062	\$71,536	\$72,620
General Class	68,747	65,955	69,326	67,412	60,977	63,781	56,041	37,878	35,099	35,504
Wholesale Class	993	804	808	744	801	767	432	3,233	1,640	1,255
Irrigation Class	23,012	26,153	26,631	21,304	21,915	20,239	13,113	11,011	10,893	11,164
Total Water	218,880	226,871	224,253	212,466	196,763	185,769	164,654	126,184	119,168	120,543
Water Supply Fees										
Residential Class	125,007	147,131	92,932	86,003	85,809	73,518	60,067	48,270	43,121	44,163
General Class	81,099	76,189	53,620	50,086	47,129	42,748	44,746	39,355	32,393	32,537
Wholesale Class	1,681	1,407	887	790	874	865	588	7,196	3,227	2,294
Irrigation Class	24,821	28,356	19,475	15,122	16,571	15,437	14,491	12,551	12,057	12,058
Total Water Supply Fees	232,608	253,083	166,914	152,001	150,383	132,568	119,892	107,372	90,798	91,052
EAA Pass-through fees^(b)										
Residential Class	12,128	13,429	12,996	12,526	13,108	14,110	10,915	9,654	9,905	10,841
General Class	8,518	8,177	9,013	8,687	8,865	9,606	7,380	6,874	6,991	7,352
Wholesale Class	132	120	124	119	123	157	114	1,271	659	509
Irrigation Class	1,249	1,441	1,288	1,241	1,434	1,639	1,136	1,061	1,134	1,242
Total Pass-through fees	22,027	23,167	23,421	22,573	23,530	25,512	19,545	18,860	18,689	19,944
Conservation Fees:										
Residential Class	2,244	3,047	2,747	2,644	2,727	2,189	2,246	1,956	2,394	2,912
General Class	4,885	4,628	4,570	4,871	5,071	5,078	3,941	3,760	4,396	4,713
Irrigation Class	4,398	4,859	4,827	4,119	3,274	3,375	3,063	2,738	2,270	2,401
Total Conservation	11,527	12,534	12,144	11,634	11,072	10,642	9,250	8,454	9,060	10,026
Wastewater Sales:										
Residential Class	164,498	158,460	153,273	146,684	142,530	134,860	124,992	125,051	116,775	98,674
General Class	101,013	96,816	101,247	92,427	88,551	80,696	71,267	68,371	62,300	54,175
Wholesale Class	14,260	11,829	11,706	10,659	9,936	8,729	8,064	7,848	7,599	6,761
Surcharge	5,741	5,626	6,370	6,245	6,056	6,292	5,401	5,450	5,438	5,134
Total Wastewater	285,512	272,731	272,596	256,015	247,073	230,577	209,724	206,720	192,112	164,744
TCEQ Pass-through fees^(c)										
Water customers	1,937	1,882	1,743	1,683	1,420	1,460	1,412	1,169	1,086	1,064
Wastewater customers	509	495	481	465	435	448	429	433	347	411
	2,446	2,377	2,224	2,148	1,855	1,908	1,841	1,602	1,433	1,475
Recycled Water Sales	6,351	6,694	6,094	5,568	5,651	5,691	5,097	5,086	5,161	5,074
Stormwater Fees	5,252	5,037	5,223	5,221	5,209	4,967	4,797	4,420	5,058	4,558
Chilled Water & Steam ^(d)	10,826	9,894	10,615	10,849	11,368	11,548	11,184	11,251	12,719	12,485
Miscellaneous Fees and Charges	7,899	6,225	15,545	17,415	17,709	17,634	16,769	13,860	12,787	12,427
Provision for Uncollectible Accounts	(23,996)	(23,696)	(5,849)	(4,844)	(3,860)	(4,359)	(5,721)	(4,166)	(4,646)	(3,800)
Total Operating Revenue	\$779,332	\$794,917	\$733,179	\$691,046	\$666,752	\$622,457	\$557,032	\$499,643	\$462,339	\$438,528

^(a) Increase in water related revenues from 2014 to 2015 is partially due to the merger of SAWS and SAWS' District Special Project effective January 1, 2015.

^(b) EAA pass-through fees are designed to recoup fees charged by the EAA. The fee is charged based on water usage. Any previous over or under recovery of fees is considered in determining the fees to be charged each year.

^(c) TCEQ pass-through fees are designed to recoup fees charged by the TCEQ. Fee is a per customer charge.

^(d) Steam service was discontinued in June 2014.

**San Antonio Water System
Schedule 6 – Sales in Gallons
(gallons billed, in millions)
Unaudited**

	2021 ^(f)	2020	2019	2018	2017	2016	2015 ^(a)	2014	2013	2012
Water Sales: ^(b)										
Residential Class	35,246	38,947	36,084	35,325	36,566	35,360	35,769	29,310	29,206	30,070
General Class	24,756	23,719	25,011	24,498	24,731	24,074	23,212	20,870	20,614	20,393
Wholesale Class	386	347	352	337	344	393	354	3,861	1,943	1,412
Irrigation Class	3,632	4,179	4,208	3,500	4,000	4,107	3,561	3,220	3,345	3,445
Total Water	64,020	67,193	65,655	63,660	65,641	63,934	62,896	57,261	55,108	55,320
Wastewater Sales:										
Residential Class	26,908	26,062	25,263	26,318	26,809	26,462	26,048	27,896	27,617	26,572
General Class	22,328	21,213	22,393	21,873	21,654	20,503	20,281	20,502	20,100	20,066
Wholesale Class	3,199	2,616	2,486	2,584	2,482	2,317	2,234	2,291	2,359	2,417
Total Wastewater	52,435	49,891	50,142	50,775	50,945	49,282	48,563	50,689	50,076	49,055
Conservation - Residential Class ^{(c)(d)(e)}	7,969	10,358	9,189	8,658	9,572	6,611	2,284	2,296	2,520	3,026
Recycled Water Sales	17,919	18,172	18,208	18,346	18,949	18,436	18,421	18,323	18,359	18,129

^(a) Increase in water usage from 2014 to 2015 is primarily due to the merger of SAWS and SAWS' District Special Project effective January 1, 2015.

^(b) Water Supply and EAA fees are billed based on the gallons billed for water sales.

^(c) Gallons billed for conservation are included in the gallons billed for water sales.

^(d) As part of a rate restructuring which took place on January 1, 2016, a portion of all monthly residential water sales in excess of 7,482 gallons is allowed to fund conservation related programs. Prior to 2016, this allocation was limited to monthly sales in excess of 17,205 gallons.

^(e) Effective January 1, 2017, former District Special Project customers began paying for water service under the SAWS' rate structure. As a result, a portion of the revenues from those customers was included in the revenue allocated to conservation. The increase in the gallons subject to the conservation allocation from 2016 to 2017 reflects this change.

^(f) The 2021 Event resulted in significant leak adjustments, which impacted Water Sales, including Conservation Sales.

**San Antonio Water System
Schedule 7 – Number of Customer Connections
(average number billed)
Unaudited**

	2021	2020	2019	2018	2017	2016	2015 ^(a)	2014	2013	2012
Water Sales: ^(b)										
Residential Class	507,794	492,922	481,994	473,333	465,241	457,485	450,725	347,789	343,667	339,204
General Class	30,010	29,584	29,358	28,682	28,518	29,155	28,366	23,777	23,713	23,582
Wholesale Class	9	9	9	9	9	9	9	7	8	8
Total Water	537,813	522,515	511,361	502,024	493,768	486,649	479,100	371,573	367,388	362,794
Irrigation Class ^(c)	11,170	10,883	10,676	10,465	10,260	9,291	9,829	8,966	8,821	8,633
Wastewater Sales:										
Residential Class	454,494	441,356	431,695	424,127	416,996	409,988	402,409	395,574	390,256	383,553
General Class	26,453	26,093	25,911	25,754	25,544	25,352	25,175	25,079	25,021	24,824
Wholesale Class	12	12	12	12	12	12	12	12	12	12
Total Wastewater	480,959	467,462	457,618	449,893	442,552	435,352	427,596	420,665	415,289	408,389
Conservation - Residential Class ^{(d)(e)}	108,618	132,152	113,152	149,940	159,994	83,991	18,539	20,716	20,867	23,804
Recycled Water Sales	133	127	123	116	112	107	109	102	97	92

^(a) Increase in water usage from 2014 to 2015 is primarily due to the merger of SAWS and SAWS' District Special Project effective January 1, 2015.

^(b) Water Supply and EAA fees are billed to water customers with water usage.

^(c) Represents the number of customers included in Residential, General, and Wholesale Classes which also have irrigation meters.

^(d) As part of a rate restructuring which took place on January 1, 2016, a portion of all monthly residential water sales in excess of 7,482 gallons is allowed to fund conservation related programs. Prior to 2016, this allocation was limited to monthly sales in excess of 17,205 gallons.

^(e) Effective January 1, 2017, former District Special Project customers began paying for water service under the SAWS' rate structure. As a result, a portion of the revenues from those customers was included in the revenue allocated to conservation. The increase in the gallons subject to the conservation allocation from 2016 to 2017 reflects this change.

San Antonio Water System
Schedule 8 – Residential Class Rates (Inside City Limits)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Water										
Service Availability Charge by meter size:										
5/8"	\$12.82	\$12.82	\$12.82	\$12.77	\$11.64	\$10.72	\$7.57	\$7.31	\$7.14	\$7.14
3/4"	16.97	16.97	16.97	16.90	15.41	14.19	10.63	10.26	10.01	10.01
1"	25.22	25.22	25.22	25.12	22.90	21.09	16.72	16.14	15.75	15.75
1-1/2"	45.85	45.85	45.85	45.67	41.63	38.33	31.94	30.83	30.09	30.09
2"	70.58	70.58	70.58	70.30	64.08	59.01	50.18	48.44	47.28	47.28
3"	128.34	128.34	128.34	127.83	116.53	107.30	92.80	89.58	87.44	87.44
4"	210.83	210.83	210.83	209.99	191.42	176.26	153.67	148.33	144.78	144.78
6"	417.07	417.07	417.07	415.41	378.67	348.68	305.86	295.23	288.17	288.17
8"	664.55	664.55	664.55	661.90	603.37	555.59	488.47	471.50	460.22	460.22
10"	953.27	953.27	953.27	949.47	865.51	796.97	701.52	677.14	660.95	660.95
12"	1,778.20	1,778.20	1,778.20	1,771.12	1,614.51	1,486.66	1,310.24	1,264.71	1,234.47	1,234.47
Reduction applied if usage is less than 2,992 gallons:										
	(2.57)	(2.57)	(2.57)	(2.55)	(2.32)	(2.14)				
Usage (per 100 gallons)										
First 2,992 Gallons	0.0740	0.0740	0.0740	0.0737	0.0672	0.0619				
Next 1,497 Gallons	0.1295	0.1295	0.1295	0.1290	0.1176	0.1083				
Next 1,496 Gallons	0.1665	0.1665	0.1665	0.1658	0.1511	0.1391				
Next 1,496 Gallons	0.2034	0.2034	0.2034	0.2026	0.1847	0.1701				
Next 2,992 Gallons	0.2405	0.2405	0.2405	0.2395	0.2183	0.2010				
Next 4,489 Gallons	0.2775	0.2775	0.2775	0.2764	0.2520	0.2320				
Next 5,237 Gallons	0.3329	0.3329	0.3329	0.3316	0.3023	0.2784				
Over 20,199 Gallons	0.4809	0.4809	0.4809	0.4790	0.4366	0.4020				
Standard:										
First 5,985 gallons							0.1006	0.0971	0.0948	0.0948
Next 6,732 gallons							0.1457	0.1406	0.1372	0.1372
Next 4,488 gallons							0.2053	0.1982	0.1935	0.1935
Over 17,205 gallons							0.3596	0.3471	0.3388	0.3388
Seasonal: ^(a)										
First 5,985 gallons							0.1006	0.0971	0.0948	0.0948
Next 6,732 gallons							0.1584	0.1529	0.1492	0.1492
Next 4,488 gallons							0.2355	0.2273	0.2219	0.2219
Over 17,205 gallons							0.4880	0.4710	0.4597	0.4597
Sewer										
Service Availability Charge by meter size ^(b) :										
5/8"	\$14.53	\$14.53	\$14.53	\$13.45	\$12.98	\$12.29	\$12.69	\$11.93	\$11.49	\$9.86
3/4"	15.97	15.97	15.97	14.79	14.28	13.52	12.69	11.93	11.49	9.86
1"	18.14	18.14	18.14	16.80	16.22	15.36	12.69	11.93	11.49	9.86
1-1/2"	25.41	25.41	25.41	23.53	22.71	21.51	12.69	11.93	11.49	9.86
2"	36.31	36.31	36.31	33.62	32.45	30.73	12.69	11.93	11.49	9.86
3"	72.61	72.61	72.61	67.23	64.89	61.45	12.69	11.93	11.49	9.86
4"	108.91	108.91	108.91	100.84	97.34	92.18	12.69	11.93	11.49	9.86
6"	181.52	181.52	181.52	168.07	162.23	153.63	12.69	11.93	11.49	9.86
8"	290.41	290.41	290.41	268.90	259.56	245.80	12.69	11.93	11.49	9.86
10"	435.65	435.65	435.65	403.38	389.36	368.71	12.69	11.93	11.49	9.86
12"	580.86	580.86	580.86	537.83	519.14	491.61	12.69	11.93	11.49	9.86
Usage per 100 gallons ^(c) :										
1,497 gallons – 2,992 gallons	\$0.3104	\$0.3104	\$0.3104	\$0.2874	\$0.2774	\$0.2627				
Over 2,992 gallons	\$0.4657	\$0.4657	\$0.4657	\$0.4312	\$0.4162	\$0.3941				
All gallons in excess of 1,496							\$0.3365	\$0.3163	\$0.3047	\$0.2615

^(a) Prior to 2016, Seasonal rate was applied to all billings beginning May 1 and ending on or about September 30 of each year. At all other times, the Standard rate was applied.
^(b) Includes the first 1,496 gallons.
^(c) Residential sewer charges are computed on the basis of average winter usage for 90 days during three consecutive billing periods beginning after November 15 and ending on or before March 15 of each year.

San Antonio Water System
Schedule 9 – Residential Class Rates (Outside City Limits)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Water										
Service Availability Charge by meter size:										
5/8"	\$16.67	\$16.67	\$16.67	\$16.60	\$15.14	\$13.94	\$9.86	\$9.52	\$9.29	\$9.29
3/4"	22.06	22.06	22.06	21.97	20.03	18.44	13.82	13.34	13.02	13.02
1"	32.97	32.97	32.97	32.66	29.78	27.42	21.72	20.97	20.47	20.47
1-1/2"	59.61	59.61	59.61	59.37	54.12	49.83	41.52	40.08	39.12	39.12
2"	91.75	91.75	91.75	91.38	83.30	76.70	65.26	62.99	61.48	61.48
3"	166.84	166.84	166.84	166.18	151.49	139.49	120.66	116.47	113.68	113.68
4"	274.06	274.06	274.06	272.97	248.84	229.13	199.78	192.84	188.23	188.23
6"	542.18	542.18	542.18	540.02	492.27	453.29	397.62	383.80	374.62	374.62
8"	863.89	863.89	863.89	860.45	784.37	722.26	635.03	612.96	598.30	598.30
10"	1,239.24	1,239.24	1,239.24	1,234.30	1,125.16	1,036.06	911.98	880.29	859.24	859.24
12"	2,311.67	2,311.67	2,311.67	2,302.46	2,098.87	1,932.66	1,703.33	1,644.14	1,604.82	1,604.82
Reduction applied if usage is less than 2,993 gallons:	(3.34)	(3.34)	(3.34)	(3.32)	(3.03)	(2.79)				
Usage (per 100 gallons)										
First 2,992 Gallons	0.0962	0.0962	0.0962	0.0958	0.0873	0.0804				
Next 1,497 Gallons	0.1683	0.1683	0.1683	0.1676	0.1528	0.1407				
Next 1,496 Gallons	0.2165	0.2165	0.2165	0.2156	0.1965	0.1809				
Next 1,496 Gallons	0.2645	0.2645	0.2645	0.2634	0.2401	0.2211				
Next 2,992 Gallons	0.3125	0.3125	0.3125	0.3113	0.2838	0.2613				
Next 4,489 Gallons	0.3607	0.3607	0.3607	0.3593	0.3275	0.3016				
Next 5,237 Gallons	0.4328	0.4328	0.4328	0.4311	0.3930	0.3619				
Over 20,199 Gallons	0.6253	0.6253	0.6253	0.6228	0.5677	0.5227				
Standard:										
First 5,985 gallons							0.1310	0.1264	0.1234	0.1234
Next 6,732 gallons							0.1894	0.1828	0.1784	0.1784
Next 4,488 gallons							0.2671	0.2578	0.2516	0.2516
Over 17,205 gallons							0.4675	0.4513	0.4405	0.4405
Seasonal: ^(a)										
First 5,985 gallons							0.1310	0.1264	0.1234	0.1234
Next 6,732 gallons							0.2060	0.1988	0.1940	0.1940
Next 4,488 gallons							0.3062	0.2956	0.2885	0.2885
Over 17,205 gallons							0.6341	0.6121	0.5975	0.5975
Sewer										
Service Availability Charge by meter size ^(b) :										
5/8"	\$17.43	\$17.43	\$17.43	\$16.14	\$15.58	\$14.75	\$15.25	\$14.33	\$13.81	\$11.85
3/4"	19.18	19.18	19.18	17.76	17.14	16.23	15.25	14.33	13.81	11.85
1"	21.78	21.78	21.78	20.17	19.47	18.44	15.25	14.33	13.81	11.85
1-1/2"	30.50	30.50	30.50	28.24	27.26	25.81	15.25	14.33	13.81	11.85
2"	43.58	43.58	43.58	40.35	38.95	36.88	15.25	14.33	13.81	11.85
3"	87.12	87.12	87.12	80.67	77.87	73.74	15.25	14.33	13.81	11.85
4"	130.70	130.70	130.70	121.02	116.81	110.62	15.25	14.33	13.81	11.85
6"	217.83	217.83	217.83	201.69	194.68	184.36	15.25	14.33	13.81	11.85
8"	348.52	348.52	348.52	322.70	311.49	294.97	15.25	14.33	13.81	11.85
10"	522.77	522.77	522.77	484.05	467.23	442.45	15.25	14.33	13.81	11.85
12"	697.03	697.03	697.03	645.40	622.97	589.93	15.25	14.33	13.81	11.85
Usage per 100 gallons ^(c)										
1,497 gallons - 2,992 gallons	0.3726	0.3726	0.3726	0.3450	0.3330	0.3153	0.4038	0.3795	0.3656	0.3138
Over 2,992 Gallons	0.5588	0.5588	0.5588	0.5174	0.4994	0.4729	0.4038	0.3795	0.3656	0.3138

^(a) Prior to 2016, Seasonal rate was applied to all billings beginning May 1 and ending on or about September 30 of each year. At all other times, the Standard rate was applied.

^(b) Includes the first 1,496 gallons.

^(c) Per 100 gallons. Residential sewer usage charges are computed on the basis of average winter usage for 90 days during three consecutive billings periods beginning after November 15 and ending on or before March 15 of each year.

San Antonio Water System
Schedule 10 – General Class Rates (Inside City Limits)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Water										
Service Availability										
Charge by meter										
size:										
5/8"	\$13.86	\$13.86	\$13.86	\$13.80	\$12.58	\$11.58	\$10.53	\$10.16	\$9.92	\$9.92
3/4"	19.79	19.79	19.79	19.71	17.97	16.55	15.05	14.53	14.18	14.18
1"	31.66	31.66	31.66	31.53	28.74	26.46	24.08	23.24	22.68	22.68
1-1/2"	61.29	61.29	61.29	61.05	55.65	51.24	46.65	45.03	43.95	43.95
2"	96.79	96.79	96.79	96.40	87.88	80.92	73.74	71.18	69.48	69.48
3"	179.74	179.74	179.74	179.02	163.19	150.27	136.96	132.20	129.04	129.04
4"	298.19	298.19	298.19	297.00	270.74	249.30	227.28	219.38	214.13	214.13
6"	594.32	594.32	594.32	591.95	539.61	496.88	453.06	437.32	426.86	426.86
8"	949.73	949.73	949.73	945.95	862.31	794.02	723.99	698.83	682.12	682.12
10"	1,364.34	1,364.34	1,364.34	1,358.90	1,238.74	1,140.64	1,040.08	1,003.94	979.93	979.93
12"	2,548.96	2,548.96	2,548.96	2,538.80	2,314.31	2,131.04	1,943.21	1,875.69	1,830.83	1,830.83
Usage (per 100 gallons)										
Base ^(a)	0.1810	0.1810	0.1810	0.1803	0.1644	0.1514	0.1218	0.1176	0.1148	0.1148
100-125% of base	0.2084	0.2084	0.2084	0.2076	0.1892	0.1742	0.1457	0.1406	0.1372	0.1372
125-150% of base	0.2717	0.2717	0.2717	0.2706	0.2467	0.2272	0.2042	0.1971	0.1924	0.1924
Over 175% of base	0.3171	0.3171	0.3171	0.3158	0.2879	0.2651	0.2991	0.2887	0.2818	0.2818
Sewer										
Service Availability										
Charge by Meter										
Size ^(b)										
5/8"	\$14.53	\$14.53	\$14.53	\$13.45	\$12.98	\$12.29	\$12.69	\$11.93	\$11.49	\$9.86
3/4"	15.97	15.97	15.97	14.79	14.28	13.52	12.69	11.93	11.49	9.86
1"	18.14	18.14	18.14	16.80	16.22	15.36	12.69	11.93	11.49	9.86
1-1/2"	25.41	25.41	25.41	23.53	22.71	21.51	12.69	11.93	11.49	9.86
2"	36.31	36.31	36.31	33.62	32.45	30.73	12.69	11.93	11.49	9.86
3"	72.61	72.61	72.61	67.23	64.89	61.45	12.69	11.93	11.49	9.86
4"	108.91	108.91	108.91	100.84	97.34	92.18	12.69	11.93	11.49	9.86
6"	181.52	181.52	181.52	168.07	162.23	153.63	12.69	11.93	11.49	9.86
8"	290.41	290.41	290.41	268.90	259.56	245.80	12.69	11.93	11.49	9.86
10"	435.65	435.65	435.65	403.38	389.36	368.71	12.69	11.93	11.49	9.86
12"	580.86	580.86	580.86	537.83	519.14	491.61	12.69	11.93	11.49	9.86
Usage (per 100 gallons)										
All gallons in excess of 1,496	0.4159	0.4159	0.4159	0.3851	0.3717	0.3520	0.3365	0.3163	0.3047	0.2615

^(a) Since 2010, base has been defined as 100% of the previous year's annual usage divided by 12.
^(b) Per 100 gallons. Includes the first 1,496 gallons.

[The remainder of this page intentionally left blank.]

San Antonio Water System
Schedule 11 – General Class Rates (Outside City Limits)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Water										
Service Availability										
Charge by meter										
size:										
5/8"	\$16.94	\$16.94	\$16.94	\$16.87	\$15.38	\$14.16	\$13.69	\$13.21	\$12.89	\$12.89
3/4"	24.12	24.12	24.12	24.02	21.90	20.17	19.56	18.88	18.43	18.43
1"	38.45	38.45	38.45	38.30	34.91	32.15	31.29	30.20	29.48	29.48
1-1/2"	74.27	74.27	74.27	73.97	67.43	62.09	60.65	58.54	57.14	57.14
2"	117.20	117.20	117.20	116.73	106.41	97.98	95.87	92.54	90.33	90.33
3"	217.47	217.47	217.47	216.60	197.45	181.81	178.06	171.87	167.76	167.76
4"	360.65	360.65	360.65	359.21	327.45	301.52	295.46	285.19	278.37	278.37
6"	718.67	718.67	718.67	715.81	652.52	600.85	588.98	568.51	554.91	554.91
8"	1,148.31	1,148.31	1,148.31	1,143.74	1,042.61	960.05	941.20	908.49	886.76	886.76
10"	1,649.54	1,649.54	1,649.54	1,642.97	1,497.69	1,379.09	1,352.11	1,305.13	1,273.92	1,273.92
12"	3,081.65	3,081.65	3,081.65	3,069.37	2,797.97	2,576.40	2,526.17	2,438.39	2,380.08	2,380.08
Usage (per 100 gallons)										
Base ^(a)	0.2354	0.2354	0.2354	0.2345	0.2138	0.1969	0.1584	0.1529	0.1492	0.1492
100-125% of base	0.2710	0.2710	0.2710	0.2699	0.2460	0.2265	0.1893	0.1827	0.1783	0.1783
125-150% of base	0.3533	0.3533	0.3533	0.3519	0.3208	0.2954	0.2654	0.2562	0.2501	0.2501
Over 175% of base	0.4121	0.4121	0.4121	0.4105	0.3742	0.3446	0.3887	0.3752	0.3662	0.3662
Sewer										
Service Availability										
Charge by Meter										
Size ^(b)										
5/8"	\$17.43	\$17.43	\$17.43	\$16.14	\$15.58	\$14.75	\$15.25	\$14.33	\$13.81	\$11.85
3/4"	19.18	19.18	19.18	17.76	17.14	16.23	15.25	14.33	13.81	11.85
1"	21.78	21.78	21.78	20.17	19.47	18.44	15.25	14.33	13.81	11.85
1-1/2"	30.50	30.50	30.50	28.24	27.26	25.81	15.25	14.33	13.81	11.85
2"	43.58	43.58	43.58	40.35	38.95	36.88	15.25	14.33	13.81	11.85
3"	87.12	87.12	87.12	80.67	77.87	73.74	15.25	14.33	13.81	11.85
4"	130.70	130.70	130.70	121.02	116.81	110.62	15.25	14.33	13.81	11.85
6"	217.83	217.83	217.83	201.69	194.68	184.36	15.25	14.33	13.81	11.85
8"	348.52	348.52	348.52	322.70	311.49	294.97	15.25	14.33	13.81	11.85
10"	522.77	522.77	522.77	484.05	467.23	442.45	15.25	14.33	13.81	11.85
12"	697.03	697.03	697.03	645.40	622.97	589.93	15.25	14.33	13.81	11.85
Usage (per 100 gallons)										
All gallons in excess of 1,496	0.4992	0.4992	0.4992	0.4622	0.4461	0.4224	0.4038	0.3795	0.3656	0.3138

^(a) Since 2010, base has been defined as 100% of the previous year's annual usage divided by 12.
^(b) Per 100 gallons. Includes the first 1,496 gallons.

[The remainder of this page intentionally left blank.]

San Antonio Water System
Schedule 12 – Wholesale Class Rates

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Water										
Service Availability										
Charge by meter size:										
6"	\$538.85	\$538.85	\$538.85	\$536.70	\$489.24	\$450.50	\$397.62	\$383.80	\$374.62	\$374.62
8"	860.58	860.58	860.58	857.15	781.36	719.48	635.03	612.96	598.30	598.30
10"	1,235.91	1,235.91	1,235.91	1,230.99	1,122.14	1,033.28	911.98	880.29	859.24	859.24
12"	2,308.35	2,308.35	2,308.35	2,299.15	2,095.85	1,929.88	1,703.33	1,644.14	1,604.82	1,604.82
Usage (per 100 gallons)										
Base ^(a)	0.2099	0.2099	0.2099	0.2091	0.1906	0.1755				
Over base	0.6299	0.6299	0.6299	0.6274	0.5719	0.5266				
Usage (per 100 gallons)										
Base ^(a)							0.1098	0.1060	0.1035	0.1035
100-125% of base							0.1650	0.1593	0.1555	0.1555
125-175% of base							0.2383	0.2300	0.2245	0.2245
Over 175% of base							0.3369	0.3252	0.3174	0.3174
Sewer										
Service Availability Charge										
Usage (per 100 gallons)	\$340.07	\$340.07	\$340.07	\$314.88	\$303.94	\$287.82	\$149.02	\$140.06	\$134.93	\$115.82
	0.4438	0.4438	0.4438	0.4109	0.3966	0.3756	0.3641	0.3422	0.3297	0.2830

^(a) Base is defined as 100% of the previous year's average annual usage divided by twelve or (effective June 18, 2015) as agreed to by the wholesale customer and approved by the SAWS' Board.

[The remainder of this page intentionally left blank.]

**San Antonio Water System
Schedule 13 – Irrigation Class Rates**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Inside City Limits										
Service Availability										
Charge by meter										
size:										
5/8"	\$13.86	\$13.86	\$13.86	\$13.80	\$12.58	\$11.58	\$10.53	\$10.16	\$9.92	\$9.92
3/4"	19.79	19.79	19.79	19.71	17.97	16.55	15.05	14.53	14.18	14.18
1"	31.66	31.66	31.66	31.53	28.74	26.46	24.08	23.24	22.68	22.68
1-1/2"	61.29	61.29	61.29	61.05	55.65	51.24	46.65	45.03	43.95	43.95
2"	96.79	96.79	96.79	96.40	87.88	80.92	73.74	71.18	69.48	69.48
3"	179.74	179.74	179.74	179.02	163.19	150.27	136.96	132.20	129.04	129.04
4"	298.19	298.19	298.19	297.00	270.74	249.30	227.28	219.38	214.13	214.13
6"	594.32	594.32	594.32	591.95	539.61	496.88	453.06	437.32	426.86	426.86
8"	949.73	949.73	949.73	945.95	862.31	794.02	723.99	698.83	682.12	682.12
10"	1,364.34	1,364.34	1,364.34	1,358.90	1,238.74	1,140.64	1,040.08	1,003.94	979.93	979.93
12"	2,548.96	2,548.96	2,548.96	2,538.80	2,314.31	2,131.04	1,943.21	1,875.69	1,830.83	1,830.83
Usage (per 100 gallons)										
First 8,229 gallons	0.3292	0.3292	0.3292	0.3279	0.2989	0.2752				
Next 9,725 gallons	0.4607	0.4607	0.4607	0.4589	0.4183	0.3852				
Next 144,362 gallons	0.5925	0.5925	0.5925	0.5901	0.5379	0.4953				
Over 163,316 gallons	0.7570	0.7570	0.7570	0.7540	0.6873	0.6329				
Standard:										
First 6,732 gallons							0.1713	0.1653	0.1613	0.1613
Next 10,473 gallons							0.2053	0.1982	0.1935	0.1935
Over 17,205 gallons							0.3596	0.3471	0.3388	0.3388
Seasonal: ^(a)										
First 6,732 gallons							0.1713	0.1653	0.1613	0.1613
Next 10,473 gallons							0.2384	0.2301	0.2246	0.2246
Over 17,205 gallons							0.4936	0.4764	0.4650	0.4650
Outside City Limits										
Service Availability										
Charge by meter										
size:										
5/8"	\$16.94	\$16.94	\$16.94	\$16.87	\$15.38	\$14.16	\$13.69	\$13.21	\$12.89	\$12.89
3/4"	24.12	24.12	24.12	24.02	21.90	20.17	19.56	18.88	18.43	18.43
1"	38.45	38.45	38.45	38.30	34.91	32.15	31.29	30.20	29.48	29.48
1-1/2"	74.27	74.27	74.27	73.97	67.43	62.09	60.65	58.54	57.14	57.14
2"	117.20	117.20	117.20	116.73	106.41	97.98	95.87	92.54	90.33	90.33
3"	217.47	217.47	217.47	216.60	197.45	181.81	178.06	171.87	167.76	167.76
4"	360.65	360.65	360.65	359.21	327.45	301.52	295.46	285.19	278.37	278.37
6"	718.67	718.67	718.67	715.81	652.52	600.85	588.98	568.51	554.91	554.91
8"	1,148.31	1,148.31	1,148.31	1,143.74	1,042.61	960.05	941.20	908.49	886.76	886.76
10"	1,649.54	1,649.54	1,649.54	1,642.97	1,497.69	1,379.09	1,352.11	1,305.13	1,273.92	1,273.92
12"	3,081.65	3,081.65	3,081.65	3,069.37	2,797.97	2,576.40	2,526.17	2,438.39	2,380.08	2,380.08
Usage (per 100 gallons)										
First 8,229 gallons	0.4279	0.4279	0.4279	0.4262	0.3885	0.3577				
Next 9,725 gallons	0.5991	0.5991	0.5991	0.5967	0.5439	0.5008				
Next 144,362 gallons	0.7702	0.7702	0.7702	0.7671	0.6993	0.6439				
Over 163,316 gallons	0.9841	0.9841	0.9841	0.9802	0.8935	0.8227				
Standard:										
First 6,732 gallons							0.2225	0.2148	0.2097	0.2097
Next 10,473 gallons							0.2670	0.2577	0.2515	0.2515
Over 17,205 gallons							0.4675	0.4513	0.4405	0.4405
Seasonal: ^(a)										
First 6,732 gallons							0.2225	0.2148	0.2097	0.2097
Next 10,473 gallons							0.3100	0.2992	0.2920	0.2920
Over 17,205 gallons							0.6416	0.6193	0.6045	0.6045

^(a) Seasonal rate was applied to all billings beginning May 1 and ended on or about September 30 of each year. At all other times, the Standard rate was applied.

**San Antonio Water System
Schedule 14 – Other Fees**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Water Supply Fees: ^(a)										
Usage (per 100 gallons)										
Residential Class										
First 2,992 gallons	\$0.1585	\$0.1585	\$0.140	\$0.0997	\$0.0954	\$0.0892				
Next 1,497 gallons	0.2772	0.2772	0.1819	0.1744	0.1669	0.1561				
Next 1,496 gallons	0.3563	0.3563	0.2338	0.2242	0.2145	0.2007				
Next 1,496 gallons	0.4357	0.4357	0.2859	0.2741	0.2623	0.2454				
Next 2,992 gallons	0.5150	0.5150	0.3379	0.3240	0.3100	0.2900				
Next 4,489 gallons	0.5942	0.5942	0.3899	0.3738	0.3577	0.3346				
Next 5,237 gallons	0.7129	0.7129	0.4678	0.4485	0.4292	0.4015				
Over 20,199 gallons	1.0296	1.0296	0.6756	0.6477	0.6198	0.5798				
First 5,985 gallons							\$0.1285	\$0.1223	\$0.1080	\$0.1054
Next 6,732 gallons							0.1858	0.1768	0.1562	0.1524
Next 4,488 gallons							0.2622	0.2495	0.2204	0.2150
Over 17,205 gallons							0.4589	0.4366	0.3857	0.3763
General Class										
Base ^(b)	0.2989	0.2989	0.1961	0.1880	0.1799	0.1683	0.1976	0.1880	0.1661	0.1620
100-125% of base	0.3438	0.3438	0.2256	0.2163	0.2070	0.1936	0.1976	0.1880	0.1661	0.1620
125-175% of base	0.4482	0.4482	0.2941	0.2820	0.2699	0.2525	0.1976	0.1880	0.1661	0.1620
Over 175% of base	0.5232	0.5232	0.3433	0.3291	0.3149	0.2946	0.1976	0.1880	0.1661	0.1620
Wholesale Class										
Base ^(c)	0.3892	0.3892	0.2554	0.2449	0.2344	0.2193	0.1976	0.1880	0.1661	0.1620
Over base	1.1681	1.1681	0.7665	0.7349	0.7033	0.6579	0.1976	0.1880	0.1661	0.1620
Irrigation Class										
First 8,229 gallons	0.3911	0.3911	0.2566	0.2460	0.2354	0.2202				
Next 9,725 gallons	0.5474	0.5474	0.3592	0.3444	0.3296	0.3083				
Next 144,362 gallons	0.7039	0.7039	0.4619	0.4429	0.4238	0.3964				
Over 162,316 gallons	0.8996	0.8996	0.5903	0.5660	0.5416	0.5066				
First 6,732 gallons							0.1976	0.1880	0.1661	0.1620
Next 10,473 gallons							0.2622	0.2495	0.2204	0.2150
Over 17,205 gallons							0.4976	0.4735	0.4183	0.4081
EAA Fee ^(d)	0.03452	0.03452	0.03561	0.03533	0.03612	0.04259	0.03311	0.03295	0.03425	0.03901
State-Imposed TCEQ Fees ^(e)										
Water Connection Fee	0.21	0.21	0.20	0.20	0.18	0.18	0.18	0.18	0.17	0.17
Wastewater Connection Fee	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06

^(a) Applies to all billed potable water.

^(b) Base is defined as 100% of the previous average annual usage divided by twelve.

^(c) Base is defined as 100% of the previous average annual usage or (effective June 18, 2015) as agreed to by the wholesale customer and approved by the Board.

^(d) Per 100 gallons. Applies to all billed potable water. Purpose of fee is to recover fees paid to EAA for permitted water rights. Annual rate takes into account any cumulative deficit or surplus in the recovery, number of EAA water rights, and projected water sales (in gallons) for the year.

^(e) Purpose is to recover fees paid to TCEQ. Each fee is assessed monthly to all Residential, General, and Wholesale accounts as well as each apartment account based on the number of units. Annual rate takes into account any cumulative deficit or surplus in the recovery.

[The remainder of this page intentionally left blank.]

San Antonio Water System
Schedule 15 – Recycled Water Rates

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Edwards Exchange Customers^(a)										
Service Availability										
Charge by meter										
size:										
5/8"	\$14.71	\$14.71	\$12.34	\$12.12	\$11.24	\$10.42	\$9.51	\$9.26	\$9.04	\$9.04
3/4"	19.13	19.13	16.05	15.77	14.63	13.56	12.37	12.05	11.76	11.76
1"	24.94	24.94	20.92	20.55	19.06	17.66	16.11	15.69	15.31	15.31
1-1/2"	39.62	39.62	33.24	32.65	30.29	28.07	25.61	24.95	24.35	24.35
2"	57.93	57.93	48.60	47.74	44.29	41.05	37.45	36.48	35.61	35.61
3"	154.09	154.09	129.27	126.98	117.79	109.17	99.61	97.03	94.71	94.71
4"	229.04	229.04	192.15	188.75	175.09	162.27	148.06	144.22	140.77	140.77
6"	436.90	436.90	366.53	360.05	334.00	309.55	282.44	275.12	268.54	268.54
8"	658.58	658.58	552.50	542.73	503.46	466.60	425.73	414.70	404.78	404.78
10"	903.06	903.06	757.60	744.20	690.35	639.81	583.77	568.64	555.04	555.04
12"	1,114.22	1,114.22	934.75	918.22	851.78	789.42	720.77	701.61	684.83	684.83
Usage (per 100 gallons)										
Standard:										
Transferred amount	0.0387	0.0387	0.0325	0.0319	0.0296	0.0274	0.0250	0.0244	0.0238	0.0238
In excess of transferred amount	0.1452	0.1452	0.1218	0.1196	0.1109	0.1028	0.0938	0.0914	0.0892	0.0892
Seasonal: ^(b)										
Transferred amount	0.0387	0.0387	0.0325	0.0319	0.0296	0.0274	0.0250	0.0244	0.0238	0.0238
In excess of transferred amount	0.1542	0.1542	0.1294	0.1271	0.1179	0.1093	0.0997	0.0971	0.0948	0.0948
Non-exchange Customers										
Service Availability										
Charge by meter										
size:										
5/8"	\$14.71	\$14.71	\$12.34	\$12.12	\$11.24	\$10.42	\$9.51	\$9.26	\$9.04	\$9.04
3/4"	19.13	19.13	16.05	15.77	14.63	13.56	12.37	12.05	11.76	11.76
1"	24.94	24.94	20.92	20.55	19.06	17.66	16.11	15.69	15.31	15.31
1-1/2"	39.62	39.62	33.24	32.65	30.29	28.07	25.61	24.95	24.35	24.35
2"	57.93	57.93	48.60	47.74	44.29	41.05	37.45	36.48	35.61	35.61
3"	154.09	154.09	129.27	126.98	117.79	109.17	99.61	97.03	94.71	94.71
4"	229.04	229.04	192.15	188.75	175.09	162.27	148.06	144.22	140.77	140.77
6"	436.90	436.90	366.53	360.05	334.00	309.55	282.44	275.12	268.54	268.54
8"	658.58	658.58	552.50	542.73	503.46	466.60	425.73	414.70	404.78	404.78
10"	903.06	903.06	757.60	744.20	690.35	639.81	583.77	568.64	555.04	555.04
12"	1,114.22	1,114.22	934.75	918.22	851.78	789.42	720.27	701.61	684.83	684.83
Usage (per 100 gallons)										
Standard:										
First 748,000 gallons	0.1553	0.1553	0.1303	0.1280	0.1187	0.1100	0.1004	0.0978	0.0955	0.0955
Over 748,000 gallons	0.1588	0.1588	0.1332	0.1308	0.1213	0.1124	0.1026	0.0999	0.0975	0.0975
Seasonal: ^(b)										
First 748,000 gallons	0.1670	0.1670	0.1401	0.1376	0.1276	0.1183	0.1079	0.1051	0.1026	0.1026
Over 748,000 gallons	0.1684	0.1684	0.1413	0.1388	0.1288	0.1194	0.1089	0.1061	0.1036	0.1036

^(a) Customers that have transferred Edwards Aquifer water rights to the System in exchange for recycled water.

^(b) Prior to 2012, rate was applied to all billings beginning July 1 and ending on or about October 31 of each year. At all other times, the Standard rate was utilized. Beginning in 2012, rate is applied to all billings beginning May 1 and ending on or about September 30 of each year. At all other times, the Standard rate is utilized.

[The remainder of this page intentionally left blank.]

**San Antonio Water System
Schedule 16 – Impact Fees**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Water										
Flow – All Areas	\$1,188.00	\$1,188.00	\$1,188.00	\$1,182.00	\$1,182.00	\$1,182.00	\$1,182.00	\$1,182.00	\$1,247.00	\$1,247.00
System Development:										
Low Elevation Service Area	855.00	855.00	855.00	619.00	619.00	619.00	619.00	619.00	579.00	579.00
Middle Elevation Service Area	1,014.00	1,014.00	1,014.00	799.00	799.00	799.00	799.00	799.00	774.00	774.00
High Elevation Service Area	1,203.00	1,203.00	1,203.00	883.00	883.00	883.00	883.00	883.00	966.00	966.00
Wastewater										
Treatment:										
Dos Rios/Leon Creek Service Area	651.00	651.00	651.00	786.00	786.00	786.00	786.00	786.00	552.00	552.00
Medio Creek	1,222.00	1,222.00	1,222.00	1,429.00	1,429.00	1,429.00	1,429.00	1,429.00	1,379.00	1,379.00
Upper and Lower Service Area										
Far West-Medio Service Areas										
Collection:										
Medio Creek	861.00	861.00	861.00	838.00	838.00	838.00	838.00	838.00	582.00	582.00
Upper Medina	1,422.00	1,422.00	1,422.00	1,565.00	1,565.00	1,565.00	1,565.00	1,565.00	1,053.00	1,053.00
Lower Medina	520.00	520.00	520.00	475.00	475.00	475.00	475.00	475.00	594.00	594.00
Upper Collection	2,800.00	2,800.00	2,800.00	2,520.00	2,520.00	2,520.00	2,520.00	2,520.00	1,795.00	1,795.00
Middle Collection	2,013.00	2,013.00	2,013.00	1,469.00	1,469.00	1,469.00	1,469.00	1,469.00	1,142.00	1,142.00
Lower Collection	902.00	902.00	902.00	719.00	719.00	719.00	719.00	719.00	552.00	552.00
Lower Service Area										
Upper Service Area										
Far West – Medio Service Area										
Far West – Potranco, Big Saus, & Lucas Service Area										
Water Supply – All Areas^(a)	2,706.00	2,706.00	2,706.00	2,796.00	2,796.00	2,796.00	2,796.00	1,590.00	1,297.00	1,297.00

^(a) 2015 rate effective June 1, 2015.

Impact fees are assessed per equivalent dwelling unit.

Meter Size	EQUIVALENT DWELLING UNITS									
5/8"	1	1	1	1	1	1	1	1	1	1
3/4"	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
1"	2	2	2	2	2	2	2	2	2	2
1-1/2"	5	5	5	5	5	5	5	5	5	5
2"	14	14	14	14	14	14	14	14	14	14
3"	30	30	30	30	30	30	30	30	30	30
4"	50	50	50	50	50	50	50	50	50	50
6"	105	105	105	105	105	105	105	105	105	105
8"	135	135	135	135	135	135	135	135	135	135
10"	190	190	190	190	190	190	190	190	190	190
12"	360	360	360	360	360	360	360	360	360	360

[The remainder of this page intentionally left blank.]

San Antonio Water System
Schedule 17 – Ten Largest Customers – Water
Current Year and Nine Years Ago

Customer	Principal Business	Usage^(a) (million gallons)	%	Total Revenue^(b) (in thousands)	%
Fiscal Year Ended December 31, 2021:					
CITY OF SAN ANTONIO	Municipal Entity	534	0.8	\$4,449	0.9
HEB GROCERY	Grocery	595	0.9	3,722	0.8
SAN ANTONIO HOUSING AUTHORITY	Public Housing	466	0.7	2,872	0.6
METHODIST HEALTH CARE SYSTEM	Hospital System	321	0.5	2,804	0.6
BEXAR COUNTY	County Government	410	0.6	2,467	0.5
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	239	0.4	2,099	0.4
MARRIOTT HOTELS	Hotels	159	0.2	1,663	0.3
EAST CENTRAL SPECIAL UTILITY DISTRICT	Retail Water Utility	225	0.4	1,508	0.3
TOWERJAZZ	Semiconductors	273	0.4	1,469	0.3
NORTH EAST INDEPENDENT SCHOOL DISTRICT	School System	177	0.3	1,409	0.3
Subtotal (10 largest)		3,400	5.3	24,462	5.0
Balance from Other Customers		60,620	94.7	492,517	95.0
Total		64,020	100.0	\$486,979	100.0
Fiscal Year Ended December 31, 2012:					
CITY OF SAN ANTONIO	Municipal Entity	540	1.0	\$2,716	1.1
SAN ANTONIO HOUSING AUTHORITY	Public Housing	493	0.9	1,866	0.8
HEB GROCERY	Grocery	468	0.8	1,822	0.8
BEXAR COUNTY	County Government	310	0.6	1,119	0.5
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	256	0.5	1,118	0.5
CPS ENERGY	Public Power Utility	288	0.5	1,019	0.4
SAN ANTONIO INDEPENDENT SCHOOL DISTRICT	School System	161	0.3	792	0.3
MAXIM INTEGRATED PRODUCT INC.	Electronics	238	0.4	765	0.3
UNIVERSITY OF TEXAS AT SAN ANTONIO	University	203	0.4	728	0.3
NORTH EAST INDEPENDENT SCHOOL DISTRICT	School System	162	0.2	721	0.3
Subtotal (10 largest)		3,119	5.6	12,666	5.2
Balance from Other Customers		52,201	94.4	229,963	94.8
Total		55,320	100.00	\$242,629	100.00

^(a) Potable water only.

^(b) Includes Water Delivery, Water Supply, EAA fees, Conservation fees, and TCEQ water fees.

[The remainder of this page intentionally left blank.]

San Antonio Water System
Schedule 18 – Ten Largest Customers – Wastewater*
Current Year and Nine Years Ago

Customer	Principal Business	Usage (million gallons)	%	Total Revenue (in thousands)	%
Fiscal Year Ended December 31, 2021:					
HEB GROCERY	Grocery	535	1.1	\$3,535	1.3
SAN ANTONIO HOUSING AUTHORITY	Public Housing	458	0.9	2,001	0.7
BEXAR COUNTY	County Government	399	0.8	1,795	0.7
CITY OF SAN ANTONIO	Municipal Entity	243	0.5	1,239	0.5
TOWERJAXX TEXAS, INC.	Electronics	246	0.5	1,031	0.4
METHODIST HEALTH CARE SYSTEM	Hospital System	228	0.5	989	0.4
TOYOTA	Automobile Manufacturer	197	0.4	872	0.3
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	138	0.3	746	0.3
FRITO LAY, INC.	Food Manufacturer	79	0.2	639	0.2
EZ WASH	Car Wash Facilities	113	0.2	505	0.2
Subtotal (10 largest)		2,636	5.4	13,352	4.9
Balance from Other Customers		46,600	94.6	258,409	95.1
Total		49,236	100.00	\$271,761	100.00
Fiscal Year Ended December 31, 2012:					
HEB GROCERY	Grocery	419	0.9	\$1,904	1.2
SAN ANTONIO HOUSING AUTHORITY	Public Housing	491	1.1	1,281	0.8
L & H PACKING COMPANY	Beef Processor	150	0.3	762	0.5
BEXAR COUNTY	County Government	248	0.5	716	0.5
TOYOTA	Automobile Manufacturer	212	0.5	578	0.4
MAXIM INTEGRATED PRODUCT, INC.	Electronics	214	0.5	555	0.4
CITY OF SAN ANTONIO	Municipal Entity	193	0.4	534	0.3
OAK FARMS DAIRY	Dairy Producer	52	0.1	448	0.3
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	145	0.3	392	0.2
AMERICAN OPPORTUNITY FOR HOUSING	Housing Services	147	0.3	383	0.2
Subtotal (10 largest)		2,271	4.9	7,553	4.8
Balance from Other Customers		44,367	95.1	150,841	95.2
Total		46,638	100.00	\$158,394	100.00

* Excludes Wholesale Wastewater usage and revenues; includes TCEQ wastewater fees.

[The remainder of this page intentionally left blank.]

San Antonio Water System
Schedule 19 – Ten Largest Customers - Wholesale Wastewater
Current Year and Nine Years Ago
Unaudited

Customer	Principal Business	Total Revenue (in thousands)	%
Fiscal Year Ended December 31, 2021:			
LACKLAND AIR FORCE BASE	Military	\$5,238	36.7
JOINT BASE SAN ANTONIO – FT. SAM HOUSTON	Military	2,485	17.4
LEON VALLEY	Municipal Government	1,645	11.5
ALAMO HEIGHTS	Municipal Government	1,538	10.8
BEXAR COUNTY WATER CONTROL DISTRICT NO. 10	County Government	888	6.2
BALCONES HEIGHTS	Municipal Government	668	4.7
KIRBY	Municipal Government	634	4.4
OLMOS PARK	Municipal Government	493	3.5
LACKLAND ANNEX	Military	341	2.4
AIR FORCE VILLAGE II	Municipal Government	178	1.3
Subtotal (10 largest)		14,109	98.9
Balance from Other Customers		151	1.1
Total		\$14,260	100.00
Fiscal Year Ended December 31, 2012:			
LACKLAND AIR FORCE BASE	Military	\$1,374	20.3
JOINT BASE SAN ANTONIO – FT. SAM HOUSTON	Military	1,275	18.9
LEON VALLEY	Municipal Government	1,070	15.8
ALAMO HEIGHTS	Municipal Government	1,065	15.8
BEXAR COUNTY WATER CONTROL DISTRICT NO. 10	County Government	581	8.6
BALCONES HEIGHTS	Municipal Government	416	6.2
KIRBY	Municipal Government	376	5.6
OLMOS PARK	Municipal Government	315	4.7
AIR FORCE VILLAGE II	Municipal Government	150	2.2
HOLLYWOOD PARK	Municipal Government	93	1.4
Subtotal (10 largest)		6,715	99.3
Balance from Other Customers		46	0.7
		\$6,761	100.00

[The remainder of this page intentionally left blank.]

San Antonio Water System
Schedule 20 – Ratios of Total Outstanding Debt by Type
(\$ in thousands, except debt per customer)
Unaudited

Year	Total Debt Outstanding by Type					Total Debt Outstanding	Gross Revenues ^(c)	Ratio of Total Debt to Gross Revenue	Customer Connections ^(d)	Debt Per Customer Connection
	Principal Outstanding	Unamortized Premium & Discount	Net Revenue Bonds Payable	Commercial Paper Notes ^(a)	Other Debt ^(b)					
2021	\$2,907,860	\$299,141	\$3,207,001	\$234,020	-	\$3,441,021	\$781,304	4.40	1,032,355	\$3,333
2020	2,771,580	262,465	3,034,045	218,260	-	3,252,305	804,258	4.04	1,002,870	3,243
2019	2,546,520	188,555	2,735,075	281,815	-	3,016,890	765,762	3.94	977,536	3,086
2018	2,631,215	203,355	2,834,570	215,695	-	3,050,265	713,534	4.27	958,693	3,182
2017	2,537,520	198,219	2,735,739	278,060	-	3,013,799	677,159	4.45	941,566	3,201
2016	2,630,350	209,932	2,840,282	241,610	-	3,081,892	630,603	4.89	926,165	3,328
2015	2,600,096	130,267	2,730,363	135,305	\$88,700	2,954,368	563,111	5.25	912,430	3,238
2014	2,398,555	108,864	2,507,419	138,550	-	2,645,969	505,435	5.24	798,177	3,315
2013	2,240,915	107,919	2,348,834	186,655	-	2,535,489	467,749	5.42	784,209	3,233
2012	1,987,810	95,735	2,083,545	170,745	-	2,254,290	444,677	4.85	777,374	2,777

^(a) Details regarding outstanding revenue bonds and commercial paper notes can be found in the notes to the financial statements.

^(b) Includes notes payable.

^(c) Gross revenues are defined as operating revenues plus nonoperating revenues less revenues from the City Public Service contract, interest on Project Funds and federal subsidy on Tax Credit Bonds. Beginning in 2018, investment mark-to-market adjustments were also excluded.

^(d) Customer connections represent the combined number of billed accounts for water and wastewater services at fiscal year-end. Increase in connections from 2014 to 2015 is primarily due to the merger of SAWS and SAWS' District Special Project effective January 1, 2015.

[The remainder of this page intentionally left blank.]

San Antonio Water System
Schedule 21 – Pledged Revenue Coverage
(\$ in thousands)
Unaudited

<u>Year</u>	<u>Gross Revenues^(a)</u>	<u>Operating Expenses^(b)</u>	<u>Net Available Revenue</u>	<u>Revenue Bond Debt Service^(c)</u>			<u>Coverage</u>	<u>Maximum Annual Debt Service Requirements</u>			
				<u>Principal</u>	<u>Interest^(d)</u>	<u>Total</u>		<u>Total Debt^(e)</u>	<u>Coverage</u>	<u>Senior Lien Debt^(e)</u>	<u>Coverage^(f)</u>
2021*	\$781,304	\$436,077	\$345,227	\$90,260	\$113,989	\$204,249	1.69	\$219,262	1.57	\$33,532	10.30
2020	804,258	401,961	402,297	86,445	104,566	191,011	2.11	210,885	1.91	41,548	9.68
2019	750,849	339,934	410,915	87,060	104,831	191,891	2.14	195,567	2.10	47,455	8.66
2018**	704,279	324,593	379,686	84,875	103,922	188,797	2.01	194,518	1.95	81,428	4.66
2017	668,998	318,442	350,556	82,840	102,236	185,076	1.89	185,076	1.89	81,440	4.30
2016	622,947	315,395	307,552	78,570	98,158	176,728	1.74	185,149	1.66	84,009	3.66
2015	555,712	291,246	264,466	71,355	101,064	172,419	1.53	178,516	1.48	114,320	2.31
2014	498,334	245,055	253,279	57,850	91,704	149,554	1.69	160,510	1.58	117,126	2.16
2013	460,776	244,348	216,428	47,315	86,058	133,373	1.62	152,496	1.42	117,126	1.85
2012	437,253	237,576	199,677	44,780	80,320	125,100	1.60	138,420	1.44	122,816	1.63

* The 2021 Maximum Annual Debt Service Senior Lien Debt reflects the 2021 senior lien debt.

** In 2018, the pledged revenue calculation began excluding non-cash revenues and expenses.

(a) Gross Revenues are defined as operating revenues plus nonoperating revenues less revenues from the City Public Service contract, interest on Project Funds and federal subsidy on Tax Credit Bonds. Beginning in 2018, investment mark to market adjustments were also excluded.

(b) Operating Expenses reflect operating expenses before depreciation as shown on the Statement of Revenues, Expenses, and Changes in Net Position adjusted by any non-cash expenses.

(c) Represents current year debt service payments. Details regarding outstanding debt can be found in the notes to the financial statements. All bonded debt is secured by revenue and is included in these totals.

(d) Interest reported net of the U.S. federal interest subsidy on the Tax Credit Bonds.

(e) Debt service requirements consist of principal and interest payments net of the U.S. federal interest subsidy on the Tax Credit Bonds.

(f) SAWS' bond ordinances require the maintenance of a debt coverage ratio of at least 1.25x the maximum annual debt service on outstanding Senior Lien Obligations in order to issue additional bonds.

[The remainder of this page intentionally left blank.]

Schedule 22 – Demographic and Economic Statistics
Last Ten Calendar Years
Unaudited

Year	Population^(a)	Median Age^(a)	Personal Income^(a) (thousands of dollars)	Per Capita Personal Income^{(a)(b)}	School Enrollment^{(a)(b)}	Building Permits-Dwelling Units^(c)	Employment^(d)	Unemployment Rate^(d)
2021*						22,229	1,097,000	4.1%
2020**	1,555,370	34.4	\$41,724,356	\$26,826	416,637	16,697	1,053,000	6.0%
2019	1,547,253	34.4	41,506,529	26,826	411,357	15,919	1,100,200	2.8%
2018	1,536,137	33.6	37,827,377	24,625	411,539	11,497	1,070,400	3.1%
2017	1,517,866	33.5	36,308,882	23,921	401,867	12,509	1,136,835	3.0%
2016	1,469,824	33.1	34,905,380	23,748	403,558	12,241	1,101,524	3.6%
2015	1,436,697	33.2	32,790,329	22,823	401,771	7,824	1,073,329	3.5%
2014	1,416,291	33.0	31,581,326	22,414	407,047	10,334	1,041,494	3.7%
2013	1,383,194	33.2	30,752,552	22,233	397,500	6,129	1,020,845	4.9%
2012	1,359,730	32.7	29,038,394	21,356	396,718	8,005	1,000,015	5.7%

* 2021 population, median age, personal income, per capita income and school enrollment data was not available. Building permits, employment, and unemployment rate data is preliminary.

** 2020 amounts for per capita income and median age are maintained at the 2019 amounts, since 2020 data will not be available until March 2022.

^(a) Source: Finance Department, City of San Antonio, Texas.

^(b) Source: Finance Department, City of San Antonio, Texas.

^(c) Source: Real Estate Center, Texas A&M University, Building Permits (single & multi-family), San Antonio – New Braunfels Metropolitan Statistical Area.

^(d) Source: Bureau of Labor Statistics, San Antonio – New Braunfels Metropolitan Statistical Area, Total Non-Farm Employment and Unemployment Rate.

[The remainder of this page intentionally left blank.]

**San Antonio Water System
Schedule 23 – Principal Employers
Current Year and Nine Years Ago
Unaudited**

Employer	2021			2012		
	Employees ^(a)	Rank	Percentage of Total City Employment ^(b)	Employees ^(c)	Rank	Percentage of Total City Employment ^(d)
Joint Base San Antonio (JBSA) - Lackland, Fort Sam & Randolph ^(c)	74,289	1	6.77%	92,301	1	10.12%
HEB Grocery	20,000	2	1.82%	14,588	3	1.60%
USAA	19,000	3	1.73%	15,000	2	1.64%
Northside Independent School District	13,644	4	1.24%	12,751	5	1.40%
Methodist Health Care System	12,500	5	1.14%	7,747	7	0.85%
City of San Antonio	11,042	6	1.01%	13,573	4	1.49%
North East Independent School District	8,600	7	0.78%	10,522	6	1.15%
San Antonio Independent School District	7,410	8	0.68%	7,000	8	0.77%
Baptist Health Systems	6,162	9	0.56%	6,310	9	0.69%
Wells Fargo	5,152	10	0.47%	-	-	-
University of Texas Health Science Center	-	-	-	6,153	10	0.67%
Total	177,799		16.20%	185,945		19.80%

Source: Economic Development Division, City of San Antonio, Texas, Book of Lists 2021, and Department of Defense personnel statistics.

^(a) 2021 employment data from City of San Antonio's 2021 Annual Report.

^(b) Percent based on an Employment Estimate of 1,097,000 of non-farm jobs in the San Antonio – New Braunfels Metropolitan Statistical Area from the Bureau of Labor Statistics as of December 2021 (preliminary).

^(c) 2012 employment data from City of San Antonio's 2021 Annual Report.

^(d) Percent based on an Employment Estimate of 912,200 of non-farm jobs in the San Antonio – New Braunfels Metropolitan Statistical Area from Bureau of Labor Statistics for 2012.

[The remainder of this page intentionally left blank.]

San Antonio Water System
Schedule 24 – Number of Employees by Functional Group

Functional Group	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012 ^(a)
President/CEO	13	13	9	9	8	7	10	13	14	16
Production & Treatment Operations	256	267	373	358	299	302	138	131	292	363
Distribution & Collection Operations	403	459	482	517	561	540	485	446	455	482
Operation Services	4	6	7	24	112	112	346	257	116	166
Operations Support	101	105	-	-	-	-	-	-	-	-
Sewer System Improvements	25	28	33	35	33	33	31	31	28	-
Public Affairs	51	52	51	57	51	24	28	26	24	32
Customer Service	282	310	238	230	231	229	233	235	229	222
Engineering & Construction	181	174	180	177	177	166	191	221	202	225
Water Resources	121	117	120	97	19	40	42	138	158	62
Financial Services	62	57	63	60	64	65	67	62	64	52
Information Services	88	93	92	91	89	92	72	65	64	57
Human Resources	48	50	50	42	42	45	42	35	44	27
Legal	<u>34</u>	<u>35</u>	<u>36</u>	<u>36</u>	<u>37</u>	<u>37</u>	<u>39</u>	<u>39</u>	<u>42</u>	<u>44</u>
Total Employees	<u>1,669</u>	<u>1,766</u>	<u>1,734</u>	<u>1,733</u>	<u>1,723</u>	<u>1,692</u>	<u>1,724</u>	<u>1,699</u>	<u>1,732</u>	<u>1,748</u>

^(a) In 2012, SAWS assumed operational control of the former BexarMet. The employee figures shown above include the employees of the former BexarMet beginning in 2012. As the merger of the former BexarMet into SAWS was not completed until January 1, 2015, a number of these employees were allocated to the special purpose entity formulated to maintain this entity until completion of the merger. The number of employees allocated to this special purpose entity during the years 2012, 2013, and 2014 were 70, 207, and 204, respectively.

[The remainder of this page intentionally left blank.]

**San Antonio Water System
Schedule 25 – Capital Assets
(amounts in thousands)**

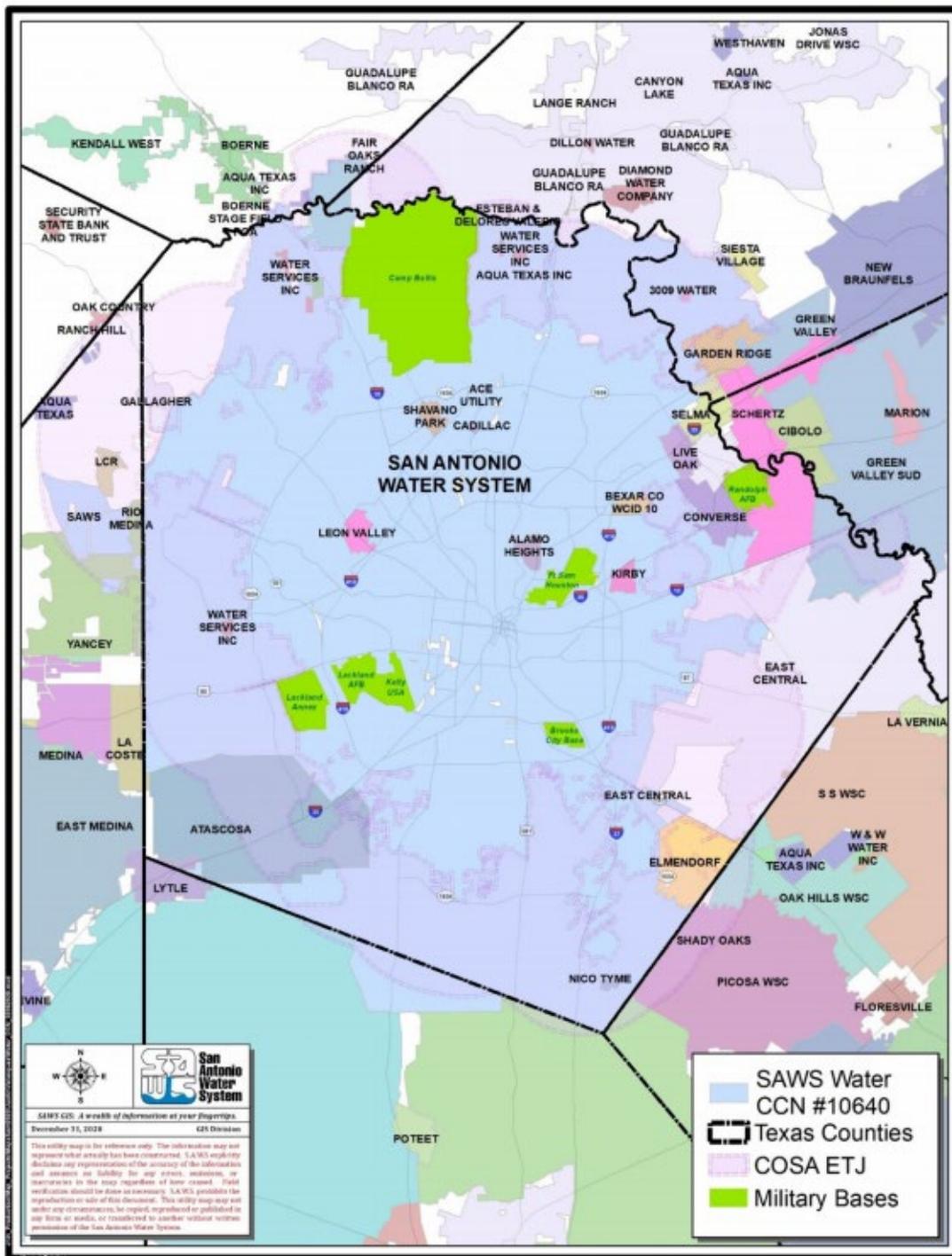
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Water Delivery ^(a)	\$3,155,038	\$3,002,938	\$2,855,896	\$2,732,899	\$2,760,533	\$2,664,891	\$2,489,921	\$1,998,502	\$1,882,369	\$1,806,882
Water Supply:										
Water Resources ^(b)	2,195,624	2,194,284	1,051,909	1,052,048	1,047,530	1,036,861	740,434	708,825	628,445	585,055
Recycle	178,058	178,260	178,213	177,846	181,281	178,219	177,487	159,171	159,059	155,556
Conservation	466	471	556	563	561	559	558	511	465	436
Stormwater	247	247	247	310	314	321	354	302	277	211
Wastewater	3,447,384	3,229,184	2,997,086	2,813,016	2,796,525	2,702,938	2,551,854	2,390,077	2,202,056	1,968,415
Chilled Water and Steam	56,780	68,590	66,710	65,553	61,280	62,800	61,162	51,117	56,929	53,011
Construction in Progress	<u>603,821</u>	<u>521,627</u>	<u>673,633</u>	<u>506,810</u>	<u>332,635</u>	<u>228,595</u>	<u>485,962</u>	<u>368,688</u>	<u>506,829</u>	<u>571,547</u>
Total assets before accumulated depreciation	9,637,418	9,195,601	7,854,250	7,349,045	7,180,659	6,875,184	6,507,462	5,677,193	5,436,429	5,141,113
Accumulated Depreciation	<u>2,520,370</u>	<u>2,355,308</u>	<u>2,204,823</u>	<u>2,082,961</u>	<u>2,128,882</u>	<u>1,989,093</u>	<u>1,859,676</u>	<u>1,587,715</u>	<u>1,472,429</u>	<u>1,369,885</u>
Net Capital Assets	<u>\$7,117,048</u>	<u>\$6,840,293</u>	<u>\$5,649,427</u>	<u>\$5,266,084</u>	<u>\$5,051,777</u>	<u>\$4,886,091</u>	<u>\$4,647,786</u>	<u>\$4,089,478</u>	<u>\$3,964,000</u>	<u>\$3,771,228</u>

^(a) Increase in Water Delivery capital assets from 2014 to 2015 is primarily due to the merger of SAWS and SAWS' District Special Project effective January 1, 2015.

^(b) Increase in Water Supply/Water Resource capital assets from 2019 to 2020 is primarily due to the addition of the assets from the Vista Ridge Pipeline Project, which commenced operations in April 2020.

[The remainder of this page intentionally left blank.]

San Antonio Water System
 Map 1 – Map of Water Service Area



**San Antonio Water System
Schedule 26 – Operating and Capital Indicators – Water
Unaudited**

	2021 ^(d)	2020 ^(g)	2019	2018	2017	2016	2015 ^(h)	2014	2013	2012
Rainfall (Inches)	34.61	20.7	22.02	41.20	27.33	43.92	44.22	27.63	32.00	39.40
Customers/Connections ^(a)	544,991	529,392	515,981	505,627	496,543	488,705	482,821	373,920	367,408	365,099
Water Pumpage (Million Gallons)										
Annual Water Pumped	89,281	85,547	84,702	85,092	89,843	88,016	83,138	69,834	69,020	70,338
ASR Recharge ^(b)	7,822	2,226	4,430	6,427	11,198	11,159	6,911	1,569	2,629	3,742
ASR Production ^(b)	1,699	3,970	1,281	1,453	462	697	1,903	6,374	4,793	1,446
Annual Pumped for Usage	81,460	83,321	80,271	78,665	78,645	76,857	76,227	68,265	66,391	66,596
Average Daily	223.2	234.0	232.1	233.1	245.6	240.5	227.8	191.3	189.1	192.2
Maximum Daily	442.4	315.0	328.6	301.0	302.8	359.9	335.0	261.0	270.2	264.0
Metered Usage (Million Gallons)	64,020	67,193	65,655	63,660	65,641	63,934	62,896	57,261	55,108	55,320
Available Water Supply (Million Gallons)										
Permitted Edwards Aquifer rights ^(c)	87,871	88,353	88,753	89,989	92,632	93,289	94,144	83,126	82,902	84,822
Non-Edwards supply ^(d)	39,507	35,664	23,543	25,905	24,634	27,710	23,233	12,931	11,476	7,431
Stored in ASR ^(e)	62,667	56,544	58,288	55,138	50,165	39,429	28,967	23,959	28,764	30,928
Total water available for production	190,045	180,562	170,584	171,032	167,431	160,428	146,344	121,086	122,484	123,080
Number of Wells in Service	180	180	181	182	191	191	182	147	149	143
Overhead Storage Capacity (Million Gallons)	124.1	124.1	120.1	120.1	117.1	119.9	119.9	101.8	91.3	81.2
Total Storage Capacity (Million Gallons)	308.4	308.4	287.6	287.6	277.2	269.2	261.7	220.6	197.4	183.7
Miles of Water Main in Place	7,511	7,391	7,260	7,144	7,060	6,961	6,831	5,259	5,072	5,022
Water Main Breaks	1,599	2,494	2,357	2,329	1,843	1,194	2,363	2,018	1,863	2,128
Fire Hydrants in Place	44,305	43,345	42,513	41,553	40,872	39,988	38,460	28,753	28,323	27,914

^(a) Number of customers at end of fiscal year.

^(b) Gallons pumped for ASR recharge and ASR production are included in annual water pumped.

^(c) Based on permitted rights authorized by the EAA as of December 31. Under current EAA rules, authorized amounts are subject to reductions of 20% to 44% during drought conditions.

^(d) Includes water available under contracts to purchase or produce water from the Trinity Aquifer, Carrizo Aquifer, Canyon Lake, Medina Lake, and Lake Dunlap, as well as SAWS' brackish desalination plant. Starting in 2020, includes water available under the Vista Ridge Pipeline Project. There are no legally imposed reductions in these supplies during drought; however, production of water from certain of these sources is physically limited during periods of drought.

^(e) Represents cumulative net amount stored in ASR (Recharge - Net production).

^(f) Increase in Maximum Daily Pumpage is primarily due to the 2021 Event's impact to the System.

^(g) Include a ground storage tank with a 10 million gallon capacity and two elevated storage tanks with a combined capacity of 4 million gallons associated with the Vista Ridge Pipeline Project, which commenced operations in April 2020.

^(h) Increase in amounts from 2014 to 2015 reflect the merger of SAWS and SAWS' District Special Project effective January 1, 2015.

[The remainder of this page intentionally left blank.]

San Antonio Water System
Schedule 27 – Monthly Residential Service Charges for Ten Major Texas Cities – Water
Unaudited

CITY	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Arlington										
6000 Gallons	\$25.50	\$25.50	\$25.50	\$25.50	\$24.20	\$24.20	\$22.40	\$21.12	\$19.49	\$19.49
9000 Gallons	\$33.87	\$33.87	\$33.87	\$33.87	\$32.57	\$32.57	\$29.78	\$27.96	\$25.55	\$25.55
Austin										
6000 Gallons	\$37.02	\$37.02	\$37.02	\$37.02	\$38.35	\$38.35	\$37.37	\$37.21	\$29.74	\$26.16
9000 Gallons	\$68.34	\$68.34	\$68.34	\$68.34	\$70.30	\$70.30	\$66.88	\$62.60	\$51.74	\$35.40
Corpus Christi ^(a)										
6000 Gallons	\$45.65	\$45.18	\$44.05	\$44.05	\$42.37	\$42.37	\$34.76	\$34.76	\$32.25	\$30.55
9000 Gallons	\$71.35	\$70.65	\$68.93	\$68.93	\$66.29	\$66.29	\$55.78	\$55.78	\$51.79	\$48.76
Dallas										
6000 Gallons	\$21.00	\$21.00	\$20.77	\$20.77	\$21.69	\$21.35	\$20.86	\$19.87	\$19.39	\$18.58
9000 Gallons	\$33.15	\$33.15	\$32.77	\$32.77	\$34.71	\$34.10	\$33.25	\$31.60	\$30.70	\$29.23
El Paso ^(b)										
6000 Gallons	\$30.78	\$30.10	\$28.27	\$27.19	\$25.23	\$23.82	\$21.62	\$17.84	\$17.84	\$17.01
9000 Gallons	\$40.40	\$39.52	\$37.25	\$35.82	\$37.40	\$31.28	\$28.42	\$24.10	\$24.10	\$22.99
Fort Worth										
6000 Gallons	\$31.44	\$31.44	\$30.82	\$30.82	\$29.39	\$28.60	\$26.62	\$24.82	\$23.32	\$23.32
9000 Gallons	\$43.75	\$43.75	\$42.73	\$42.73	\$41.14	\$40.77	\$38.49	\$36.05	\$34.55	\$34.55
Houston										
6000 Gallons	\$39.46	\$36.37	\$35.43	\$34.46	\$33.52	\$32.42	\$31.97	\$30.62	\$30.26	\$27.78
9000 Gallons	\$63.46	\$53.65	\$52.84	\$50.42	\$49.03	\$47.42	\$46.76	\$44.78	\$44.27	\$40.62
Lubbock										
6000 Gallons	\$41.09	\$41.09	\$42.09	\$41.09	\$44.56	\$44.56	\$45.18	\$43.86	\$45.00	\$45.00
9000 Gallons	\$62.00	\$62.00	\$62.00	\$62.00	\$58.84	\$58.84	\$63.72	\$56.79	\$57.00	\$57.00
Plano										
6000 Gallons	\$31.86	\$31.86	\$31.22	\$29.48	\$29.48	\$25.98	\$25.98	\$25.41	\$23.10	\$22.55
9000 Gallons	\$43.20	\$43.20	\$42.35	\$40.07	\$40.07	\$35.28	\$35.28	\$33.72	\$30.66	\$29.18
San Antonio (Standard) ^(b)										
6000 Gallons	\$36.06	\$36.06	\$31.20	\$30.72	\$28.65	\$27.09	\$23.50	\$22.65	\$21.54	\$21.67
9000 Gallons	\$58.03	\$58.03	\$48.29	\$47.40	\$44.37	\$41.96	\$34.43	\$33.16	\$31.37	\$31.53

Source: Based on rates posted on each respective city's website.

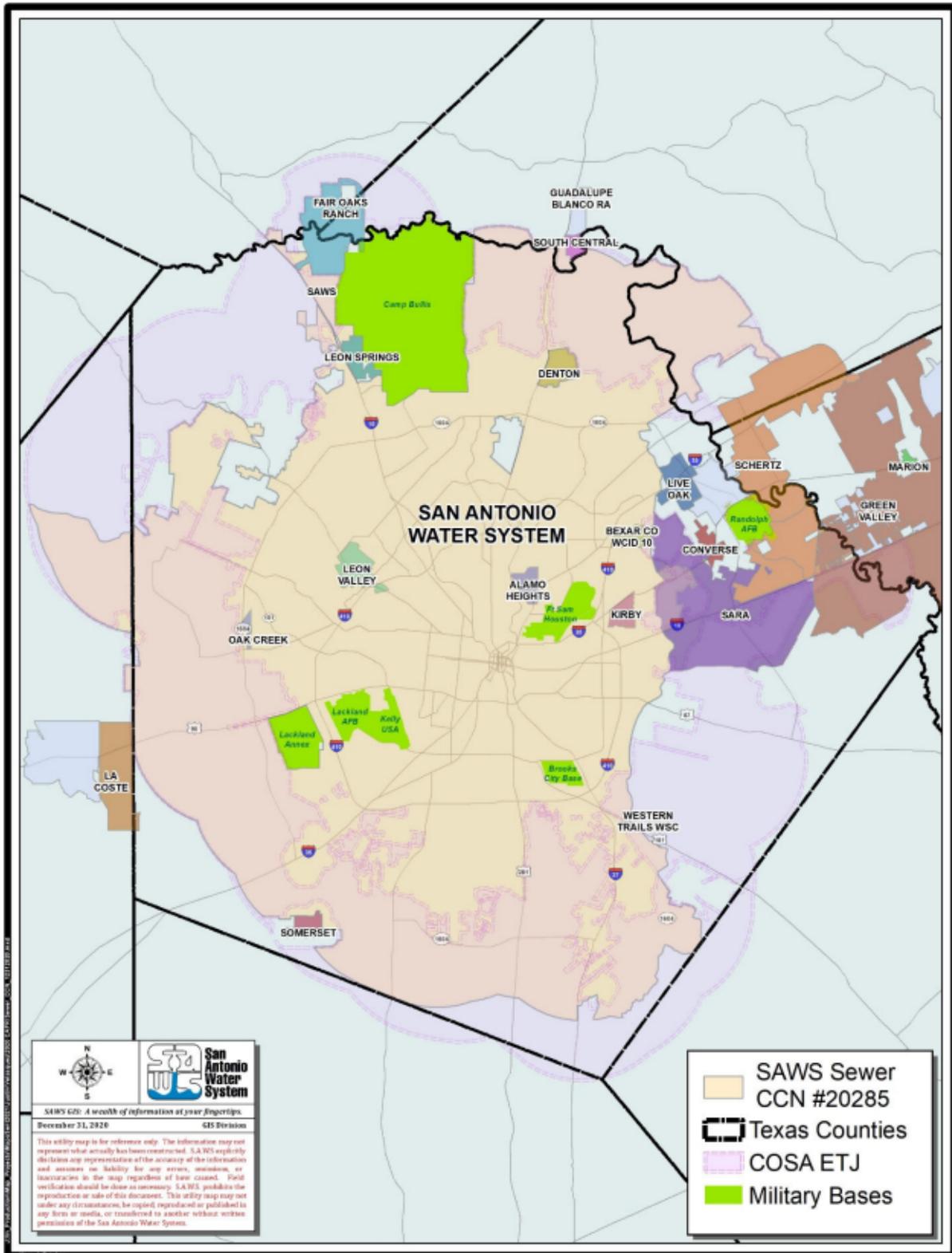
Note – Most charges are for a 5/8" meter; Arlington, Plano, and Lubbock charges are for a 3/4" meter.

^(a) Includes Raw Water Pass Through Charge of \$1.07 per 1,000 gallons.

^(b) Assumes Standard rates for all period in 2015 and prior and includes Water Supply Fee in all periods.

[The remainder of this page intentionally left blank.]

San Antonio Water System
 Map 2 – Map of Wastewater Service Area



**San Antonio Water System
Schedule 28 – Operating and Capital Indicators – Wastewater
Unaudited**

	2021	2020	2019	2018	Fiscal Year		2015	2014	2013	2012
					2017	2016				
Customers/Connections ^(a)	487,364	473,478	461,555	449,893	442,552	437,460	429,609	424,257	416,801	412,275
Effluent Volumes for Major Facilities (million gallons per day)										
Clouse Water Recycling Center ^(b)										
Permit Flow	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00
Average Annual Flow	94.81	86.77	94.34	94.70	94.46	98.26	93.84	85.20	78.47	79.04
Maximum Monthly Average Flow	108.12	92.01	105.39	114.90	106.44	117.01	112.44	91.19	86.78	87.01
Leon Creek										
Permit Flow	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00
Average Annual Flow (two outfalls)	31.03	29.11	29.88	35.91	35.52	38.59	35.04	28.98	37.68	38.62
Maximum Monthly Average Flow (two outfalls)	35.07	30.53	32.67	46.36	38.61	45.06	44.26	39.03	44.16	43.77
Medio Creek										
Permit Flow	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
Average Annual Flow	10.37	10.04	10.05	6.84	6.43	7.73	6.92	7.08	7.76	7.29
Maximum Monthly Average Flow	11.57	10.72	10.92	8.75	7.08	9.73	8.24	7.49	8.45	8.14
Total										
Permit Flow	187.00	187.00	187.00	187.00	187.00	187.00	187.00	187.00	187.00	187.00
Average Annual Flow	136.22	125.92	134.27	137.45	136.41	144.58	135.79	121.26	124.26	124.95
Maximum Monthly Average Flow	154.75	133.26	148.98	170.01	152.13	171.80	162.54	137.71	139.40	138.92
Amount Treated Annually (millions of gallons) ^(c)	49,719	46,085	49,009	50,170	50,945	49,282	48,563	50,689	50,076	49,055
Amount Treated Peak Day (millions of gallons)	213	198	187	235	245	311	286	196	221	199
Miles of Sewer Main in Place	5,795	5,699	5,629	5,535	5,482	5,375	5,322	5,247	5,238	5,200
Number of Manholes in Place	115,012	112,767	110,836	108,580	107,247	105,346	103,874	100,017	99,037	98,136
Number of Lift Stations	149	146	146	154	151	155	153	156	155	159

^(a) Number of customers at end of fiscal year.

^(b) In the summer of 2019, the Dos Rios Recycling Plant was renamed Steve M. Clouse Water Recycling Center.

^(c) Represents the amount of wastewater treated annually and does not reflect the amount of wastewater billed. See Schedule 4 for the amount of wastewater billed.

[The remainder of this page intentionally left blank.]

San Antonio Water System
Schedule 29 – Monthly Residential Service Charges for Ten Major Texas Cities – Wastewater
Unaudited

CITY	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Arlington										
6000 Gallons	\$43.72	\$43.72	\$41.44	\$38.02	\$34.98	\$31.56	\$31.10	\$30.26	\$28.03	\$28.03
9000 Gallons	\$59.11	\$59.11	\$55.69	\$50.56	\$47.52	\$42.69	\$42.20	\$41.24	\$38.02	\$38.02
Austin										
6000 Gallons	\$60.66	\$60.66	\$60.66	\$60.66	\$62.30	\$62.30	\$59.86	\$55.84	\$54.40	\$54.30
9000 Gallons	\$90.93	\$90.93	\$90.93	\$90.93	\$93.35	\$93.95	\$89.68	\$83.23	\$81.22	\$81.06
Corpus Christi										
6000 Gallons	\$59.36	\$59.36	\$45.60	\$45.60	\$60.79	\$60.79	\$52.23	\$52.23	\$46.96	\$43.21
9000 Gallons	\$79.43	\$79.43	\$60.15	\$60.15	\$80.86	\$80.86	\$69.48	\$69.48	\$62.71	\$57.69
Dallas										
6000 Gallons	\$37.29	\$37.29	\$36.94	\$36.94	\$37.06	\$36.56	\$35.78	\$34.15	\$33.80	\$33.00
9000 Gallons	\$53.52	\$53.52	\$53.02	\$53.02	\$53.20	\$52.49	\$51.38	\$49.00	\$48.50	\$47.40
El Paso										
6000 Gallons	\$26.36	\$25.86	\$24.63	\$22.82	\$21.14	\$19.73	\$17.79	\$16.48	\$16.48	\$15.68
9000 Gallons	\$35.18	\$34.52	\$32.89	\$30.48	\$28.23	\$26.35	\$23.77	\$22.01	\$22.01	\$20.93
Fort Worth										
6000 Gallons	\$40.29	\$40.29	\$38.10	\$38.10	\$35.53	\$34.49	\$30.60	\$27.96	\$27.96	\$26.84
9000 Gallons	\$57.02	\$57.02	\$53.90	\$53.90	\$50.05	\$48.49	\$43.16	\$39.39	\$39.39	\$37.70
Houston										
6000 Gallons	\$53.50	\$45.10	\$42.57	\$42.39	\$41.23	\$39.87	\$39.31	\$37.65	\$37.20	\$34.15
9000 Gallons	\$85.00	\$71.83	\$68.40	\$67.53	\$65.68	\$63.51	\$62.62	\$59.97	\$59.25	\$54.40
Lubbock										
6000 Gallons	\$38.76	\$38.76	\$38.76	\$38.26	\$35.02	\$35.02	\$28.70	\$27.50	\$27.50	\$27.50
9000 Gallons	\$49.89	\$49.89	\$49.89	\$49.39	\$44.53	\$44.53	\$36.05	\$34.25	\$34.50	\$34.25
Plano										
6000 Gallons	\$45.85	\$43.67	\$43.67	\$41.57	\$41.57	\$39.23	\$37.40	\$34.40	\$33.54	\$33.54
9000 Gallons	\$64.12	\$61.07	\$61.07	\$58.13	\$58.13	\$54.86	\$52.31	\$47.51	\$46.32	\$46.32
San Antonio										
6000 Gallons	\$33.24	\$33.24	\$33.24	\$30.78	\$29.71	\$28.13	\$27.91	\$26.24	\$25.26	\$21.70
9000 Gallons	\$47.21	\$47.21	\$47.21	\$43.72	\$42.20	\$39.96	\$38.00	\$35.73	\$34.40	\$29.54

Source: Based on rates posted on each respective city's website.

[The remainder of this page intentionally left blank.]

MONTHLY WATER, SEWER, AND WATER SUPPLY FEE RATES

The System has received rate adjustments each year between 2011 and 2020. The last rate adjustment which took effect on January 1, 2020, was a pre-approved rate adjustment to the average residential bill of 9.9%. There were no rate adjustments for Fiscal Years 2021 and 2022.

Residential Water Service

(Effective for Consumption on or about January 1, 2019. No changes to these rates have been implemented since January 1, 2019.)

The Service Availability Charge (minimum bill) for all residential water service **INSIDE THE CITY LIMITS** of the City furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons for water usage in every instance of service for each month or fraction thereof shall be as follows:

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE	
<u>Meter Size</u>	<u>Service Availability Charge*</u>	<u>Usage Blocks, Gallons</u>	<u>Rate per 100 Gallons</u>
		Threshold	
5/8"	\$12.82	2,992	\$0.0740
3/4"	16.97	4,489	0.1295
1"	25.22	5,985	0.1665
1-1/2"	45.85	7,481	0.2034
2"	70.58	10,473	0.2405
3"	128.34	14,962	0.2775
4"	210.83	20,199	0.3329
6"	417.07	Over 20,199	0.4809
8"	664.55		
10"	953.27		
12"	1,778.20		

* Water Service Availability Charge shall be reduced by \$2.57 Inside City Limits, if usage does not exceed 2,992 gallons.

The Service Availability Charge (minimum bill) for all residential water service **OUTSIDE THE CITY LIMITS** of the City furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons for water usage in every instance of service for each month or fraction thereof shall be as follows:

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE	
<u>Meter Size</u>	<u>Service Availability Charge*</u>	<u>Usage Blocks, Gallons</u>	<u>Rate per 100 Gallons</u>
		Threshold	
5/8"	\$16.67	2,992	\$0.0962
3/4"	22.06	4,489	0.1683
1"	32.79	5,985	0.2165
1-1/2"	59.61	7,481	0.2645
2"	91.75	10,473	0.3125
3"	166.84	14,962	0.3607
4"	274.06	20,199	0.4328
6"	542.18	Over 20,199	0.6253
8"	863.89		
10"	1,239.24		
12"	2,311.67		

* Water Service Availability Charge shall be reduced by \$3.34 Outside City Limits, if usage does not exceed 2,992 gallons.

General Water Service

(Effective for Consumption on or about January 1, 2019. No changes to these rates have been implemented since January 1, 2019.)

The Service Availability Charge (minimum bill) for all general water service **INSIDE THE CITY LIMITS** of the City furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons for water usage in every instance of service for each month or fraction thereof shall be as follows:

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE	
<u>Meter Size</u>	<u>Service Availability Charge</u>	<u>Usage Blocks, Gallons</u>	<u>Rate Per 100 Gallons</u>
5/8"	\$13.86	Base*	\$0.1810
3/4"	19.79	>100-125% of Base	0.2084
1"	31.66	>125-175% of Base	0.2717
1-1/2"	61.29	>175% of Base	0.3171
2"	96.79		
3"	179.74		
4"	298.19		
6"	594.32		
8"	949.73		
10"	1,364.34		
12"	2,548.96		

* The Base Use is defined as 100% of the Annual Average Consumption.

The Service Availability Charge (minimum bill) for all general water service **OUTSIDE THE CITY LIMITS** of the City furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons for water usage in every instance of service for each month or fraction thereof shall be as follows:

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE	
<u>Meter Size</u>	<u>Service Availability Charge</u>	<u>Usage Blocks, Gallons</u>	<u>Rate Per 100 Gallons</u>
5/8"	\$16.94	Base*	\$0.2354
3/4"	24.12	>100-125% of Base	0.2710
1"	38.45	>125-175% of Base	0.3533
1-1/2"	74.27	>175% of Base	0.4121
2"	117.20		
3"	217.47		
4"	360.65		
6"	718.67		
8"	1,148.31		
10"	1,649.54		
12"	3,081.65		

* The Base Use is defined as 100% of the Annual Average Consumption.

[The remainder of this page intentionally left blank.]

Wholesale Water Service

(Effective for Consumption on or about January 1, 2019. No changes to these rates have been implemented since January 1, 2019.)

Water service charges for all metered wholesale water connections shall be the sum of the appropriate Water Service Availability Charge and the application of the Water Monthly Volume Charges to metered water usage in every instance of service for each month or fraction thereof and are billed according to the schedule below.

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE	
<u>Meter Size⁽¹⁾</u>	<u>Service Availability Charge</u>	<u>Usage Blocks, Gallons</u>	<u>Rate Per 100 Gallons</u>
6"	\$538.85	Base*	\$0.2099
8"	860.58	Over Base	0.6299
10"	1,235.91		
12"	2,308.35		

* The Base Use is defined as 100% of the Annual Average Consumption.

⁽¹⁾ Wholesale water service will not be provided through a meter smaller than 6" in order to comply with fire flow requirements and the "Criteria for Water Supply and Distribution in the City of San Antonio and its Extraterritorial Jurisdiction".

[The remainder of this page intentionally left blank.]

Irrigation Service Fee

(Effective for Consumption on or about January 1, 2019. No changes to these rates have been implemented since January 1, 2019.)

The Service Availability Charge (minimum bill) for all irrigation water service **INSIDE THE CITY LIMITS** of the City furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons for water usage in every instance of service for each month or fraction thereof shall be as follows:

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE	
<u>Meter Size</u>	<u>Service Availability Charge</u>	<u>Usage Blocks, Gallons</u>	<u>Rate Per 100 Gallons</u>
5/8"	\$13.86	Threshold	
3/4"	19.79	8,229	\$0.3292
1"	31.66	17,954	0.4607
1-1/2"	61.29	162,316	0.5925
2"	96.79	Over 162,316	0.7570
3"	179.74		
4"	298.19		
6"	594.32		
8"	949.73		
10"	1,364.34		
12"	2,548.96		

The Service Availability Charge (minimum bill) for all irrigation water service **OUTSIDE THE CITY LIMITS** of San Antonio furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons for water usage in every instance of service for each month or fraction thereof shall be as follows:

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE	
<u>Meter Size</u>	<u>Service Availability Charge</u>	<u>Usage Blocks, Gallons</u>	<u>Rate Per 100 Gallons</u>
5/8"	\$16.94	Threshold	
3/4"	24.12	8,229	\$0.4279
1"	38.45	17,954	0.5991
1-1/2"	74.27	162,316	0.7702
2"	117.20	Over 162,316	0.9841
3"	217.47		
4"	360.65		
6"	718.67		
8"	1,148.31		
10"	1,649.54		
12"	3,081.65		

[The remainder of this page intentionally left blank.]

Recycled Water Service – Edwards Exchange Customers

(Effective for Consumption on or about January 1, 2020. No changes to these rates have been implemented since January 1, 2020.)

The Monthly Service Availability Charge (minimum bill) for all recycled water service furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons for water usage in every instance of service for each month or fraction thereof shall be as follows:

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE		
<u>Meter Size</u>	Net <u>Meter Charge</u>	<u>Usage Blocks</u>	<u>Rate Per 100 Gallons</u>	
			<u>Standard*</u>	<u>Seasonal*</u>
5/8"	\$14.71	Transferred Amount	\$ 0.0387	\$ 0.0387
3/4"	19.13	All in Excess of Transferred	0.1452	0.1542
1"	24.94	Amount		
1-1/2"	39.62			
2"	57.93			
3"	154.09			
4"	229.04			
6"	436.93			
8"	658.58			
10"	903.06			
12"	1,114.22			

* The Volume Charge "Seasonal" Rate Per 100 Gallons shall be applied to all billings beginning on or about May 1 and ending after five complete billing months on or about September 30 of each year. At all other times the Volume Charge "Standard" Rate Per 100 Gallons shall be utilized.

Recycled Water Service – Non-Edwards Exchange Customers

(Effective for Consumption on or about January 1, 2020. No changes to these rates have been implemented since January 1, 2020.)

The Monthly Service Availability Charge (minimum bill) for all recycled water service furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons for water usage in every instance of service for each month or fraction thereof shall be as follows:

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE		
<u>Meter Size</u>	Net <u>Meter Charge</u>	<u>Usage Blocks</u>	<u>Rate Per 100 Gallons</u>	
			<u>Standard*</u>	<u>Seasonal*</u>
5/8"	\$14.71	First 748,000	\$ 0.1533	\$ 0.1670
3/4"	19.13	Over 748,000	0.1588	0.1684
1"	24.94			
1-1/2"	39.62			
2"	57.93			
3"	154.09			
4"	229.04			
6"	436.93			
8"	658.58			
10"	903.06			
12"	1,114.22			

* The Volume Charge "Seasonal" Rate Per 100 Gallons shall be applied to all billings beginning on or about May 1 and ending after five complete billing months on or about September 30 of each year. At all other times the Volume Charge "Standard" Rate Per 100 Gallons shall be utilized.

[The remainder of this page intentionally left blank.]

Water Supply Fee

(Effective for Consumption on or about January 1, 2020. No changes to these rates have been implemented since January 1, 2020.)

The Water Supply Fee assessed on all potable water service for water usage in every instance of service for each month or fraction thereof shall be as follows:

<u>Rate Class</u>	<u>Usage Blocks, Gallons Threshold</u>	<u>Fee to be Assessed (per 100 gallons)</u>
Residential	2,992	\$0.1585
	4,489	0.2772
	5,985	0.3563
	7,481	0.4357
	10,473	0.5150
	14,962	0.5942
	20,199	0.7129
	Over 20,199	1.0296
General	Base*	\$0.2989
	125% of Base	0.3438
	175% of Base	0.4482
	Over 175% of Base	0.5232
Wholesale	Base**	\$0.3892
	Over Base	1.1681
Irrigation	8,229	\$0.3911
	17,954	0.5474
	162,316	0.7039
	Over 162,316	0.8996

* The Base Use for General Class is defined as 100% of the Annual Average Consumption.

** The Base Use for Wholesale Class is defined as 100% of the Annual Average Consumption or as agreed to by the wholesale customer and approved by the SAWS' Board.

Residential Sewer Service

(Effective for Consumption on or about January 1, 2019. No changes to these rates have been implemented since January 1, 2019.)

Sewer service charges for all metered residential connections **INSIDE THE CITY LIMITS** of the City are computed on the basis of average water usage for 90 days during three consecutive billing periods beginning after November 15 and ending on or about March 15 of each year and are billed according to the rate schedules below.

<u>MONTHLY SERVICE AVAILABILITY CHARGE</u>		<u>MONTHLY VOLUME CHARGE</u>	
<u>Meter Size</u>	<u>Service Availability Charge*</u>	<u>Usage Blocks, Gallons</u>	<u>Rate Per 100 Gallons</u>
5/8"	\$14.53	Threshold	
3/4"	15.97	1,496	\$0.0000
1"	18.14	2,992	0.3104
1-1/2"	25.41	Over 2,992	0.4657
2"	36.31		
3"	72.61		
4"	108.91		
6"	181.52		
8"	290.41		
10"	435.65		
12"	580.86		

* Customers who do not have a winter record of water usage or an interim average will be billed for sewer service assuming 5,985 gallons monthly sewer usage. Customers without a SAWS water meter will be charged the Sewer Service Availability Charge based on a 5/8" meter size.

Sewer service charges for all metered residential connections **OUTSIDE THE CITY LIMITS** of the City are computed on the basis of average water usage for 90 days during three consecutive billing periods beginning after November 15 and ending on or about March 15 of each year and are billed according to the rate schedules below.

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE	
<u>Meter Size</u>	<u>Service Availability Charge*</u>	<u>Usage Blocks, Gallons</u>	<u>Rate Per 100 Gallons</u>
5/8"	\$17.43	Threshold	
3/4"	19.18	1,496	\$0.0000
1"	21.78	2,992	0.3726
1-1/2"	30.50	Over 2,992	0.5588
2"	43.58		
3"	87.12		
4"	130.70		
6"	217.83		
8"	348.52		
10"	522.77		
12"	697.03		

* Customers who do not have a winter record of water usage or an interim average will be billed for sewer service assuming 5,985 gallons monthly sewer usage. Customers without a SAWS water meter will be charged the Sewer Service Availability Charge based on a 5/8" meter size.

General Class Sewer Service
(Effective for Consumption on or about January 1, 2019. No changes to these rates have been implemented since January 1, 2019.)

INSIDE CITY LIMITS ("ICL")

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE	
<u>Meter Size</u>	<u>Service Availability Charge*</u>	<u>Usage Blocks, Gallons</u>	<u>Rate Per 100 Gallons</u>
5/8"	\$ 14.53	Base**	
3/4"	15.97	1,496	\$0.0000
1"	18.14	Over 1,496	0.4159
1-1/2"	25.41		
2"	36.31		
3"	72.61		
4"	108.91		
6"	181.52		
8"	290.41		
10"	435.65		
12"	580.86		

* Customers without a SAWS water meter will be charged the Sewer Service Availability Charge based on a 2" meter size.

** The Base Use is defined as 100% of the Annual Average Consumption.

OUTSIDE CITY LIMITS ("OCL")

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE	
<u>Meter Size</u>	<u>Service Availability Charge*</u>	<u>Usage Blocks, Gallons</u>	<u>Rate Per 100 Gallons</u>
5/8"	\$17.43	Base**	
3/4"	19.18	1,496	\$0.0000
1"	21.78	Over 1,496	0.4992
1-1/2"	30.50		
2"	43.58		
3"	87.12		
4"	130.70		
6"	217.83		
8"	348.52		
10"	522.77		
12"	697.03		

* Customers without a SAWS water meter will be charged the Sewer Service Availability Charge based on a 2" meter size.

** The Base Use is defined as 100% of the Annual Average Consumption.

Wholesale Sewer Service

(Effective for Consumption on or about January 1, 2019. No changes to these rates have been implemented since January 1, 2019.)

MONTHLY SERVICE AVAILABILITY CHARGE
All Meter Sizes: \$340.07

MONTHLY VOLUME CHARGE
All Usage: \$0.4438

WATER SERVICE INTERCONNECT RATE (EFFECTIVE JANUARY 1, 2006)

On November 17, 2005, the City Council approved the establishment of a Water Service Interconnect Rate. Water purveyors and entities outside the System have and are anticipated to continue to request connections to the System to receive potable water services on a short-term, unscheduled basis. Through these connections, these purveyors then resell the water provided by the System to their customers.

In order to ensure equitable recovery of costs and mitigate usage of these interconnections on more than a short-term basis, a Water Service Interconnect Rate was established. The rate is structured to provide short-term temporary water service while encouraging long-term water service agreements. In addition, the rate ensures that water purveyors utilizing potable water through the interconnection with the System do not profit when reselling this water to their own customers. Water purveyors who connect to the System under the Water Service Interconnect Rate shall pay for all services related to connecting to the infrastructure of the System to include applicable capital and operating costs.

Under the Water Service Interconnect Rate, water purveyors are charged all of the following:

1. The highest bill calculated based on metered usage using the System's or the water purveyors' current residential rate schedules;
2. The System's meter fee for standby service;
3. Additional standby charges of 10 times the meter fee for each month of usage, if usage occurs two consecutive months or more than three months during a calendar year; and
4. Time and material charges incurred to service the interconnect infrastructure.

IMPACT FEES (EFFECTIVE JUNE 1, 2019)

On May 16, 2019, the City Council approved amendments to the System's Impact Fees Land Use Assumption Plan ("LUAP") and Impact Fees Capital Improvements Plan ("IFCIP") based on projections for the 10-year period of 2019-2028. Using these amended plans, at the same time the City Council approved amendments to the water supply, water flow, water system development, wastewater collection, and wastewater treatment impact fees for all areas served by the System. Chapter 395, Texas Local Government Code, as amended ("Chapter 395") requires that the LUAP and IFCIP must be updated at least every five (5) years. The previous impact fees for water delivery, water supply, and wastewater were approved by the City Council in 2014.

Chapter 395 requires that impact fees be calculated for an equivalent dwelling unit ("EDU") based upon a LUAP that projects new demand for a period not to exceed 10 years and IFCIP costs associated with providing service to that new demand. The amended LUAP for 2019-2028 projects 141,770 new water EDUs and 131,840 new wastewater EDUs. The pro-rata cost of existing and future capital improvements projects to serve the 2019-2028 growth is estimated to be \$1.18 billion as set forth in the amended IFCIP.

[The remainder of this page intentionally left blank.]

Based on the 10-year LUAP and IFCIP numbers above, the maximum impact fees were calculated for each major category of fees; i.e., water supply, water flow, water system development, wastewater collection, and wastewater treatment for each related service area and approved as follows:

**SUMMARY OF MAXIMUM IMPACT FEES
(Impact Fees are shown as per EDU)**

Water Supply Impact Fee	\$ 2,706
Water Delivery	
Flow	\$ 1,188
System Development	
High Elevation	\$ 855
Middle Elevation	\$ 1,014
Low Elevation	\$ 1,203
Wastewater	
Treatment	
Medio Creek	\$ 1,222
Dos Rios/Leon Creek	\$ 651
Collection	
Medio Creek	\$ 861
Upper Medina	\$ 1,422
Lower Medina	\$ 520
Upper Collection	\$ 2,800
Middle Collection	\$ 2,013
Lower Collection	\$ 902

EDWARDS AQUIFER AUTHORITY PERMIT FEE: SAN ANTONIO WATER SYSTEM

City ordinance provides for the establishment and assessment of a pass-through charge of the EAA Permit Fee to all System water customers. The purpose of the fee is to recover fees paid to the EAA for permitted water rights. The annual fee takes into account any cumulative deficit or surplus in the recovery, number of EAA water rights and projected water sales (in gallons) for the year.

<u>Year</u>	<u>EAA Fee (per 100 gallons)</u>
2013	\$0.03425
2014	0.03295
2015	0.03311
2016	0.04259
2017	0.03612
2018	0.03533
2019	0.03561
2020	0.03452
2021	0.03452
2022	0.03385

[The remainder of this page intentionally left blank.]

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FEE

The TCEQ imposes certain fees on the System, which is applied to all residential, commercial, and wholesale accounts as well as each apartment account based on the number of units. The annual fee takes into account any cumulative deficit or surplus in the recovery.

Service Type (Monthly Fee)	TCEQ Pass-Through Fee	
	Water Connection Fee	Wastewater Connection Fee
2013	\$0.17	\$0.05
2014	0.18	0.06
2015	0.18	0.06
2016	0.18	0.06
2017	0.18	0.06
2018	0.18	0.06
2019	0.20	0.06
2020	0.21	0.06
2021	0.21	0.06
2022	0.21	0.06

ENVIRONMENTAL AND REGULATORY MATTERS

The City and the System are subject to the environmental regulations of the State and the United States in the operation of the System's water, reuse water, wastewater, stormwater, and chilled water systems. These regulations are subject to change, and the City and the System may be required to expend substantial funds to meet the requirements of such regulatory authorities.

GENERAL REGULATORY CLIMATE

The election of President Biden in November 2020 resulted and will continue to result in a host of newly appointed administrators to top government agencies, especially those positions affecting the environment. Since inauguration, officials began to amend and enact provisions promulgated through the EPA and other environmental agencies to increase regulation. Consistent with the Biden Administration's enhanced focus on environmental regulation, on September 24, 2022, the EPA announced that it is establishing the new Office of Environmental Justice and External Civil Rights that will be charged with advancing environmental justice and civil rights concerns. It is too early to determine how active this new office will be and what impact it may have on the System.

SAFE DRINKING WATER ACT

In August 1996, amendments to the federal Safe Drinking Water Act were signed into law, with additional amendments following in subsequent years, including provisions relating to eliminating lead in drinking water. The federal Safe Drinking Water Act requires the EPA to regulate a wide variety of contaminants that may be present in drinking water, including volatile organic chemicals ("VOCs"), other synthetic organic chemicals, inorganic chemicals, microbiological contaminants, and radionuclide contaminants. The list of contaminants to be regulated is so lengthy that the amendments require the EPA to establish a schedule for developing regulations regarding the contaminants. There are several phases in the EPA's regulatory timetables that are to be undertaken over the next few years. The initial impacts of the amendments to the System have not been significant, as the System has been able to materially comply with these regulations that have been promulgated to date. The full impact is difficult to project at this time and would be dependent upon what maximum contaminant levels may be set for some future parameters and enhanced water treatment rules. Many of these parameters, such as waterborne pathogens, radionuclides, and infection by-products contaminants may require treatment changes that have not yet been established by the EPA.

The System is in material compliance with several EPA drinking water rules adopted pursuant to the Safe Drinking Water Act, including the Enhanced Surface Water Treatment Rule, the Long Term 2 Enhanced Surface Water Treatment Rule, the Stage 1 and Stage 2 Disinfectant and Disinfection Byproduct Rules, and the Unregulated Contaminant Monitoring Rule. No increased capital expenditures have been required or are anticipated to be required to maintain compliance with the foregoing rules. In October 2006, the EPA also finalized its Groundwater Rule, a regulation designed to identify and address systems including ground water supplies that are at a high risk of contamination with fecal coliforms. The EPA's Groundwater Rule may have an impact on the System if it is determined that any individual production well may need additional treatment. Estimated cost for compliance with the Groundwater Rule may be up to \$2.00 per gallon at any well that may be affected.

On October 12, 2019, the EPA published proposed revisions to the "Lead and Copper Rule" (the "Lead Rule") under the Safe Drinking Water Act. The initial public comment period for such revisions closed on February 12, 2020. The EPA's proposed revisions create a new trigger level for lead of 10 parts per billion. Water sampling and analysis is required with exceedance triggering more extensive sampling and potential adjustments to corrosion control measures. Mandatory testing at schools and childcare facilities is also a component of the proposed revisions. Public water systems with test results exceeding the trigger level are required to work with the State to develop a program to replace service lines that contain lead in its distribution system. The proposed regulation also requires an inventory of any lead service lines in both the water system's distribution system and in customer systems. On June 16, 2021, the EPA issued an update that stated that it would continue to review the Lead Rule, comments and other collected information as well as continue stakeholder engagement and further delayed the effective date for the Lead Rule to December 16, 2021, and the compliance date to October 16, 2024. After completion of the stakeholder engagement process, and a review of the proposed Lead Rule, the EPA announced on December 16, 2021 that the Lead Rule should take effect as it is currently drafted. The Lead Rule that became effective delayed the requirement for testing at schools and childcare facilities until after October 16, 2024. Additionally, the EPA announced that it will develop a new proposed rulemaking to strengthen key elements of the Lead Rule. The EPA anticipates finalizing the forthcoming Lead and Copper Rule Improvements (the "LCRI") prior to October 16, 2024. The EPA has committed to issuing new guidance for the Lead Rule to include guidance on developing lead service line inventories, best practices, case studies, and templates. It is premature to speculate on the financial impact

of the Lead Rule until the EPA issues its guidance regarding best practices and required processes. Additional analysis will be necessary when the LCRI is finalized in October 2024 to assess potential changes to the action and trigger levels in the current Lead Rule, and a possible requirement to identify and replace all lead service in the public water systems.

Continued changes in rules, specifically the Lead Rule, and regulations may continue to cause process modifications, which may increase the cost of the maintenance and operation of the System's drinking water treatment and distribution facilities. SAWS' 2023 budget includes \$1.5 million in maintenance and operations costs for this initiative. These modifications and upgrades may require increased capital expenditures, which may be financed by the issuance of additional revenue bonds.

FEDERAL AND STATE REGULATION OF THE WASTEWATER FACILITIES

The federal Clean Water Act and the Texas Water Code regulate the System's wastewater operations, including the collection system and the wastewater treatment plants. All discharges of pollutants into the nation's navigable waters must comply with the Clean Water Act. The Clean Water Act allows municipal wastewater treatment plants to discharge treated effluent to the extent allowed in permits issued by the EPA pursuant to the National Pollutant Discharge Elimination System (the "NPDES") program, a national program established by the Clean Water Act for issuing, revoking, monitoring, and enforcing wastewater discharge permits. The Clean Water Act authorized the EPA to delegate the EPA's NPDES permit responsibility to State or interstate agencies after certain prerequisites have been met by the relevant agencies. The EPA has delegated NPDES permit authority to the TCEQ, which means that the TCEQ is the lead agency for issuing Clean Water Act permits to the System. The System has current TPDES permits for its facilities, issued by the TCEQ, which are also issued under authority granted to the TCEQ by the Texas Water Code. Both the EPA and the TCEQ have authority to enforce the TPDES permits.

TPDES permits set limits on the type and quantity of wastewater discharge, in accordance with State and federal laws and regulations. The Clean Water Act requires municipal wastewater treatment plants to meet secondary treatment effluent limitations (as defined in EPA regulations). The Clean Water Act also requires that municipal plants meet any effluent limitations established by State or federal laws or regulations, which are more stringent than secondary treatment.

On June 1, 2010, the EPA published a notice in the Federal Register seeking stakeholder input to help the EPA determine whether to modify the NPDES regulations as they apply to municipal sanitary sewer collection systems and sanitary sewer overflows. On October 27, 2011, the Office of Water and the Office of Enforcement and Compliance Assurance issued a Memorandum on Achieving Water Quality Through Integrated Municipal Stormwater and Wastewater Plans. The memorandum outlines the development of an integrated planning approach framework to help the EPA work with local governments toward cost-effective decisions and solutions regarding the implementation of NPDES related obligations. On June 5, 2012, the EPA issued its Integrated Municipal Stormwater and Wastewater Planning Approach document. This document encourages the EPA Regions to work with the states in their regions to implement integrated planning that will assist municipalities on their critical paths to achieving health and water quality objectives of the Clean Water Act by identifying efficiencies in implementing requirements that arise from distinct wastewater and stormwater programs. In August 2014, the EPA finalized amendments to the Clean Water Act's NPDES program, requiring applicants use "sufficiently sensitive" analytical test methods when completing permit applications. Furthermore, the permit-issuing authority must prescribe that only sufficiently sensitive methods be used for analyses of pollutants or pollutant parameters under a NPDES permit. On May 18, 2016, the EPA proposed revisions to the NPDES regulations to eliminate regulatory and application form inconsistencies, improve permit documentation, transparency, and oversight, clarify existing regulations, and remove outdated provisions. On June 12, 2019, the EPA implemented new rules to address these permit procedure concerns.

On February 28, 2017, President Trump executed an executive order mandating the EPA formally reconsider the EPA's Clean Water Rule, as well as the definition of "Waters of the U.S." ("WOTUS") set forth in the Navigable Waters Protection Rule, which, pursuant to amendments promulgated in 2015, gave the EPA jurisdiction to regulate bodies of water within the broad scope of the rule's definition. On September 12, 2019, the EPA and the U.S. Army Corps of Engineers (the "Army") announced the repeal of WOTUS after extended litigation (including two federal district court decisions which reviewed the merits thereof and found the rule suffered from certain errors, resulting in respective remands for further consideration). On January 23, 2020, the EPA and Army finalized the new rule redefining WOTUS under the Clean Water Act, which became effective in June 2020. In June 2021, the EPA and the Army announced they would initiate a new rulemaking process to restore protection in place prior to the 2015 definition.

On January 13, 2021, the Army revised their Nationwide Permitting ("NWP") program adding clarity to regulations which decreases compliance risk for obtaining authorization for construction projects with minimal environmental impact. The effective date of the change was March 15, 2021. The Biden Administration called for a review of the 2021 NWPs, and the rule is being challenged legally. On June 9, 2021, EPA Administrator Michael Regan announced the agency's intent to expand the number of waterways that receive protection under the Clean Water Act. On August 30, 2021, a U.S. District Court in Arizona vacated the Navigable Waters Protection Rule and remanded to the EPA and the Army for reconsideration. In light of this order, the Army and the EPA have halted the implementation of the Navigable Waters Protection Rule and are interpreting WOTUS consistent with the pre-2015 regulatory regime until further notice.

On November 18, 2021, the EPA and Army (the "Agencies") announced a proposed rule to re-establish the pre-2015 definition of WOTUS which had been in place for decades, updated to reflect consideration of Supreme Court of the United States (the "Supreme Court") decisions. The proposed rule was described by the Agencies upon its release as establishing a durable definition of WOTUS that protects public health, the environment, and downstream communities while supporting economic opportunity, agriculture, and other industries that depend on clean water. The Agencies will continue to consult with states, tribes, local governments, and stakeholders in both the implementation of WOTUS and future regulatory actions. The proposed rule was published in the Federal Register on December 7, 2021. The proposed rule had a 60-day comment period that expired on February 7, 2022. Additional review and consideration will be necessary once a rule has been finalized.

Multiple suits have been filed and likely will continue to be filed over the Clean Water Rule's provisions. On October 4, 2022, the Supreme Court heard oral arguments in *Sackett v. Environmental Protection Agency* to determine whether the United States Court of Appeals for the Ninth Circuit utilized the proper test for determining whether wetlands are WOTUS under the Clean Water Act. Lawsuits and comments will likely shape the

proposed rule establishing a definition of WOTUS which specifies the waters entitled to receive federal protection. It is premature to speculate on the outcome of lawsuits or the potential effects of these lawsuits, and any comments and revisions that may develop during the finalization of the definition of WOTUS, on SAWS' operations.

STATUS OF DISCHARGE PERMITS FOR CITY'S WASTEWATER TREATMENT PLANTS

All of the System's wastewater treatment plants have been issued TPDES discharge permits by the TCEQ. An occasional upset may cause permit violations, but generally all of these plants are in compliance with their respective discharge limitations. The EPA notified the System during 2007 of concerns regarding reported sewer overflows under the TPDES permits. The EPA's concerns and the System's response are discussed under "THE SAN ANTONIO WATER SYSTEM – Sewer Management Program" herein.

POTENTIAL PENALTIES FOR THE CITY'S WASTEWATER SYSTEM'S VIOLATIONS

The failure by the System to achieve compliance with the Clean Water Act could result in either a private plaintiff or the EPA instituting a civil action for injunctive relief and civil penalties of up to \$56,460 per day per violation. Effective January 12, 2022, the maximum amount of a civil penalty that may be assessed increased to \$59,973 per violation. In addition, the EPA has the power to issue administrative orders compelling compliance with its regulations and the applicable permits. The EPA can also bring criminal actions for recovery of penalties of up to \$50,000 per day for willful or negligent violations of permit conditions or discharge without a permit. Violations of permits or administrative orders may result in the disqualification of a municipality from eligibility for federal assistance to finance capital improvements pursuant to the Clean Water Act. Even though the System will be operating under TPDES permits, it still may be liable for penalties from the EPA under the Clean Water Act.

Under State law, civil penalties for violation of State wastewater discharge permits or orders of the TCEQ can be a maximum of \$25,000 per day per violation. The Executive Director of the TCEQ also has authority to levy administrative penalties of up to \$25,000 per day for violations of rules, orders, or permits. Orders resulting from a civil action could require the imposition of additional user or service charges or the issuance of additional bonds to finance the improvements required to ameliorate a condition that may have caused the violation of a TCEQ permit.

See "THE SAN ANTONIO WATER SYSTEM – Sewer Management Program" herein for a discussion regarding SAWS' receipt of an administrative order from the EPA regarding an alleged violation related to discharge limitations at its Mitchell Lake facility.

GROUND-LEVEL OZONE

On March 12, 2008, the EPA revised the national ambient air quality standards (the "NAAQS") for ground-level ozone (the primary component for smog) under the Clean Air Act, as amended in 1990. Prior to the revision, an area met the ground-level ozone standards if the three-year average of the annual fourth-highest daily maximum eight-hour average at every ozone monitor (the "eight-hour ozone standard") was less than or equal to 0.08 parts per million ("ppm"). The EPA's March 2008 revision changed the NAAQS such that an area's eight-hour ozone standard must not exceed 0.075 ppm rather than the previous 0.08 ppm.

The Clean Air Act requires the EPA to designate areas as "attainment" (meeting the standards), "nonattainment" (not meeting the standards), or "unclassifiable" (insufficient data to classify). As a result of the revisions to the NAAQS, on March 10, 2009, Governor Rick Perry submitted a list of 27 counties in Texas, including the County, that should be designated as nonattainment. The final designations were put on hold while the EPA worked on revising the standard even further downward.

On January 6, 2010, the EPA formally proposed a regulation that would lower the primary NAAQS for ozone to a level within a range of 0.060 to 0.070 ppm. The EPA postponed issuing a final rule revising the ozone NAAQS standards, and on September 2, 2011, President Obama requested that the EPA withdraw the draft of the NAAQS revision. On September 22, 2011, the EPA issued a memorandum stating it would designate areas as non-attainment under the 2008 ozone standard of 0.075 ppm.

On November 26, 2014, the EPA proposed ozone standards to within a range of 65 to 70 parts per billion ("ppb"), while taking comment on a level as low as 60 ppb. On October 1, 2015, the EPA lowered the NAAQS for ground level ozone from 75 ppb to 70 ppb, "based on extensive scientific evidence about the ozone's effects on public health and welfare". In conjunction with the revised NAAQS, the EPA proposed separate rules to address monitoring the new standard. For Texas, the proposal calls for year-round monitoring throughout the state. On July 25, 2018, the EPA issued a final determination that the County was marginal "non-attainment" under the NAAQS ozone standard with an effective date of September 24, 2018. The State is required to amend its State Implementation Plan ("SIP") to include the new non-attainment area. Under a marginal classification, the County was required to attain the 2015 eight-hour ozone standard by the end of 2020 to meet a September 24, 2021 attainment date. Within three years after the date of non-attainment determination the State must amend the SIP to provide a plan for how the non-attainment area will achieve NAAQS compliance.

To help achieve ozone attainment by September 2021, the San Antonio Metropolitan Health District ("Metro Health") convened a "Getting to 70" Committee to coordinate activities that have air quality benefits for residents, businesses, and City internal operations. Metro Health also produced an Ozone Attainment Master Plan ("OAMP") with stakeholder input. The OAMP was officially approved by the City Council in June 2019 to implement the following ozone action strategies:

- Communications and Marketing Plan
- Volkswagen Beneficiary Mitigation Plan
- Ozone Best Practices
- Identification of Point Sources and Mitigation
- Business Community Engagement
- Policy, Advocacy, and Funding

The City annually reviews its air quality progress, and the 2022 review provided insight to the City's particulate matter (also called particle pollution) and ozone pollution trends. While particulate matter has risen slightly since 2010, the weighted average has stayed well below the 3.2 exceedance days per year rating the City with a passing grade, where it has been since the start of the American Lung Association's Annual Report. In addition, there have been no particulate matter exceedance days that the TCEQ monitors in 2021 or to date in 2022.

In April 2022, the EPA announced a proposed action to move the County from "Marginal" to "Moderate Nonattainment" for ozone. If finalized, this new designation will mean that the City and adjacent areas (the "San Antonio Area") will be required to comply with new EPA air quality regulations and meet the ozone standard of 70 parts per billion (ppb) by September 24, 2024. A virtual hearing was held on May 9, 2022 regarding this proposed reclassification. The comment period for the EPA's proposed action closed on June 13, 2022. With the reclassification to Moderate Nonattainment, the TCEQ will have the regulatory role to enforce the EPA's Clean Air Act regulations. The TCEQ will prepare a SIP for the San Antonio Area by an as yet to be determined deadline set by the EPA. The purpose of the SIP is to provide a comprehensive plan to improve air quality and meet the federal statutory and regulatory requirements.

Any State plan formulated to reduce ground-level ozone may curtail new industrial, commercial, and residential development in the San Antonio Area. Examples of past efforts by the EPA and the TCEQ to provide for annual reductions in ozone concentrations in areas of nonattainment under the former NAAQS include imposition of stringent limitations on emissions of volatile organic compounds ("VOCs") and nitrogen oxides ("NO_x") from existing stationary sources of air emissions, as well as specifying that any new source of significant air emissions, such as a new industrial plant, must provide for a net reduction of air emissions by arranging for other industries to reduce their emissions by 1.3 times the amount of pollutants proposed to be emitted by the new source. Studies have shown that standards significantly more stringent than those currently in place in the San Antonio Area and across the State are required to meaningfully impact an area's ground-level ozone reading, which will be necessary to achieve compliance with the 70 ppb ozone standard. Due to the magnitude of air emissions reductions required as well as the limited availability of economically reasonable control options, the development of a successful air quality compliance plan for areas of nonattainment within the State has proven to be extremely challenging and expensive and will continue to impact a wide cross-section of the business and residential community.

Failure by an area to comply with ozone standards could result in the EPA's imposing a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects, as well as severe emissions offset requirements on new major sources of emissions for which construction has not already commenced. Other constraints on economic growth and development include lawsuits filed under the Clean Air Act by plaintiffs seeking to require emission reduction measures that are even more stringent than those approved by the EPA. From time to time, various plaintiff environmental organizations have filed lawsuits against the TCEQ and the EPA seeking to compel the early adoption of additional emission reduction measures, many of which could make it more difficult for businesses to construct or expand industrial facilities or which could result in travel restrictions or other limitations on the actions of businesses, governmental entities, and private citizens. Any successful court challenge to the currently effective air emissions control plan could result in the imposition of even more stringent air emission controls that could threaten continued growth and development in the San Antonio Area. It remains to be seen exactly what steps will ultimately be required to meet federal air quality standards, how the EPA may respond to developments as they occur, and what impact such steps and any EPA action have upon the economy and the business and residential communities in the San Antonio Area.

CLEAN POWER PLAN/AFFORDABLE CLEAN ENERGY RULE

On October 23, 2015, the EPA published its final rules to limit greenhouse gas emissions from fossil fuel fired power plants ("Clean Power Plan"). The rule limits carbon dioxide emissions from power plants, requiring a 32% nationwide reduction of such emissions (compared to 2005 emissions) by 2030. States were required to develop comprehensive plans to implement rule requirements and to submit them to the EPA by September 6, 2016, with a possible two-year extension, so final complete state plans were to have been submitted no later than September 6, 2018. States are required to demonstrate emissions reductions by 2022.

Lawsuits were filed challenging the new rules and consolidated into one case in the U.S. Court of Appeals for the District of Columbia Circuit (the "D.C. Circuit Court"). The litigation was massive in scale—nearly every state in the nation is involved in some capacity. West Virginia led a coalition of 27 states challenging the rule, while 18 states came to the Clean Power Plan's defense. Various cities, counties, environmental groups, utility companies and industry trade groups were also involved. On February 9, 2016, the Supreme Court granted the applications of numerous parties to stay the Clean Power Plan pending judicial review of the rule.

The D.C. Circuit Court heard oral arguments en banc on September 27, 2016. On March 28, 2017, President Trump signed an executive order directing the EPA Administrator to immediately review and begin steps to rescind the Clean Power Plan, which included a request to delay the court proceedings. The EPA asked the D.C. Circuit Court to delay issuing an opinion on the matter in March 2017. Following a request from the EPA, on April 28, 2017, the D.C. Circuit Court granted an abeyance of the litigation for 60 days, and subsequently granted a succession of 60-day abeyances. On July 15, 2019, the petitioners filed a motion to dismiss the petitions in the matter because of the promulgation of the new rules replacing the Clean Power Plan. The D.C. Circuit Court granted the motion to dismiss on September 17, 2019, citing the litigation as moot.

On August 20, 2018, the EPA signed the proposed Affordable Clean Energy Rule ("ACER") as a replacement for the Clean Power Plan. The proposed rule was published in the Federal Register on August 31, 2018, with the public comment period closing on October 31, 2018. On June 19, 2019, the EPA issued the final ACER, which involves an effort to provide existing coal-fired electric utility generating units, or EGUs, with standards for reducing greenhouse gas emissions. The final ACER became effective on September 6, 2019 and includes three actions: (1) the repeal of the Clean Power Plan; (2) the promulgation of a new set of emission guidelines for regulations of greenhouse gas emissions under the Clean Air Act; and (3) the promulgation of amendments to regulations governing submission and review of state plans under these and future emission guidelines. A lawsuit was filed in the D.C. Circuit Court that seeks repeal of the ACER. On January 19, 2021, the D.C. Circuit Court vacated the ACER governing emissions controls for power plants and its embedded repeal of the Obama-era Clean Power Plan. On February 12, 2021, the EPA issued a memorandum that clarified that because the court vacated the ACER and did not expressly reinstate the Clean Power Plan, the EPA understands the court's decision as leaving neither rule in effect. The Biden administration and EPA stated that a revised Clean Power Plan would

be forthcoming but major elements of the plan were lost in negotiations over the 2021 federal budget. On October 29, 2021, the Supreme Court agreed to hear an appeal of the decision made by the D.C. Circuit Court in January 2021. The appeal was filed by Republican-led states and coal companies seeking to limit the EPA's authority to regulate carbon emissions under the Clean Air Act. The Supreme Court issued an opinion on June 30, 2022 in *West Virginia v. EPA*. The Supreme Court held that Congress did not grant the EPA the authority to devise emissions caps based on the generation shifting approach the agency took in the Clean Power Plan based on Section 111(d) of the Clean Air Act. This decision represents the Supreme Court's first formal assertion of the "major questions" doctrine, which would be triggered when an agency claims broad authority based on new interpretations of older statutes, or statutes in which a grant of authority is not explicitly stated. The Supreme Court did not address the ACER in its consideration of the case. The decision reversed the D.C. Circuit Court ruling and remanded the proceedings back to the D.C. Circuit Court for further proceedings consistent with the Supreme Court ruling. It is unclear if the D.C. Circuit Court will reiterate its vacating of the ACER and now address the Clean Power Plan consistent with the Supreme Court ruling.

It is not currently known what effect the implementation of any new rules may have on the cost of electricity. SAWS is a major consumer of electricity in the operation of its water production wells, water distribution system, sewer treatment operations, and reuse water distributions system. Any increases in the cost of electricity will increase the cost of providing these services. It is also not known whether required conversion to non-fossil fueled electrical generation will affect the provision of electrical capacity required to operate SAWS' current systems. These effects will not be known until the compliance requirements for electrical generating utilities become more certain.

LITIGATION AND OTHER MATTERS

CITY OF SAN ANTONIO GENERAL LITIGATION AND CLAIMS

This section describes the litigation involving the City that does not directly involve SAWS or claims payable out of System revenues. Please see "LITIGATION AND OTHER MATTERS – SAWS' Litigation; Potential Controversies and Claims" herein for a description of litigation involving SAWS.

The City is a defendant in various lawsuits and is aware of pending claims arising in the ordinary course of its municipal and enterprise activities, certain of which seek substantial damages. That litigation includes lawsuits claiming damages that allege that the City caused personal injuries and wrongful deaths; class actions and promotional practices; various claims from contractors for additional amounts under construction contracts; and property tax assessments and various other liability claims. The amount of damages in most of the pending lawsuits is capped under the Texas Tort Claims Act, Chapter 101, Texas Civil Practice and Remedies Code, as amended (the "TTCA"). Therefore, as of the City's Fiscal Year ended September 30, 2021, the amount of \$26,914,109 (unaudited) is included as a component of the reserve for claims liability. The estimated liability, including an estimate of incurred but not reported claims, is recorded in the Insurance Reserve Fund of the City. The status of such litigation ranges from early discovery stage to various levels of appeal of judgments both for and against the City. The City intends to defend vigorously against the lawsuits, including the pursuit of all appeals; however, no prediction can be made, as of the date hereof, with respect to the liability of the City for such claims or the outcome of such lawsuits.

In the opinion of the City Attorney, it is improbable that the lawsuits now outstanding against the City could become final in a timely manner, as determined by the date posted hereof, so as to have a material adverse financial impact upon the City that should be reflected in the financial information of the City included herein.

The City provides the following updated information related to the lawsuits:

Rogelio Carlos III, et al. v. Carlos Chavez, et al. San Antonio Police Department ("SAPD") SWAT officers were assisting High-Intensity Drug Trafficking Areas ("HIDTA") in searching for a fleeing suspect. Plaintiff was misidentified by the HIDTA officer as being the suspect. The HIDTA officer engaged and attempted to physically apprehend the Plaintiff and was assisted by SAPD SWAT officers. The Plaintiff suffered minor injuries as a result of the arrest, although he later complained of neck and shoulder/arm pain. Several months after the incident, the Plaintiff underwent surgery, during which procedure Plaintiff was paralyzed. Plaintiff has filed suit against the City and various officers under 42 U.S.C. § 1983. The Plaintiff has amended his suit to include the physicians involved in the Plaintiff's surgical procedure. Discovery is completed. Motions for summary judgment were filed on behalf of the City and all officers. In April 2020, the Court entered its order dismissing all claims against the City and two officers. Claims against the three remaining officers are pending trial. This case is not currently set for trial.

Neka Scarborough Jenkins v. City of San Antonio. Plaintiff's Decedent was driving northbound on Blanco Road and attempted to turn left onto Lockhill Selma at a controlled traffic signal. Plaintiff contends that the traffic signal for her lane of traffic was facing the wrong direction. While making the turn, Decedent was struck by an oncoming vehicle and was killed. Plaintiff claims the City had prior notice but failed to correct the issue within a reasonable period of time. Plaintiff also claims the investigation revealed the light was placed too low and was not at the correct height for a traffic signal. This litigation is brought under the TTCA and discovery is ongoing. Under the TTCA, damages are capped at \$250,000. This case is not yet set for trial.

Patricia Slack, et al. v. City of San Antonio and Steve Casanova. SAPD officers responded to persons complaining they had been assaulted in front of a nearby residence. The officers went to the address provided by the victims and approached the front door, which was behind a security door made of metal bars. The officers knocked, and the door swung open to the living room, although the security door remained closed. At least three individuals were present in the living room. One individual stood and approached the door while reaching his hand into his waistband. Officer Casanova discharged his weapon. A bullet fired by Officer Casanova grazed one individual and fatally struck a second individual. A suit was brought on behalf of the estate of the deceased, the injured individual and another individual on the scene. Plaintiffs have filed suit under 42 U.S.C. § 1983 alleging use of excessive, deadly force. The trial court denied the City and the officer's motions for summary judgments in part. The City and the officer are filing interlocutory appeals to the Fifth Circuit.

Marlo Ondrej, et al. v. City of San Antonio and David Perry. San Antonio Police received a call reporting a female at a local shopping center with an automatic weapon. SAPD officer David Perry arrived on the scene and saw plaintiff's decedent, Hannah Westall, in the parking lot. Officer Perry exited his vehicle and drew his weapon instructing Westall to raise her hands. Westall initially complied, then turned her body to show what appeared to be an automatic weapon in the back waistband of her pants. As Westall turned back, she lowered her hands towards her back waist. Officer Perry discharged his weapon, fatally striking Westall. Subsequent examination of the weapon revealed that it was a toy. Plaintiffs have filed suit under 42 U.S.C. § 1983 alleging use of excessive, deadly force. Discovery is ongoing. No trial date has been set.

Angelic Barron, et al. v. City of San Antonio, et al. San Antonio Police received a burglary call from an apartment, and when they arrived at the residence, there was no answer. Upon leaving the scene, the officers heard a gunshot and a woman scream. They returned to the apartment where they discovered decedent Victor Sanchez armed in the apartment with one of the Plaintiffs and her children. One of the Plaintiffs and her children were allowed to leave the apartment. Officers entered the apartment and attempted to calm Sanchez. Sanchez gestured with his weapon and shots were fired. Sanchez was fatally shot. Plaintiffs have filed suit in federal court against the City and several officers individually, alleging use of excessive force in violation of 42 U.S.C. § 1983. This case has recently been filed and no trial date has been set.

COLLECTIVE BARGAINING NEGOTIATIONS

The City is required to collectively bargain the compensation and other conditions of employment with its fire fighters and police officers. The City engages in such negotiations with the association selected by the majority of fire fighters and police officers, respectively, as their exclusive bargaining agent. The International Association of Fire Fighters, Local 624 ("Local 624") is the recognized bargaining agent for the fire fighters. The San Antonio Police Officers' Association ("SAPOA") is the recognized bargaining agent for the police officers. The following is a status of the collective bargaining negotiations with each association.

Collective Bargaining Agreement between the City of San Antonio and the San Antonio Police Officers' Association. The City Council approved a collective bargaining agreement with the SAPOA on May 12, 2022, which provides for a term through September 30, 2026.

Collective Bargaining Agreement between the City of San Antonio and the International Association of Fire Fighters, Local 624 (Local 624). On February 13, 2020, a collective bargaining agreement was awarded pursuant to arbitration. The new contract took effect immediately and concludes on December 31, 2024.

PAID SICK LEAVE ORDINANCE AND LITIGATION

Working Texans for Paid Sick Time, a State-wide coalition of grassroots organizations, submitted to the City on May 24, 2018 a petition seeking a referendum on a City ordinance requiring that businesses operating within the City (being those that annually perform 80 hours or more of work within the City) provide mandatory paid sick leave to their employees or be subject to a civil penalty of \$500 per violation. Under the proposed ordinance, businesses with 15 or more employees would be required to provide eight days of paid sick leave to each employee; those with less than 15 employees would be required to provide six days of paid sick leave per employee. The City Council voted to adopt the proposed ordinance on August 16, 2018 which eliminated the need for an election on the matter. Plaintiff businesses and the State sued to enjoin implementation. Texas Organizing Project ("TOPS") and MOVE Texas intervened in the suit in support of the ordinance. In August 2019, the court approved an order submitted by the parties delaying the effective date to December 1, 2019 and abating injunction proceedings until the City amended the ordinance. On October 3, 2019, City Council approved amendments recommended by the Paid Sick Leave Commission. Plaintiff's application for injunction was heard on November 7, 2019 and was granted on November 22, 2019. MOVE Texas filed a notice of appeal of that decision and the City joined in the appeal. Plaintiffs/Appellees filed a motion with the Fourth Court of Appeals (the "Fourth Court") to abate the matter until the Texas Supreme Court issues a decision in the pending appeal concerning a similar Austin Paid Sick Leave ordinance. On March 4, 2020, the Fourth Court granted the abatement. On June 5, 2020, the Texas Supreme Court refused to review an order from the Third Court of Appeals finding that the Austin Paid Sick Leave Ordinance was unconstitutional and preempted by the Texas Minimum Wage Act. On June 12, 2020, Intervenors/Appellants in the San Antonio matter filed an opposed motion to lift the abatement. On June 26, 2020, the Fourth Court entered an order reinstating the case to the docket. Intervenor/Appellant filed a brief with the Fourth Court on July 16, 2020. On July 16, 2020, the City filed a letter notifying the Fourth Court it was adopting Intervenor/Appellant's brief and requesting that the court reverse the December 12, 2019 temporary injunction. On September 4, 2020, Plaintiffs/Appellees filed responsive briefs and a partially opposed motion to dismiss for want of jurisdiction and motion to strike. On March 10, 2021, the Fourth Court issued its opinion affirming the temporary injunction. The parties are discussing resolution of this matter.

SAN ANTONIO PARK POLICE OFFICERS ASSOCIATION LAWSUIT

On September 3, 2019, the San Antonio Park Police Officers Association ("PPOA"), the union representing the park and airport officers, sued the City alleging that State law requires that PPOA receive the same pay and benefits as City police officers. PPOA seeks a declaratory judgment that park and airport officers are entitled to both civil service and collective bargaining rights and benefits bargained for by the SAPOA. The City filed pleadings seeking the dismissal of the suit in November 2019. On February 21, 2020, the court heard the City's and SAPOA's pleas to the jurisdiction. The court denied the motions. The City appealed to the Fourth Court. The Fourth Court reversed in part and affirmed in part. The City filed a petition for review to the Texas Supreme Court. The Texas Supreme Court has requested full briefing on the merits.

AIRPORT CONCESSION

Background. On March 21, 2019, the City Council considered a recommendation to award a concession contract for the San Antonio International Airport to Paradies Lagadere ("Paradies"). The Paradies proposal included a Chick-fil-A fast food concept as part of the overall package. After deliberation the City Council approved a motion to award the contract to Paradies, with the further instruction to replace the Chick-fil-A concept with a different national fast food concept.

Patrick Von Dohlen, et al. v. City of San Antonio, et al. On September 26, 2019, the City was served with a lawsuit brought by five individuals (Patrick Von Dohlen, Brian Greco, Kevin Jason Khattar, Michael Knuffke, and Daniel Petri) against the City and Paradies. The lawsuit alleges that the City Council vote taken on March 21, 2019 concerning food vendors at the City’s airport, violated a newly enacted law by the Texas Legislature in the Texas Government Code, Section 2400.002. The law became effective on September 1, 2019 after the City Council action and states: “[A] governmental entity may not take any adverse action against any person based wholly or partly on the person’s membership in, affiliation with, or contribution, donation, or other support provided to a religious organization.” The City filed a motion to dismiss and plea to the jurisdiction, challenging the ex post facto application of the law. The motion to dismiss and plea to the jurisdiction were denied. The City filed an interlocutory appeal to the Fourth Court, which reversed the denial and rendered judgment in favor of the City. Plaintiffs appealed to the Texas Supreme Court. The Texas Supreme Court issued an opinion on April 1, 2022, finding the Plaintiffs failed to plead facts to overcome immunity but reversing and remanding to the trial court to allow the Plaintiffs an opportunity to amend.

SAWS’ LITIGATION; POTENTIAL CONTROVERSIES AND CLAIMS

SAWS is a defendant in various lawsuits and is aware of pending claims arising in the ordinary course of its municipal and enterprise activities, certain of which seek substantial damages. That litigation includes lawsuits claiming damages that allege that SAWS caused personal injuries; claims from contractors for additional amounts under construction contracts; employment discrimination claims, and various other liability claims. The amount of damages in some of the pending lawsuits is capped under the TTCA. SAWS intends to defend vigorously against the lawsuits; including the pursuit of all appeals. While no prediction can be made, as of the date hereof, with respect to the liability of SAWS for such claims or the outcome of such lawsuits, in the opinion of SAWS, the outcome of the pending litigation will not have a material adverse effect on SAWS, its operations, or financial position.

Cause No. 2020ED0021; City of San Antonio by and through its San Antonio Water System v. Milberger Landscaping, Inc., et al., in Probate Court No. 1. This is a condemnation suit to acquire a permanent 0.563 acre sewer easement and two temporary construction easements totaling 0.360 acres for the E-4 Bulverde Area Capacity Relief Sewer Project. SAWS’ final offer amount was \$185,100. The landowner did not counter but has objected to the project and rejected SAWS’ final offer. Special commissioners were appointed by the Court and a hearing held on August 27, 2020, and the amount of \$230,000.00 was awarded. SAWS subsequently deposited said award into the Court registry. The landowner objected to the award and the right to take. Several hearings with the Court have since occurred, during which the Court rejected the landowners’ Motion to Dismiss, and issued to SAWS a Writ of Possession, allowing work to proceed pending final resolution of the case. The case was set for a jury trial on September 26, 2022, but at a pre-trial hearing on September 19, 2022, amongst several orders issued in SAWS’ favor, the Judge stayed the case to allow the landowner the right to an interlocutory appeal of his order affirming SAWS’ right to take the property for a public necessity. Construction of the sewer line is now complete, and the line is in service. If the landowner is successful in its appeal on whether a public necessity exists for SAWS’ taking of the property, the sewer line may have to be relocated. If the landowner is not successful in its appeal, the case will be set for a jury trial to determine the just compensation owed to the landowner.

Cause No. 2020-CI-05053; JoAnn Rivera, Victoria Rivera, and Philip M. Ross v. Oscar Renda Contracting, Inc., San Antonio Water System, and the City of San Antonio, in the 225th Judicial District Court, Bexar County, Texas. Plaintiffs are property owners and/or occupants adjacent to a SAWS’ construction project. The lawsuit was served on SAWS on August 21, 2020. Plaintiffs filed their third amended Petition on May 4, 2021. Plaintiffs alleged the construction caused damage to their property and interfered with Plaintiffs’ reasonable use and enjoyment of the property. Plaintiffs claimed negligent nuisance, constitutional takings, and negligence. SAWS filed a Plea to the Jurisdiction, which was granted by the trial court, dismissing all Plaintiffs’ claims with prejudice. Plaintiff filed a notice of appeal of the order granting SAWS’ Plea to the Jurisdiction with the Fourth Court on May 20, 2022. The plaintiffs seek damages in excess of \$1,000,000. SAWS denies all allegations against it and will vigorously defend the lawsuit.

Cause No. 04-20-00569-CV; City of San Antonio by and through the San Antonio Water System v. Campbellton Road Ltd., in the Fourth Court of Appeals, Bexar County, Texas. This lawsuit was served on August 10, 2020, seeking specific performance or damages based on an alleged breach of a 2003 contract for sewer services that was for a term of 10 years. The Plaintiff alleged that it is entitled to a total 1,500 equivalent dwellings units of sewer service capacity within the system even though the 10-year term expired in 2013. SAWS filed a plea to the jurisdiction which was denied by the District Court on November 10, 2020. The System appealed that ruling to the Fourth Court, who reversed the trial court’s denial and remanded the case back to the trial court with instructions to render judgment of dismissal and determine whether any fees should be awarded. On August 1, 2022, Campbellton Road Ltd. filed a petition for review with the Texas Supreme Court. The Texas Supreme Court requested a response to the petition for review, which is due from SAWS on November 16, 2022. SAWS will continue to vigorously defend this lawsuit; however, if a court were to ultimately decide that this Plaintiff has rights to the System’s capacity in perpetuity, then that could impact the System’s ability to manage capacity in relation to other similarly situated developer customers and require the System to incur costs to construct new facilities.

Cause No. D-1-GN-20-007317; In re City of San Antonio, Texas acting by and through the San Antonio Water System Board of Trustees, in the 126th Judicial District Court, Travis County, Texas. On December 10, 2020, the City, acting by and through SAWS, filed an Original Petition for Expedited Declaratory and Injunctive Relief (the “Petition”) under Chapter 1205, Texas Government Code, as amended, in Travis County, Texas. In the Petition, the City, acting by and through SAWS, requested action to validate the terms of the ordinances authorizing the issuance of senior lien, junior lien, and commercial paper revenue obligations. The authorizing ordinances terms, including governance and amendment terms, had been brought into question by a charter amendment petition being circulated in the City. The circulators of the charter petition failed to timely obtain the signatures required to be placed on the ballot, and as a result, on January 25, 2021, SAWS elected to voluntarily nonsuit the claims without prejudice to reassertion. Shortly thereafter, certain intervenors in the case brought a motion for sanctions against SAWS and the motion has not been determined. The court never acted on SAWS’ proposed order confirming the nonsuit or intervenors’ motion for sanctions, and the District Clerk’s office has declared the matter closed.

Potential Claim. On March 8, 2021, SAWS received notice of claim (“Claim Notice”) for the death of Esequiel Mendoza from attorneys representing the wife and children, individually and as representatives of the estate of Mr. Mendoza. The Claim Notice was also sent to CPS

Energy and the City Clerk for the City of San Antonio, claiming collective actual damages of \$25,000,000. Mr. Mendoza was a patient at a dialysis facility that allegedly experienced disruption of electric and water service during the 2021 Event. See “TEXAS 2021 WINTER WEATHER EVENT” herein. The Claim Notice alleges that the Mr. Mendoza passed away on February 22, 2021 as a result of the interruption of his dialysis services. A lawsuit for wrongful death and other claims was filed in Bexar County District Court solely against CPS Energy, which has since been consolidated into multi-district litigation in Harris County pertaining to claims related to the 2021 Event. As of the date of this posting, SAWS has not been named as a defendant in the lawsuit or any other lawsuit related to the 2021 Event. If this Claim Notice evolved into a lawsuit against SAWS, SAWS would assert all available defenses, including, without limitation, applicable governmental immunity defenses.

TAX MATTERS

GENERAL

At the time of the original delivery of the Bonds, Original Co-Bond Counsel to the City rendered their opinion that, as of the date thereof, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Bonds is excludable from the “gross income” of the owners thereof for federal income tax purposes and (2) the Bonds are not “specified private activity bonds” within the meaning of section 57(a)(5) of the Code. As a condition to conversion and remarketing of the Bonds on the conversion date, Co-Bond Counsel will render an opinion to the effect that the conversion will not adversely affect any exclusion of interest on any Bond from gross income of the owner for federal income tax purposes. Except as stated above, Co-Bond Counsel to the City has expressed and will express no opinion as to any other federal, state, or local tax consequences of the purchase, ownership, or disposition of the Bonds, including any opinion relating to the status of the Bonds, as of the conversion date, as obligations described in section 103 of the Code.

In rendering their opinion, Co-Bond Counsel to the City relied upon (i) information furnished by the City, and particularly written representations of officers and agents of the City with respect to certain material facts that are solely within their knowledge relating to the use of the proceeds of the Bonds, the construction, use, and management of the proceeds and (in the case of the opinion to be rendered on the conversion date) the use of proceeds of and the property to be financed by the Bonds, and (ii) covenants of the City and SAWS with respect to arbitrage, the application of the proceeds received from the remarketing and sale of the Bonds and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of original issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Co-Bond Counsel to the City is conditioned on compliance by the City with the covenants and the requirements described in the preceding paragraph, and Co-Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Co-Bond Counsel’s opinion represents their legal judgment based upon their review of Existing Law and the reliance on the aforementioned information, representations, and covenants. Co-Bond Counsel’s opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership, or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Co-Bond Counsel’s opinion represents their legal judgment based upon its review of Existing Law and the representations of the City that they deem relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Co-Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer, and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSIONS CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds may be includable in a corporation’s “adjusted financial statement income” imposed by section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount Bonds” to the extent such gain does not exceed the accrued market discount of such Bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

STATE, LOCAL, AND FOREIGN TAXES

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership, or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner’s social security number or other taxpayer identification number (“TIN”), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient’s federal income tax. Special rules apply to partnerships, estates, and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

FUTURE AND PROPOSED LEGISLATION

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

RATINGS

Fitch Ratings, Inc., Moody’s Investors Service, Inc., and S&P Global Ratings (“S&P”) initially rated the Bonds “AA”, “Aa2”, and “AA”, respectively. The Bonds are currently rated “AA”, “Aa2”, and “AA+” by the respective rating agencies (as further described below). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations, and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies, if in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Bonds. A securities’ rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time.

On September 12, 2022, S&P upgraded the rating for the Junior Lien Obligations, including the rating on the Bonds, from “AA” to “AA+”. A notice was timely filed to EMMA on September 12, 2022 related to the foregoing.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City, acting by and through SAWS (who has accepted such responsibility by resolution of the Board adopted on March 4, 2014 and updated these responsibilities in the Remarketing Resolution), has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains an “obligated person” with respect to the Bonds, within the meaning of the SEC’s Rule 15c2-12 (the “Rule”). Under the agreement, SAWS, on behalf of the City, will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB through its EMMA system where it will be available free of charge to the general public at www.emma.msrb.org.

ANNUAL REPORTS

SAWS will provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to SAWS of the general type included in this Remarketing Memorandum under the sections “DEBT AND OTHER FINANCIAL INFORMATION” and “SAWS’ STATISTICAL SECTION AND MANAGEMENT DISCUSSION”, and in APPENDIX B. SAWS will update and provide this information within six months after the end of each fiscal year ending in and after 2022.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public through EMMA or filed with the SEC, as permitted by the Rule. The updated information will

include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, SAWS will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as SAWS may be required to employ from time to time pursuant to State law or regulation.

SAWS' current fiscal year end is December 31. Accordingly, it must provide updated information by June 30 in each year, unless SAWS changes its fiscal year. If SAWS changes its fiscal year, it will file notice of such change with the MSRB.

NOTICE OF CERTAIN EVENTS

SAWS will also provide timely notices of certain events to the MSRB. SAWS will provide notice in a timely manner not in excess of 10 business days after the occurrence of the event of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City or SAWS; (13) the consummation of a merger, consolidation, or acquisition involving the City or SAWS or the sale of all or substantially all of the assets of the City or SAWS, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material; (15) incurrence of a Financial Obligation of the City or SAWS, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City or SAWS, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City or SAWS, any of which reflect financial difficulties. In the Remarketing Resolution, the City adopted policies and procedures to ensure timely compliance of its continuing disclosure undertakings. Neither the Bonds nor the Ordinance make any provision for liquidity enhancement, debt service reserves as additional security for the Bonds, or credit enhancement. In addition, SAWS will provide timely notice of any failure by SAWS to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports".

For these purposes, (A) any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur; the appointment of a receiver, fiscal agent, or similar officer for the City or SAWS in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City or SAWS, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City or SAWS, and (B) the City and SAWS intend the words used in clauses (15) and (16) of the immediately preceding paragraph and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

AVAILABILITY OF INFORMATION

All information and documentation filing required to be made by the City, acting by and through SAWS, in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB via the EMMA System at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS

The City, acting by and through SAWS, has agreed to update information and to provide notices of certain events only as described above. The City, acting by and through SAWS, has not agreed to provide other information that may be relevant or material to a complete presentation of SAWS' financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City and SAWS make no representation or warranty concerning such information or concerning their usefulness to a decision to invest in or sell Bonds at any future date. The City and SAWS disclaim any contractual or tort liability for damages resulting in whole or in part from any breach of their continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City and SAWS to comply with their agreements.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City or SAWS, if (i) the agreement, as amended, would have permitted a remarketing agent to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City or SAWS (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent a remarketing agent from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the City so amends the agreement, it has agreed that SAWS, on behalf of the City, shall include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS

Except as described below, during the past five years, SAWS has complied in all material respects with all continuing disclosure agreements made by the City for which SAWS has agreed to comply on the City's behalf, in accordance with the Rule.

On March 18, 2020, the City closed its "Water System Junior Lien Revenue Bonds, Series 2020B" sold to the TWDB pursuant to a private placement. The City, acting by and through the SAWS, previously covenanted in its prior continuing disclosure undertakings to provide notice of incurrence of a material financial obligation. The City provided this notice, along with a notice of late filing, on November 18, 2020. The City has taken measures to assure prospective compliance with its undertaking obligations.

EFFECT OF SEQUESTRATION AND IRS OPERATIONS DURING THE PANDEMIC

The City has determined that the reduced amount of refundable tax credit payments to be received from the United States Treasury in relation to its outstanding obligations designated as "build America bonds" and "qualified bonds" under the Code as a result of the automatic reductions in federal spending effective March 1, 2013 pursuant to the Budget Control Act of 2011 (commonly referred to as "Sequestration") will not have a material impact on the financial condition of the City or its ability to pay regularly scheduled debt service on its outstanding obligations when and in the amounts due and owing. Under current law, Sequestration is scheduled to continue through September 2030. The current reduction in debt subsidy payment received by the City from the U.S. Treasury as a result of Sequestration is 5.7 % through 2030. Additionally, on June 22, 2020, the IRS issued a notice that due to the suspension or limitation of operations related to the Pandemic, the processing of returns for credit payments to issuers of qualified bonds, including requested payments, were being delayed. See "SECURITY FOR THE BONDS – Refundable Tax Credit Bonds" for a discussion related to the limited effect of Sequestration on the City's outstanding obligations payable from SAWS' revenues as a result of a prior defeasance and refunding of certain Tax Credit Bonds, as well as the delayed processing of returns by the IRS.

OTHER INFORMATION

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2), and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated, or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds must not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

It is the obligation of the Remarketing Agent to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The City has agreed to cooperate, at the Remarketing Agent's written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the City shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended), requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency (see "RATINGS" herein). In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value.

The City has made no investigation of other laws, rules, regulations, or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The City has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

At the time of the initial issuance of the Bonds, the City furnished a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the City, based upon examination of such transcript of proceedings, the approving Original Opinion of Original Co-Bond Counsel with respect to the Bonds issued in compliance with the provisions of the Ordinance, which Original Opinion is attached to this Remarketing Memorandum as APPENDIX E.

Though they represent the Co-Financial Advisors and the Remarketing Agent from time to time in connection with matters unrelated to the Bonds, McCall, Parkhurst & Horton L.L.P. and Kassahn & Ortiz, P.C., as Co-Bond Counsel to the City in connection with the remarketing of the Bonds that is the subject of this Remarketing Memorandum ("Co-Bond Counsel") was engaged by and only represent the System and the City with respect to the remarketing of the Bonds. Co-Bond Counsel has not independently verified any of the factual information contained in this Remarketing Memorandum nor has it conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy and completeness of this

Remarketing Memorandum, except that, in its capacity as Co-Bond Counsel, such firms have reviewed the information describing the Bonds in this Remarketing Memorandum to verify that such description conforms to the provision of the Ordinance. The legal fee to be paid to Co-Bond Counsel for services rendered in connection with this remarketing of the Bonds is contingent upon the remarketing of the Bonds. The customary closing papers, including a certificate to the effect that no-litigation of any nature has been filed or is pending to restrain the remarketing and settlement of the Bonds, or which would affect the provisions made for their payment or security, or in any manner questioning the validity of the Bonds was also furnished. In connecting with the remarketing of the Bonds, certain legal matters will be passed upon for the Remarketing Agent by its co-counsel, Cantu Harden LLP, San Antonio, Texas, and Locke Lord LLP, Austin, Texas.

The various legal opinions, to be delivered concurrently with the delivery of the Bonds, express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from SAWS' records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Remarketing Memorandum are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

CO-FINANCIAL ADVISORS

PFM Financial Advisors LLC and Estrada Hinojosa & Company, Inc. are employed as Co-Financial Advisors to the System in connection with the remarketing of the Bonds. The Co-Financial Advisors' fee for services rendered with respect to the remarketing of the Bonds is contingent upon the remarketing and settlement of the Bonds. PFM Financial Advisors LLC and Estrada Hinojosa & Company, Inc., in their capacity as Co-Financial Advisors, have relied on the opinion of Co-Bond Counsel and have not verified and do not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax treatment of the interest on the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Co-Financial Advisors have provided the following sentence for inclusion in this Remarketing Memorandum. The Co-Financial Advisors have reviewed the information in this Remarketing Memorandum in accordance with their responsibilities to the System, and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Co-Financial Advisors do not guarantee the accuracy or completeness of such information.

CERTIFICATION OF THE REMARKETING MEMORANDUM

At the time of the remarketing of the Bonds, the Remarketing Agent will be furnished a certificate, executed by proper officer(s), acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the System and the City contained in this Remarketing Memorandum, and any addenda, supplement or amendment thereto, on the date of such Remarketing Memorandum, and on the date of the initial delivery of the Bonds, were and are true and correct in all material respects; (b) insofar as the System, the City, and their respective affairs, including financial affairs, are concerned, such Remarketing Memorandum did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the System and the City, and their respective activities contained in this Remarketing Memorandum are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the System and the City since the date of the last audited financial statements of the System.

REMARKETING

Jefferies LLC ("Jefferies"), as the Remarketing Agent for the Bonds from the Current Interest Rate Period to the New Interest Period, has agreed, subject to certain conditions, to purchase the Bonds from the City at the price indicated on page ii of this Remarketing Memorandum, in exchange for compensation in the amount of \$289,820.08. The Remarketing Agent will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Remarketing Agent and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Remarketing Agent.

The Remarketing Agent has provided the following sentence for inclusion in this Remarketing Memorandum. The Remarketing Agent has reviewed the information in this Remarketing Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

The Remarketing Agent and its affiliates together comprise a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing, and brokerage activities. The Remarketing Agent and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Remarketing Agent and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for its own account

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

CITY OF SAN ANTONIO, TEXAS GENERAL DEMOGRAPHIC AND ECONOMIC INFORMATION

The entirety of this Appendix is qualified by the impact to the City of San Antonio, Texas (the “City” or “San Antonio”) and its operations and financial condition resultant from the effects of the COVID-19 pandemic. Within the Official Statement, under captions “INTRODUCTION – COVID-19” and “THE CITY – Impacts of COVID-19 to City Operations and City Responses Thereto”, the City has described this event, its impact on City operations and financial condition, and the City’s initial responses to these impacts. The City has not attempted to update the descriptions included in this Appendix A to account for the effects of COVID-19, as the specific impacts of this event are evolving and their extent unknown; rather, the City makes reference to the aforementioned sections of the Official Statement and directs the reader thereto for a general discussion of the COVID-19 pandemic and its impact to the City and its operations and financial condition as of the date of the Official Statement.

Furthermore, this Appendix is qualified by the impact to CPS Energy (defined herein) and its operations and financial condition resultant from winter storm Uri (the “2021 Winter Weather Event”). A description of the known effects and current status of CPS Energy are summarized herein. Much of the information included in this Appendix is based on historical data that does not include the impact of, but is prospective and will prospectively be impacted by, the result of the 2021 Winter Weather Event and the various responses thereto. Readers are directed to revert to the disclosure written in this section, as all information included herein is qualified by the application of these impacts, the scope and breath still remain fully unknown.

This Appendix contains a brief discussion of certain economic and demographic characteristics of the City and of the metropolitan area in which the City is located. Although the information in this Appendix has been provided by sources believed to be reliable, no investigation has been made by the City to verify the accuracy or completeness of such information.

Population and Location

The 2020 Decennial Census (“2020 Census”), prepared by the United States Census Bureau (“U.S. Census Bureau”), found a City population of 1,434,625 ¹. The City’s Information Technology Services Department has estimated the City’s population to be 1,466,924 ² for 2022. The U.S. Census Bureau ranks the City as the second largest in the State of Texas (the “State” or “Texas”) and the seventh largest in the United States (“U.S.”).

The City is the county seat of Bexar County. Bexar County had a population of 2,009,324 ¹ according to the 2020 Census. The City’s Information Technology Services Department has estimated Bexar County’s population to be 2,097,776 ² and the San Antonio-New Braunfels Metropolitan Statistical Area (“MSA”) population to be 2,684,061 ² in 2022. The City is located in south central Texas approximately 80 miles south of the State capital of Austin, 165 miles northwest of the Gulf of Mexico, and approximately 150 miles from the U.S./Mexico border cities of Del Rio, Eagle Pass, and Laredo.

(The remainder of this page is intentionally left blank.)

The following table provides the population of the City, Bexar County, and the San Antonio-New Braunfels MSA for the years shown:

Year	City of San Antonio	Bexar County	San Antonio-New Braunfels MSA ³
1920	161,379	202,096	255,928
1930	231,542	292,533	351,048
1940	253,854	338,176	393,159
1950	408,442	500,460	556,881
1960	587,718	687,151	749,279
1970	654,153	830,460	901,220
1980	785,880	988,800	1,088,710
1990	935,933	1,185,394	1,324,749
2000	1,144,646	1,392,931	1,711,703 ⁴
2010	1,326,539	1,714,773	2,142,508
2020	1,434,625	2,009,324	2,558,143 ¹

¹ Provided by the 2020 Decennial Census.

² Estimates are based on 2010 and 2020 Decennial Census total population counts, rather than American Community Survey estimate data used in years when census data are not available. The apparent drop in population over the past year is due to more accurate numbers being provided by the Decennial Census, rather than an actual drop in population.

³ Data for 1920-1990 has been restated to the redefined eight-county MSA from the original four-county MSA.

⁴ As of June 2003, the U.S. Office of Management and Budget redefined the MSA by increasing the number of counties from four to eight: Atascosa, Bandera, Kendall, and Medina Counties were added to its mainstays of Bexar, Comal, Guadalupe, and Wilson Counties. (The 2000 figure reflects the new 2003 redefined eight-county area.) As of December 2009, New Braunfels, Texas qualified as a new principal city of the San Antonio MSA, and the MSA was re-titled San Antonio-New Braunfels MSA.

Sources: U.S. Census Bureau; Texas Association of Counties – County Information Project; and City of San Antonio, Information Technology Services Department.

Area and Topography

The area of the City has increased through numerous annexations and now contains approximately 518 square miles. The topography of San Antonio is generally hilly with heavy black to thin limestone soils. There are numerous streams fed with underground spring water. The average elevation is 788.68 feet above mean sea level.

Annexation Process

Like other large American cities, San Antonio experienced unprecedented population growth and suburbanization after World War II. San Antonio has historically been able to capture most of the growth in its Extraterritorial Jurisdiction (“ETJ”) through annexation. The City of San Antonio has grown from its 1940s area of 36 square miles to its current size of over 500 square miles. San Antonio has a net taxable assessed value of \$131.9 billion in tax year 2021.

Annexations and Municipal Boundary Adjustments

On December 16, 2021, San Antonio annexed approximately 57.72 acres (.09 square miles) of land as consented to by way of development agreements between the City and each landowner. Previously, in September 2021, the City annexed approximately 25.79 acres (.04 square miles) at the request of another landowner. As a result of these annexations being of minimal amounts, San Antonio’s corporate land remains at approximately 518 square miles.

In March 2017, the Cities of San Antonio and Converse approved an interlocal agreement (“ILA”) that established future municipal and ETJ boundaries between the two cities through a multi-phased schedule over the course of 17 years. In 2017 and in 2019, State annexation laws ended the ability of municipalities to strategically annex properties without landowner’s consent or requires an annexation election to do so. Hence, the cities amended the ILA to reflect statutory changes in December 2019. The cities currently are re-evaluating the viability of completing future phases of the ILA.

Changes to State annexation law in 2017 curtailed the annexation powers of Texas municipalities. The City’s current Annexation Policy does not reflect these recent changes in the state law, nor does it provide the guidance necessary to evaluate requests for special districts and development agreements. Currently, the City is in the process of updating its Annexation and Growth Policy (the “Policy”) which will provide guidance on how to evaluate requests for special districts and development agreements in its ETJ. However, the City has seen an influx in the number of requests for special districts and development agreements in the City’s ETJ. His policy update will be important as the City has seen an influx in the number of requests for special districts and development agreements in the City’s ETJ. The policy is anticipated to be considered by the City Council this year.

Governmental Structure

The City is a “Home Rule Municipality” that operates pursuant to the City Charter, which was adopted on October 2, 1951, became effective on January 1, 1952, and was last amended pursuant to an election held on May 1, 2021, whereby, subject only to the limitations imposed by the Texas Constitution, Texas statutes, and the City Charter, all powers of the City are vested in an 11-member City Council which enacts legislation, adopts budgets, and determines policies. The City Charter provides for a Council-Manager form of government with ten council members elected from single-member districts, and the Mayor elected at-large, each serving two-year terms, limited to four full terms of office as required by the City Charter. The Office of the Mayor is considered a separate office. All members of the City Council stand for election at the same time in odd-numbered years. The City Council appoints a City Manager who administers the government of the City and serves as the City’s chief administrative officer. The City Manager serves at the pleasure of City Council, limited to a term of eight (8) years.

City Charter

See “THE CITY-City Charter” in the Official Statement for a discussion regarding the City Charter, its amendment process, and recent developments with respect thereto.

Services

The full range of services provided to its constituents by the City includes ongoing programs to provide health, welfare, art, cultural, and recreational services; maintenance and construction of streets, highways, drainage, and sanitation systems; public safety through police and fire protection; and urban redevelopment and housing. The City also considers the promotion of convention and tourism and participation in economic development programs high priorities. The funding sources from which these services and capital programs are provided include ad valorem, sales and use, and hotel occupancy tax receipts, grants, user fees, debt proceeds, tax increment financing, and other sources.

In addition to the above-described general government services, the City provides services financed by user fees set at levels adequate to provide coverage for operating expenses and the payment of outstanding debt. These services include airport and solid waste management.

Electric and gas services to the San Antonio area are provided by CPS Energy, an electric and gas utility owned by the City that maintains and operates certain utilities infrastructure. This infrastructure includes a 19-generating unit electric system and the gas system that serves the San Antonio area. CPS Energy operations and debt service requirements for capital improvements are paid from revenues received from charges to its customers. As specified in the City ordinances authorizing the issuance of its system debt, CPS Energy is obligated to transfer a portion of its revenues to the City. CPS Energy revenue transfers to the City for the City’s fiscal year ended September 30, 2021 were \$352,974,634. (See “San Antonio Electric and Gas Systems” herein.)

Economic Factors

The City facilitates a favorable business environment that supports economic diversification and growth. San Antonio’s economic base is comprised of a variety of industries, including: healthcare and bioscience, aerospace, information technology, advanced manufacturing, new energy, and financial services; all with growing international trade. Support for these economic activities is demonstrated through the City’s commitment to ongoing infrastructure improvements and development, and investment in a growing and dedicated workforce. This commitment and the City’s historical status as one of the top leisure and convention destinations in the country support a strong and growing economy.

Though impacted by the unforeseen COVID-19 pandemic, the City of San Antonio demonstrated its resistance through mostly positive economic growth indicators. According to the Federal Reserve Bank of St. Louis, the San Antonio MSA population grew by over 6,536 from 2019 to 2020 with an estimated additional increase of over 45,100 in 2021. As expected, given the impact of the onset of the COVID-19 pandemic in 2020, the San Antonio-New Braunfels MSA GDP increased from \$132 billion in 2020 to \$140 billion in 2021 following no growth from 2019 to 2020, according to the U.S. Bureau of Economic Analysis and Emsi, respectively. Additionally, as of May 2022, the San Antonio unemployment rate of 3.5% which is below

average when compared to the state unemployment rate of 3.8% and above average when compared to the national unemployment rate of 3.4%. San Antonio experienced a 4.6% annual job growth rate between 2021 and 2022, with total nonfarm employment in the San Antonio MSA for May 2022 increasing to 1,104,200 See “Employment Statistics” herein.

The City's Economic Development Department ("EDD") seeks to promote inclusive growth through strategic investments and partnerships. All full-time employees associated with a project receiving an economic incentive from the City must earn at least \$13.34 per hour, which is considered the poverty level for a family of four by the U.S. Department of Health and Human Services. In addition, at least 70% of all full-time employees must meet the all-industry wage within one year of the execution of an incentive agreement with the City. The all-industry wage is currently \$18.23 and is determined by the Bureau of Labor Statistics by conducting an Occupational Employment Survey in the San Antonio – New Braunfels MSA. The City obtains this data from the Texas Workforce Commission on an annual basis. These wage standards are intended to drive an incremental increase in wages in San Antonio.

The San Antonio Economic Development Corporation ("SAEDC") was established by the City "to promote, assist, and enhance economic development activities for the City," and has worked to foster the commercialization of intellectual property in San Antonio through direct equity investment in projects. This economic development strategy seeks to realize a direct return on investment back to the City. By making equity investments in later stage companies or key entrepreneurs with proven track records, the City supports commercialization of intellectual property in San Antonio, creating more jobs, investments, and entrepreneurs.

Major Initiative - Covid-19 Response and Workforce Development

The beginning of 2021 marked the second year of the presence and impact of the COVID-19 pandemic, which was also met with the February winter storm, Uri. As these circumstances took a toll on communities, and on the economy, vaccine development and rollouts along with Council approved initiatives such as the COVID-19 Recovery and Resiliency Plan, played a critical role in recovering from the impact of the pandemic. The plan took effect to support communities around its four pillars: Housing Security, Workforce Development, Small Business Support, and Digital Inclusion.

City Council continued to build on existing programs and funding to provide robust support to vulnerable and affected populations. In addition to the Emergency Housing Assistance Program approved in April 2020, on November 18, 2021, City Council approved a \$30 million utility assistance program using funds from the American Rescue Plan Act ("ARPA"). Such support provided much needed aid to those in need.

As part of the Workforce Development Pillar efforts under the COVID-19 Recovery and Resiliency Plan, the City has implemented the \$55 million Train for Jobs SA program to provide eligible City residents with skills and career assessments followed by short-term, long-term, and on-the-job training in career pathways that promote wage growth. Also, the City has provided living-wage stipends to residents while they are in classes. Enrollment for Train for Jobs SA ended in December 2021; however, courses continue through 2023. Over 10,000 people have expressed interest in the program.

On April 1, 2022, the City will launch SA: Ready to Work, which was overwhelmingly approved by voters in November 2020. SA: Ready to Work is a \$200 million training, education, and job placement program funded by local sales tax which began accepting applications May 16, 2022. SA: Ready to Work is led by employer guidance, and it will offer tuition assistance, support services, job placement, and job retention services for thousands of unemployed, under-employed, and historically underserved residents through 2027.

Continuing to support Covid-19 recovery, on Thursday, February 18, 2021, City Council reallocated \$14.1 million to create the Hospitality Grants Program. In partnership with LiftFund, the program supported hospitality industry businesses including restaurant & catering, lodging, travel and transportation, and entertainment, and recreation with annual gross revenues under \$8 million. By the conclusion of the program in July 2021, 465 recipients were awarded a total of \$13.1 million in funding.

In 2021, City Council also approved the creation of the Small Business Advisory Commission ("SBAC") to review upcoming policies, regulations, and issues affecting small businesses, outside of the SBEDA Ordinance, and provide recommendations to City staff, Mayor and City Council. The 15-member commission included eleven members who will be Mayor and Council District specific appointments with four members appointed at-large. This commission was engaged in November 2021 in an extensive and multi-strategy community engagement process to obtain feedback on the use of the ARPA Funds in relation to the needs and priorities of small businesses impacted by COVID-19. The public meetings and survey responses engaged nearly 200 local small business owners. Based on this feedback, SBAC recommended priorities to City Council for consideration of ARPA investments, namely: access to capital, capacity building, localism, ecosystem enhancements, and geographic placemaking. Based on this community feedback and board review, City Council identified key spending priorities which funding to support impactful investments on December 9, 2021.

In April 2022, City of San Antonio's Small Business Economic Development Division presented findings from the San Antonio Small Business Ecosystem Assessment to the Economic and Workforce Development Committee. The study, funded by JPMorgan Chase, was completed in 2020 by Next Street and Common Future and included identification of gaps in small business support and capital resources, the impact of COVID-19, and recommendations for impactful and inclusive strategies for supporting small businesses owned by people of color, to address racial and ethnic inequities in opportunity and wealth creation and promote the growth of San Antonio's economy. Since the completion of the study, the Economic Development Department along with LISC San Antonio have led the efforts to address the study recommendations.

As part of the City of San Antonio's ongoing initiatives to empower and further establish local businesses owned by persons of color and women, the City of San Antonio's Small Business Economic Development Division, in partnership with Maestro Entrepreneur Center was created and offered the inaugural cohort of the Embracing Entrepreneurial Equity Program in FY 2021 using funds allocated in 2020. This program provided hands on, one-on-one coaching, business organization referrals, and technical assistance for ten aspiring entrepreneurs and granted them up to 20,000 after successfully meeting assigned milestones. Ninety percent of entrepreneurs were women and 100% were either Black or Latino.

Healthcare and Bioscience

According to the Healthcare and Bioscience Economic Impact Study, a 2020 Economic Impact Study commissioned by the San Antonio Chamber of Commerce, the economic impact from this industry sector totaled approximately \$32.6 billion in 2019 measured conservatively, and \$42.4 billion by a more comprehensive estimate. The industry was composed of 187,825 jobs in 2019, meaning that more than one of every five employees in San Antonio works in the healthcare and bioscience industry. Since 2009, the healthcare and bioscience industry has added 46,602 net new jobs, an increase of 33%.

Central to the healthcare and bioscience industry is the University of Texas Health Science Center at San Antonio ("UT Health"), located on more than 100 acres in the heart of the medical center. A total of 4,290 students (including residents and fellows) are enrolled in UT Health's five schools. UT Health employs a total workforce of 7,100 people with an operating budget of nearly \$1 billion, supporting campuses in San Antonio, Laredo, and the Rio Grande Valley. UT Health leads the world's largest research group focused on combat-related PTSD and related conditions, with more than \$150 million dedicated to 60 related research projects.

Brooke Army Medical Center ("BAMC") contains the largest inpatient medical facility in the Department of Defense ("DoD"), the only DoD Burn Center, and the only DoD Level 1 Trauma Center in the U.S. Wilford Hall Ambulatory Surgical Center ("WHASC") at Joint Base San Antonio-Lackland is the largest outpatient ambulatory surgical center in the DoD with 37 graduate medical education programs. The facility provides primary and specialty care; outpatient surgery; a sleep center; a contingency aeromedical staging facility; and eye, hearing and diabetes centers of excellence. The San Antonio Military Health System ("SAMHS") oversees the healthcare delivery of 240,000 DoD beneficiaries in the San Antonio metropolitan region with a staff of approximately 12,000 people. Healthcare services are provided by the BAMC and the WHASC. The SAMHS treatment facilities manage a total combined budget of over \$1.2 billion.

In June 2014, the University of the Incarnate Word ("UIW") announced plans to build the City's first osteopathic medical school (the "School of Medicine") on the campus of Brooks City-Base ("Brooks"). Phase I of the medical school consisted of four buildings in the historic district of Brooks. The cost of building the School of Medicine was approximately \$50 million. UIW began leasing the buildings in 2014 and will take ownership after 25 years. After its opening in July 2017, the second 141-student class graduated in May 2022. In 2020, UIW announced plans to grow even further with their purchase of seven buildings spanning 23.5 acres on the Brooks campus. This expansion will house its health professions programs.

The Texas Biomedical Research Institute ("Texas Biomed") is one of the largest independent, non-profit, biomedical research institutions in the U.S. conducting internationally renowned fundamental and applied research in the medical sciences. With the nation's only privately-owned biosafety level 4 laboratory, designed for maximum containment, Texas Biomed investigators can safely study deadly pathogens for which there currently are no treatments or vaccines, including potential bioterror agents and emerging diseases. Texas Biomed has history of success including work on the first COVID-19 vaccine, the first Ebola treatment, the first Hepatitis-C therapy, and thousands of developmental discoveries.

The University of Texas at San Antonio ("UTSA") houses several research institutes. On December 16, 2021, UTSA announce that it achieved R1 Classification from the Carnegie Classification Institute of Higher Education. This classification highlights and validates the significant level of research activity and aligns UTSA with the nation's top public and private research institutions. The Neurosciences Research Institute, previously Neuroscience Research Center, is tasked with training students in research skills while they perform basic neuroscience research on subjects such as aging and Alzheimer's disease. UTSA is also a partner in Morris K. Udall Centers of Excellence for Parkinson's Disease Research. A joint partnership between UTSA, the UT Health Science Center, and the participation of Texas Biomed and the Southwest National Primate Research Center, has resulted in the formation of the San Antonio Institute of Cellular and Molecular Primatology ("SAICMP"). The focus

of the SAICMP is the study of primate stem cells and early embryos to develop nonhuman model systems for studies of primate stem cells and their applications to regenerative medicine. The South Texas Center for Emerging Infectious Diseases was established to focus State and national attention on UTSA in the fields of molecular microbiology, immunology, medical mycology, virology, microbial genomics, vaccine development, and biodefense. UTSA has extensive research collaborations with local research organizations that reinforce and accelerate the research in each. These collaborations include UT Health San Antonio, Southwest Research Institute (“SwRI”), Brooke Army Medical Center and Joint Base Saint Antonio. In 2021, the SwRI initiated 98 new projects, investing more than \$8 million in internal research and contributed more than \$1.2 billion to the local economy, according to their 2021 Annual Report.

The SAEDC has supported several projects within the healthcare and bioscience sphere. To date, the SAEDC has incentivized the following bioscience and healthcare companies, StemBioSys, Inc., InCube, Innovative Trauma Care, Inc., and BioAffinity Technologies. In 2017 and 2018, EDD and the SAEDC facilitated an ongoing working group of local military, academic, and private life science industry leaders on a study and action plan for greater commercialization out of the military medical research missions in San Antonio. This group of leaders in the bioscience, healthcare, and military fields helped develop The final San Antonio Military Life Science Commercialization Action Plan and recommendation for a San Antonio Military Medical Innovation (“SAMMI”) Director. Based on the plan’s recommendation, the SAEDC Board approved the creation and guidelines for a SAMMI Fund with the goal of providing financial assistance to early-stage local companies that are engaged in the development of products and technologies that support military medicine with the potential application for broader civilian markets. This SAMMI Fund has led to the investment of \$100,000 in five entrepreneurial start-up companies. Additionally, SAEDC and VelocityTX began preparations to host the third Military Medical Industry Day on April 19, 2022 to bring together military researcher organizations, industry, academia, non-profit organizations, and other organizations to exchange ideas and enable collaborative medical research and development (“R&D”), discuss military needs, obtain information on funding opportunities, and enable community commercialization opportunities to address needs and create lifesaving technologies. The MMID event was preceded by a series of seminars hosted by VelocityTX. The event brought together over 230 military, medical, and research practitioners and exhibitors to the Henry B. Gonzales Convention Center with about 50 participants participating virtually.

The Texas Research and Technology Foundation (“TRTF”) is a non-profit organization that focuses on life science and technology-based economic development in San Antonio. In August 2017, TRTF acquired the 4-acre Merchant’s Ice complex to establish a life science and technology focused Innovation District (the “Innovation District”) that will be managed by VelocityTX, the organization’s innovation, commercialization, and entrepreneurial development-focused subsidiary. The \$220 million Innovation District will include an incubator and innovation center to serve multiple target industries and provide a broad array of resources to entrepreneurs. TRTF estimates that when completed, the Innovation District will support over 700 jobs and produce \$736 million in increased economic activity between 2019 and 2023.

Heat Biologics, a Durham, North Carolina-based biopharmaceutical firm focused on developing anti-cancer drugs had growing presence in San Antonio during 2021. In September 2017, City Council approved a grant of up to \$200,000 for Pelican Therapeutics, a subsidiary of Heat Biologics, to relocate its headquarters to San Antonio and create 22 new full-time jobs within five years. Pelican Therapeutics focuses on drug development in small scale manufacturing facility located in Velocity, TX and is carrying out work to support efforts linked to a \$15.2 million Cancer Prevention Research Institute of Texas grant. In early 2021, Heat Biologics announced plans to expand operations through its subsidiary Scorpion Biological Services, Inc. (“Scorpion”) in San Antonio’s East side. Scorpion is an integrated contract research, and contract development and manufacturing organization focused on cell- and gene-based therapies and large molecule biologics. On July 1, 2021, Bexar County commissioners approved an incentive package that would create a 75% tax abatement on improvements made to the 20,000-square-foot facility over the next 10 years. Additionally, following plans to further expand manufacturing through Scorpion, City Council approved a 40% tax abatement to support property improvements over the next 10 years, on August 5, 2021. Scorpion is set to invest \$24 million in the Eastside facility that created at least 44 jobs with the facility that opened in the first quarter of 2022.

Founded in 2005, BioMedSA serves as a hub for the healthcare and bioscience industry, providing industry programming, convening industry leader forums to conquer challenges, communicating opportunities and resources, and facilitating key collaborations throughout San Antonio. BioMedSA was founded with the purpose of accelerating growth of the healthcare and bioscience sector, creating regional economic benefit, and contributing to the health of San Antonio and beyond by establishing San Antonio as a leader in healthcare and bioscience. In 2022, BioMedSA held their second annual BioFest Invest event which 25 sponsors supported. The event brought together potential investors from across the nation and Texas bioscience companies seeking investment funding, while sharing best practices, connections, and valuable guidance. Over 240 people registered for the event which featured a pitch competition with 13 companies that were selected to participate from across Texas. Among attendees were investors from across the country ranging in the investment spectrum from angel to venture capitalists.

Financial Services

The financial services industry in San Antonio provided over 97,000 jobs as of December 2021. This is a 3.5% increase from those available at the same time in 2020, according to data from the Bureau of Labor Statistics. The largest private-sector employer in the financial services industry here in San Antonio is United Services Automobile Association (“USAA”). The company has approximately 13 million customers, comprised of military members, veterans, and their families. The company currently employs over 35,000 people nationwide. While this sector is led by USAA, San Antonio is home to other insurance company headquarters and regional operations centers for many health care insurers. Insurers with substantial regional operations centers in San Antonio include: Nationwide Mutual Insurance Company, Caremark, United Health, and PacifiCare.

San Antonio is also home to a number of regional banking operations centers and financial services headquarters, such as Frost Bank, Broadway National Bank, Credit Human, Security Service Federal Credit Union (“SSFCU”), and USAA Federal Savings Bank. In December 2014, SSFCU, the largest credit union in Texas and seventh-largest credit union in the United States, established its corporate headquarters in City Council District 8. In October of 2017, San Antonio-based lending institution Credit Human announced plans to invest \$113 million to construct a new state-of-the-art corporate headquarters on the Broadway corridor in City Council District 1. The facility was completed and began operations in early 2021. The new headquarters will bring 485 jobs to the urban core. Other companies with large regional operations centers in San Antonio include: Bank of America, Wells Fargo, J.P. Morgan Chase, Citigroup, Pentagon Federal Credit Union, and Victory Capital Management (“Victory Capital”).

Headquartered in San Antonio, Victory Capital, a diversified global asset management firm, experienced growth in 2021. Victory capital acquired three companies: THB Asset Management a Norwalk, CT based company that manages strategies in the U.S. micro-cap and mid-cap asset classes as well as international small-cap and global small-cap portfolios; New Energy Capital a leading alternative asset management firm focused on debt and equity investments in clean energy infrastructure projects and companies, and WestEnd Advisors, a leader in the fast-growing third-party ETF model space. Victory Capital ended 2021 with total assets under management of \$183.7 billion, a 25% increase over year-end 2020 and saw Gross long-term sales reach a record \$27.9 billion in 2021, which was 20% above the prior record level achieved in 2020.

Hospitality Industry

The City’s diversified economy includes a significant sector relating to the hospitality industry. An Economic Impact Report of San Antonio’s Hospitality Industry (representing 2019 and 2020 data) found that the hospitality industry had an economic impact of \$17.4 billion in 2019 (pre-pandemic numbers). The estimated annual payroll for the industry was \$3.6 billion, and the industry provided an estimated 145,056 jobs. Indeed, 2019 was another year of steady growth the industry had experienced over the past two decades. However, in 2020, for understandable reasons from the pandemic, the economic impact of the industry declined to \$13.9 billion. The estimated payroll dropped to \$2.9 million and estimated jobs reduced to 117,020.

In 2021, lodging statistics began to rebound from the circumstances associated with the COVID-19 pandemic. As compared to 2020, the City’s overall level of hotel occupancy was up 40.5%; room supply increased 2.9%; total room nights sold increased 44.6%; the average daily room rate increased 23.3%; revenue per available room increased 73.2%; and overall revenue increased 78.2%.

Tourism. The list of attractions in the San Antonio area includes, among many others, the Alamo and other sites of historic significance, the River Walk, and two major theme parks, SeaWorld San Antonio, and Six Flags Fiesta Texas. Prior to the COVID-19 pandemic, San Antonio would attract 41 million visitors a year. Of these, over 24.9 million are overnight visitors, historically placing San Antonio as one of the top U.S. destinations in Texas. For FY 2021, Visit San Antonio was able to achieve the following results: (1) obtained 30.7 million in online engagement, showing consumer interest in San Antonio through the Visit San Antonio website and social-media channels, both important travel decision influencers and (2) reported an estimated \$6.5 million in earned media. Visit San Antonio focused on Texas and regional media while being opportunistic and taking advantage of any national and international that may come on a reactive basis. This media value is the dollar value of the positive media coverage generated by the Visit San Antonio communications team, which represents the stories and articles in print (i.e., magazines, newspapers, etc.), TV, radio, and online media; the dollar figure aligns with what the advertising cost of that coverage would have been if Visit San Antonio had purchased the exposure.

Conventions. San Antonio has traditionally been one of the top convention cities in the country and normally hosts 7.0 million business visitors a year to the area for a convention, meeting, or other business purpose. However, in FY 2021, Visit San Antonio experienced 140 group cancellations worth 427,214 room nights due to the COVID-19 pandemic. Total group sales production for FY 2021 resulted in 265 group and meeting events with 339,105 group room nights booked. This represents a decrease year over year of (5%) in events booked and a decrease of (27%) in group room nights. In March 2021, a successful booking event that San Antonio hosted was the entire NCAA Women’s Basketball Championship Tournament, which represented a total of 27,811 room nights. The Alamo City was able to create a “bubble” type environment and hosted all 64

teams in the tournament. As San Antonio recovers from the COVID-19 pandemic, Visit San Antonio will continue to be proactive in attracting convention business through its management practices and marketing efforts.

The following table shows both overall performance as well as convention activity hosted by Visit San Antonio for the calendar years indicated:

Calendar Year	Hotel Occupancy ¹	Revenue per Available		Convention Attendance ²	Convention Room Nights ²
		Room (RevPAR) ¹	Room Nights Sold ¹		
2011	61.3	58.08	8,236,019	499,171	637,593
2012	63.5	60.79	8,651,826	449,202	635,829
2013	63.1	63.44	8,610,676	712,577	734,190
2014	64.9	67.32	8,817,338	652,443	725,333
2015	65.7	69.55	8,913,575	699,662	773,569
2016	65.9	71.12	9,116,363	637,658	676,501
2017	66.0	73.45	9,268,201	823,561	816,582
2018	67.1	77.88	9,568,119	672,288	882,650
2019	67.4	75.98	9,989,643	605,093	766,259
2020	42.1	37.10	5,986,600	218,957	181,737
2021	59.1	64.04	8,727,861	238,192	287,167

¹ Data obtained from Smith Travel Research based on hotels in the San Antonio selected zip code reports dated January 2022 (reporting 2021 numbers), and historical annual reports for prior years.

² Reflects only those conventions hosted by Visit San Antonio.

Source: Visit San Antonio

Military Industry

The growth in new missions and significant construction activities brought about by Base Realignment and Closure (“BRAC 2005”) strengthened San Antonio’s role as a leading military research, training, and education center. One of the major outcomes of BRAC 2005 was the creation of Joint Base San Antonio (“JBSA”) which is the largest joint base in the DoD. JBSA consolidates all the base support functions, real property, and land for JBSA-Lackland, JBSA-Randolph, and JBSA-Fort Sam Houston (including Camp Bullis) under the 502nd Air Base Wing. JBSA (includes over 46,500 acres), supports over 80,000 personnel, has a plant replacement value of \$30 billion, and an annual budget of \$800 million. Over 138,000 personnel are trained at JBSA facilities every year. In addition, JBSA currently has approximately \$275 million in Military Construction (“MILCON”) projects underway making it the largest MILCON program in the Air Force.

JBSA and its 266 mission partners represent a significant component of the City’s economy providing an annual economic impact, when combined with other DoD contracts and contractors, military retirees, veterans, and direct and indirect jobs, of over \$16 billion for the City and approximately \$41 billion to the State of Texas. In addition, the property of the former Brooks Air Force Base, a fourth major military installation, was transferred from the U.S. Air Force to the City, who created Brooks Development Authority in 2002 as part of the Brooks City-Base Project. Furthermore, the military is still leasing over 1.7 million square feet of space at Port San Antonio (the “Port”), which is the former Kelly Air Force Base that was closed in 2001.

One of the other significant events brought about by BRAC 2005 is the realignment of medical facilities resulting in a major positive impact on military medicine in San Antonio, with \$3.2 billion in construction and the addition of approximately 12,500 jobs at the JBSA complex. Currently, BAMC, the DoD’s only Level I Trauma Center, continues to play a critical role in patient care, graduate medical education, and research, as well as caring for wounded military service members, and civilian members of the community. Along with other institutions, BAMC provides support to 22 counties in Southwest Texas, covering over 26,000 square miles, including the City, and servicing over 2.2 million people.

Regarded as one of the top medical facilities in the DoD, BAMC benefits the community by serving as an additional tertiary referral center to care for the most complex and critically wounded civilian patients without concerns for payor status. The bulk of BAMC’s funding for civilian trauma patients comes from the United States Army’s Secretarial Designee Program. In addition, approximately \$2.5 million annually is funded through the Uncompensated Trauma Care Grant administered by the Texas Department of State Health Services. BAMC’s health professionals retain a high degree of medical/combat readiness by the experience they gain treating the large volume of complex trauma patients from the community. This experience replicates the same type of casualties encountered in combat.

BAMC also trains future healthcare providers for their wartime mission. Over 600 physicians are trained/educated through Graduate Medical Education programs. Nearly 900 medical students are trained at BAMC every year in the areas of trauma, orthopedics, ophthalmology, emergency medicine, and otolaryngology. In addition, over 1,200 participants graduate annually from various allied health programs at BAMC. This Center is the nation's premier military training platform to prepare military healthcare professionals to provide life-saving combat medical care.

On September 1, 2021, Texas House Bill 2365 took effect and recognized BAMC as a participating Medicaid provider. This bill will eliminate financial burdens placed on the significant number of civilian trauma patients who are treated at BAMC every year. Military trauma teams will continue to benefit as they develop invaluable surgical skills and competency due the high volume of civilian trauma patients treated at BAMC – a number that cannot be duplicated with the active-duty military population. This civil-military relationship is mutually beneficial as it saves lives, both on the battlefield and in our community.

JBSA-Fort Sam Houston. JBSA-Fort Sam Houston is engaged in military-community partnership initiatives to help reduce infrastructure costs and pursue asset management opportunities using military facilities. In April 2000, the U.S. Army entered into a partnership with the private organization, Fort Sam Houston Redevelopment Partners, Ltd. ("FSHRP"), for the redevelopment of the former BAMC and two other buildings at Fort Sam Houston. These three buildings, totaling about 500,000 square feet in space and located in a designated historic district, had been vacant for several years and were in a deteriorating condition. On June 21, 2001, FSHRP signed a 50-year lease with the U.S. Army to redevelop and lease these three properties to commercial tenants.

Some of the major mission partner organizations on JBSA-Fort Sam Houston are: U.S. Army North, U.S. Army South, Army Installation Management Command, Army Medical Command, Army Medical Department and School, Regional Health Command-Central, BAMC, Medical Educational and Training Campus, Mission and Installation Contracting Command, Navy Medicine Education, Training & Logistics Command, three U.S. Army Reserve Depots, a Navy/Marine Reserve Operations Center, and a Texas Army National Guard armory.

The potential economic impact from JBSA-Fort Sam Houston due to the BRAC 2005 expansion, along with major growth from the Army Modular Force and Army Grow the Force programs, is estimated at nearly \$8.3 billion. The economic impact due to the amount of construction on post to accommodate the new mission accounts for approximately 80% of the impact (\$6.7 billion). While the major surge of construction from BRAC 2005 and the other major force programs are complete, the economic impact from JBSA-Fort Sam Houston will increase by nearly \$1.6 billion annually with additional annual sales tax revenue of \$4.9 million. Major personnel moves under BRAC 2005 were completed by September 15, 2011, and this increase in personnel and missions at JBSA-Fort Sam Houston supports the employment of over 15,000 in the community.

Various construction projects continue or have been completed at JBSA-Fort Sam Houston. The new Walters Street Gate and Entry Control Point and a new Medical Education and Training Campus Headquarters Building are now complete. A new Student Activity Center opened in November 2013 and construction was completed on a new BAMC Visitor Control Center and Entry Control Point in January 2014. A new 310-room hotel was completed in October 2014, and a new 192-room apartment style dormitory broke ground in 2016 and was completed in early 2018. A small addition to the hospital for a hyperbaric chamber was completed in June 2017, and a new two-story Army-Air Force Exchange Services Exchange Main Store was finished in Spring 2020. In 2016, the United Service Organization in partnership with JBSA, completed a new all service facility located in the Sam Houston Community Center. New construction includes a Combat Medic Lab Instructional Building (the "Lab") replacing a 1940's facility. The Lab trains combat medics at a daily average of 180 students. Mission growth saw five new organizations whose cyber and medical missions brought approximately 305 new positions to the installation.

JBSA-Camp Bullis. Armed Forces medics and Corpsmen at JBSA-Fort Sam Houston receive additional field training at the 28,000-acre JBSA-Camp Bullis. JBSA-Camp Bullis is also used by the 37th Training Wing for Security Forces technical and professional development training. Additionally, JBSA-Camp Bullis is home to the United States Air Force Medical Training Readiness Center, which encompasses four medical-related courses. It is also home to multiple Army Reserve and Army National Guard units of all types, to include Military Intelligence, Engineer, Medical, Infantry and Special Forces. The 470th Military Intelligence Brigade, headquartered at JBSA-Fort Sam Houston, operates the United States Army Intelligence and Security Command Detention Training Facility at JBSA-Camp Bullis, and the Defense Medical Readiness Training Institute operates the Combat Casualty Care Course. JBSA-Camp Bullis also supports regular use by local law enforcement agencies and Federal entities. An average of 500 people train at Camp Bullis every day for an average of about 180,000 man-days of training annually. Changes in current events around the world can cause surges in training that occurs at Camp Bullis. Because of its geographical size, numerous units and missions are continually looking at JBSA-Camp Bullis as a viable place to locate and train. An \$18.5 million-dollar MILCON project for a new 36,000 square foot dining facility, which will serve approximately 370,000 meals a year, was deferred as some of the funding was diverted from the DoD FY20 budget.

JBSA-Lackland. JBSA-Lackland is home to the 37th Training Wing, situated on 9,700 acres, all within the city limits of San Antonio. According to a recent Economic Impact Analysis, over 53,000 military personnel, civilians, students, contractors, and military dependents work, receive training, or utilize JBSA-Lackland services. JBSA-Lackland hosts the Air Force's only

Basic Military Training (“BMT”) function for all enlisted Airmen, which is known as the “Gateway to the Air Force”, and currently provides BMT for the United States Space Force. Additionally, JBSA-Lackland hosts many of the technical training courses which the BMT graduates are routed to prior to their first assignment. On an annual basis, JBSA-Lackland is expected to graduate 86,000 Airmen and international students. The Air Force is in the middle of a \$900 million-dollar MILCON program to replace the BMT recruit housing and training buildings that have been in continuous operation since their construction in the late 1960s. Construction is now complete for four of the Airmen Training Complexes (“ATC”) and the first two Dining/Classroom Facilities (“DCF”) that support the ATCs. Construction is also complete for the Pfingston BMT Reception Center, every new recruit’s entry into BMT. The beginning of the second half of the BMT Complex replacement program began in FY 2019 with the start of the fifth ATC and the third DCF. Each ATC will house up to 1,200 trainees and the DCF includes dining halls and classroom facilities for two ATCs. The BMT replacement program is estimated to be complete by late calendar year 2022. The City of San Antonio is supporting these efforts by building a third entry (deceleration) lane into JBSA-Lackland. This ongoing project will support over \$600 million in new construction over the next 10 years. The deceleration lane was JBSA’s number one funding priority and will support the transit of approximately 100 heavy trucks a day for the duration of these projects. In addition, construction of the lane will reduce wear and tear on both City and JBSA streets while minimizing traffic congestion outside the base, enhancing overall safety for both military members and the community.

Projected growth could also come in the form of the previous merger of the 24th Air Force (cyber focus) and the 25th Air Force (intelligence, surveillance, and reconnaissance focus) into the 16th Air Force. Previous projections included a 160,000 square foot expansion of the building housing personnel and operations of the former 24th Air Force and a potential increase of 1,500 students at the Defense Language Institute English Learning Center. The 16th Air Force continues to refine its “campus plan” with the desire to replace its complex of buildings constructed in the 1950s through the early 1970s. The “campus plan” will consider the consolidation of personnel and operations in the former 24th Air Force’s building, on what is now former Kelly Air Force Base, into new MILCON facilities that will also replace the current 16th Air Force building complex. Finally, the Transportation Security Agency’s Canine Academy headquarters opened in March 2016.

Adjacent and contiguous to JBSA-Lackland is the Port where the Air Force maintains a significant presence. The Air Force and the Port jointly utilize the Kelly Field runway for military and commercial airfield operations. The Air Force continues to lease over 30 buildings, which consist of 1.75 million square feet of space and over 270 acres. The largest Air Force leaseback is at Building 171, a 460,000 square foot facility previously closed from the 1995 Base Realignment and Closure of Kelly AFB. Approximately 7,000 Air Force and other DoD employees work at this and other facilities on the Port in the post-BRAC 2005 era. Recently approved funding from the federal MILCON program and the state of Texas’ Defense Economic Adjustment Assistance Grant will result in the replacement of the aging, non-compliant Kelly Air Traffic Control Tower, and upgrade and renovation of an aging hangar and operations facilities. These much-needed infrastructure improvements will support C-5 and F-16 training missions.

Much of the new BRAC 2005 growth which occurred on the Port property is at Building 171. The Air Force spent \$26.5 million to renovate the building, which houses 11 missions. Seven missions and approximately 800 personnel have relocated to the building from Brooks. These include the Air Force Civil Engineer Center, four medical missions including the Air Force Medical Operations Agency, and other support missions. Building 171 also houses the personnel and mission of the former 24th Air Force that is now conducted under the newly-created 16th Air Force consisting of approximately 450 personnel and the Air Force Real Property Agency.

In the near future, eight (8) new organizations are expected to bring approximately 660 new positions to JBSA-Lackland. These new personnel will perform cyber, flight and technical, and training missions. Part of this growth has already taken place. In October of 2018 the Secretary of the Air Force announced that JBSA would be home to the Special Warfare Training Wing (“SWTW”) bringing 135 new jobs to the area and significantly enhancing the base’s military value. Part of the FY20 Defense Appropriations Bill included \$69 million for a new aquatics tank to support the SWTW mission.

JBSA-Randolph. JBSA-Randolph, which is known as “the Showplace of the Air Force” because of its consistent Spanish Colonial Revival architectural standard retained from when the installation was first constructed in the early 1930s, is on the northeast side of San Antonio and houses the Headquarters Air Education and Training Command and the Air Force Personnel Center (“AFPC”). Other major tenant organizations include the Air Force Manpower Agency, the 19th Air Force, the Air Force Recruiting Service, and the Air Force Office of Special Investigations (Region 4). The main operational mission is carried out by the 12th Flying Training Wing (“12 FTW”) which equips and trains aviators and supports worldwide contingency operations. The 12 FTW operates parallel runways on either side of the main installation facilities and conducts 24-hour-a-day flight training operations. In a related aviation mission, JBSA-Randolph, which in 2017 added 85 instructors and staff to its Remotely Piloted Aircraft (“RPA”) training unit, produces RPA pilots to man an Unmanned Aerial Systems (“UAS”) force which now encompasses 8.5% of total Air Force pilot manning. The UAS force grew by approximately 25% between FY 2013 and FY 2017. New construction includes a commercial vehicle gate which replaces a non-Anti-Terrorism/Force Protection compliant gate in the airfield clear zone. New organizations will see 30 new positions supporting the base’s flight training mission. The FY20 Defense Appropriations Bill provided \$36 million in MILCON for a replacement AFPC B-Wing building, and a total of

nearly \$20 million in MILCON for buildings to support T-X ground-based flight simulators and T-X aircraft maintenance training facilities. The T-X is also referred to by its nomenclature of T-7 Red Hawk; it is the Air Force's next generation training aircraft that will replace the T-38 Talon.

The BRAC 2005 growth supported the City's economic development strategy to promote development in targeted areas of the City, to leverage military installation economic assets to create jobs, and to assist the City's military installations in reducing base support operating costs.

San Antonio is home to two (2) large projects which serve all the military branches. The Audie L. Murphy Veterans Administration Hospital, which includes a new \$67 million Level I Polytrauma Center, was completed in 2011. This hospital is designed to be the most advanced in the world and can provide state-of-the art medical care to veterans with multiple serious injuries. San Antonio is also home to the National Trauma Institute ("NTI"), a collaborative military-civilian trauma institute involving BAMC, University Hospital, the UT Health Science Center, and the U.S. Army Institute of Surgical Research. The NTI coordinates resources from the institutions to treat trauma victims and their families most effectively.

In 2005, the San Antonio community established communication/partnership forums to assist the military with BRAC 2005 and other military-related issues. The Military Transformation Task Force ("MTTF") is a City, Bexar County, military mission partner, and business community organization which provides a single integrated forum where senior military commanders address their challenges and requirements to the community.

In January 2007, the City established the Office of Military Affairs ("OMA") as the single point of contact for the City on military and veteran related issues. In 2018, OMA formally changed its name to the Office of Military and Veterans Affairs ("OMVA"). And, in early 2022 the City elevated the OMVA from an "Office" to a "Department" within the City's organizational structure. OMVA became the Military and Veteran Affairs Department ("MVAD"). The mission of MVAD remains unchanged, which is to work with the military to sustain and enhance mission readiness, develop, and institutionalize relations to strengthen a community-military partnership, and to provide an official formalized point of contact for the military and veteran community on issues of common concern. MVAD is working with the MTTF Tri-Chairs to refocus the MTTF by updating and codifying its mission, vision, membership, leadership, chain of command, branding and measures of effectiveness.

For the past several years, MVAD has aggressively pursued partnerships with JBSA to preserve and increase military missions, protect military installations, and improve the City's military-friendly environment for the military and veteran community. MVAD advocates on behalf of the military at the local, state, and national level. Through advocacy and close relationships with JBSA leadership, MVAD has advocated for, and been successful in securing numerous infrastructure projects supporting JBSA. This tangible support, which has included funding through the City's bond program, state funding, and other sources, has resulted in \$105 million dollars in both bond and City operating budget projects since 2007. These projects have been mutually beneficial for both the City and the military and added military value to the region's installations – military value has been part of the scoring criteria in previous BRACs.

MVAD works closely with the military to address compatible land-use issues around the installations to enhance mission readiness. This includes testifying at committee hearings before the Texas Legislature during the year and at their biennial sessions. During the 85th Texas Legislative Session, MVAD, along with local and state elected officials, was successful in ensuring the establishment of a five-mile protection buffer against encroachment around all Texas military installations. This same team effort was applied during the 86th Texas Legislative Session to maintain this five-mile buffer. The 87th Texas Legislature saw the successful defeat of three bills which would have given authority for development in the City's Extra-Territorial Jurisdiction that is incompatible with select JBSA military missions. MVAD also assists the Mayor with the Commission on Veterans Affairs. Chartered in 2001, this eleven-member board serves the Mayor and ten City Council districts in an advisory capacity focused on all veteran issues within the community.

In 2008, then-OMA introduced the Growth Management Plan as one of the responses to the growth brought about by the BRAC 2005 actions, and it clearly laid out the partnership between the San Antonio community and the military. One example of the partnership is the City's effort to gather over \$105 million in resources and funding from bond proceeds, City funding, federal earmarks, and grants to provide significant infrastructure improvements around Fort Sam Houston.

The premier project was the reconstruction and widening of Walters Street, a primary entrance to Fort Sam Houston. This project was substantially completed in June of 2013. This project was complex, since it was the center segment of a cooperative effort joining the already completed Texas Department of Transportation ("TxDOT") improvements on IH-35 to a new, high security gate entrance that was completed at Fort Sam Houston. An even more unique project is the City's construction of a much-improved bridge over Salado Creek on Binz-Engleman Road, which was built on federal property and was gifted to the military upon completion in June of 2012. Other key projects included intersection improvements on Harry Wurzbach Road between the JBSA-Fort Sam Houston Gate and Rittiman Road, and the construction of a new bridge on Rittman Road, west of IH-35. The City also expended significant funding to support development along Walters Street by improving utilities, installing a new water line, and improving numerous side streets in that area. These improvements are now complete. The City was also

selected by the DoD's Office of Economic Adjustment to receive an award of \$25 million in federal funds to construct new ramp connectors between IH-35 and Loop 410 near BAMC. This initiative with TxDOT greatly improved traffic flow and safety for personnel seeking access to the medical facility area.

Since 1998, the City of San Antonio has aggressively pursued, and consistently received, just over \$33 million in grants from the Texas Military Preparedness Commission's Defense Economic Adjustment Assistance Grant ("DEAAG") program. This program assists defense communities who have either been negatively or positively impacted by BRAC decisions. The grant money is invested in infrastructure projects and other initiatives to increase the military value of IBSA installations, thereby mitigating the potential negative effects of future BRAC round(s). The \$33 million plus funded a total of 12 projects. The most recent DEAAG award – the first for the City since 2009 – was for \$5 million and will fund three individual projects as part of a collaborative effort between the City, JBSA, San Antonio Water System and CPS Energy.

It consists of three distinct parts which improve installation resiliency, enhance physical security, and reduce risks associated with aircraft mishaps. The primary level of effort provides backup power generation to two (2) critical potable water production facilities serving JBSA-Lackland and a Department of Defense Combat Support Agency. The second component of this proposal includes installation of stormwater crossings at five locations along JBSA's perimeter. The final component of this proposal involves replacement of overhead electrical lines with underground distribution lines in the southwest clear zone of JBSA-Randolph.

Finally, the City and JBSA entered into an Intergovernmental Support Agreement ("IGSA") in late 2018 through which JBSA can leverage the City's existing roadway facility contracts to provide pavement repair services across JBSA's installations. A pilot project was completed on JBSA-Ft. Sam Houston in 2019 and saved the government \$52,000, and a second project on JBSA-Ft. Sam Houston was completed in the summer of 2020. This IGSA was amended in the spring of 2020 to allow the City to support more complex roadway repairs for JBSA. The City and JBSA representatives met at JBSA-Randolph in early April 2022 to conduct a site visit of a possible third project under this IGSA. In September of 2020, the 502nd Civil Engineer Squadron made its first three purchases under the City of San Antonio-JBSA Bulk Purchase IGSA. This IGSA provides JBSA the opportunity to leverage the City's contracts to purchase bulk materials such as gravel and sand.

On March 24, 2017, the United States Patent and Trademark Office granted San Antonio the trademark Military City, USA. The trademark was a result of a year-long process to ensure that no other city had previously met the criteria. For over 300 years, San Antonio has had a rich military history. The moniker Military City USA became most prominent after World War II. During this time, five military installations operated in San Antonio and the surrounding areas. The trademark emphasizes San Antonio's rich military history and honors approximately 250,000 veterans.

This trademark is also becoming a contributing factor in the City's effort to meet the challenge of military spouse unemployment, which was estimated to be as high as 24% nation-wide prior to the COVID pandemic. In 2019, the City budgeted \$150,000 to fund up to 40 fellowships over a two (2) year period through a partnership with the U.S. Chamber of Commerce's Hiring Our Heroes ("HOH") Foundation. This partnership created a San Antonio Military Spouse Fellowship Program ("MSFP"). San Antonio was one of the first trailblazers in the nation, and the first municipality in Texas, to provide funding for the HOH MSFP program.

With over 60 companies now participating, we are proud to report that in addition to the 40 fellowships funded by the City, an additional 45 spouse fellowships were funded through other corporate financial contributions. As of early January 2022, a total of 85 military spouses have completed the fellowship with 78 being hired by their host employer – a 92% hiring rate. Moreover, the average annual salary of a MSFP fellow is greater than \$60,000, which exceeds the San Antonio-New Braunfels Metropolitan Statistical Area average annual salary of \$49,500 and equates to a combined annual income of over \$4.5 million.

Because of the success of the two (2) year program, the City continues to explore innovative ways to fund additional fellowships such as, leveraging its "Military City USA" trademark. For example, when for-profit entities request Military City USA trademark license agreements, the City will include a fee structure aimed to cover the costs of additional military spouse fellowships (\$5,000 per fellowship). Spouse employment is a key quality of life factor that directly impacts military retention rates and readiness. Moreover, the Department Defense and military service branches consider community military family support when making basing decisions.

Currently, DoD is the community's largest employer, supporting the employment of over 805,685 people, with an economic impact of approximately \$124 billion to the Texas economy. JBSA alone directly employs 282,995 people and has a total economic impact of \$47 billion in payroll, contract expenditures, and value of jobs created. Over 250,000 veterans reside in San Antonio and receive over \$1.5 billion in annual benefit payments. The BRAC 2005 program in San Antonio concluded in 2011 but the construction momentum continues.

Aerospace

According to the Economic Impact Study commissioned by the Greater San Antonio Chamber of Commerce in 2018, aerospace is a \$3.4 billion industry in San Antonio. This industry provides approximately 17,250 jobs, with employees earning total annual wages of over \$1 billion. The aerospace includes key aerospace assets, which include: San Antonio International Airport, Stinson Municipal Airport, the Port, JBSA-Randolph, JBSA-Lackland, and training institutions. Many of the major aerospace industry participants such as Boeing, StandardAero, STSA, FedEx, UPS, and others, have significant operations in San Antonio. The aerospace industry in San Antonio includes air passenger service, maintenance, repair, overhaul, and general aviation.

The Port is a logistics-based industrial platform on the former Kelly Air Force Base. It was created by the Texas Legislature in 2001 following the closure of the base and tasked with redeveloping and managing the property to ensure that it continues serving as an economic engine for the region and includes over 1,900 acres. Though created by the local government, the Port is self-sustaining and operates like a business, receiving its income from the properties it leases and services it provides, and reinvesting profits into further development of the property. The Port is the region's single largest real estate management and leasing firm, overseeing 12.9 million square feet of facilities and logistics assets that include an industrial airport, Kelly Field, SKF, and a 350-acre railport, East Kelly Railport.

Fourteen of the Port's customers are aerospace-related firms, including industry leaders Boeing, StandardAero, Chromalloy, and GDC Technics. These Port customers operate within more than 3.5 million square feet of highly specialized facilities, including hangars that accommodate multiple wide-bodied aircraft, workshops, and an array of engine test cells. The campus is also home to the nationally acclaimed Alamo Academies, which prepares the region's youth for advanced technology careers, particularly in the aerospace industry.

In early 2012, Boeing announced that its San Antonio facility would gain 300 to 400 workers along with maintenance responsibilities for the nation's executive fleet due to a decision to close a Wichita, Kansas plant. The aircraft maintenance and support work, which moved to San Antonio, included improvements to the nation's fleet of executive jets, including Air Force One, the Boeing 747s that transport the President of the United States, and the jets that transport the Vice President, Cabinet members, and other government officials. In 2018, Boeing announced that it would be increasing its San Antonio workforce by around 900, effectively doubling its presence in the City.

In 2017, StandardAero was awarded a contract to overhaul engines that power military transport planes and other aircraft. In 2018, StandardAero also announced that it would be increasing its San Antonio workforce, creating 100 jobs.

IT and Cybersecurity

The information technology industry plays a major role in San Antonio. According to the Bureau of Labor Statistics, the Information Technology Sector in San Antonio accounted for close to 19,000 jobs as of December 2021. This is a 3.3% increase from the number of jobs available at the same time last year. The information technology industry plays a major role in San Antonio.

The San Antonio Information Technology industry had an economic impact in excess of \$10 billion in 2018. San Antonio boasts some of the most sophisticated uses of IT in the world, even though much of that advanced usage remains undisclosed for security reasons, as the community is home to a large concentration of military and intelligence agencies charged with the missions of intelligence, surveillance and reconnaissance, information operations and network defense, attack, and exploitation. San Antonio possesses the second-largest cluster of cyber and cybersecurity professionals in the nation outside the National Capital Region. Numerous San Antonio entities have missions and operations in the cyber and cybersecurity sector. The most prominent organization representing the DoD with cyber and cybersecurity missions in San Antonio are the 16th Air Force (formerly the 24th Air Force and 25th Air Force, which were merged in November 2019), and the National Security Agency-Texas. Other federal entities performing cyber missions are FBI-San Antonio, the U.S. Secret Service, and the Department of Homeland Security. Nearly 40 cybersecurity companies are headquartered in the city with another 35 national cybersecurity employers operating in the cybersecurity sector, according to the San Antonio Chamber of Commerce.

The City of San Antonio standout in the academic sector is UTSA, which hosts the nation's top cybersecurity program, and UTSA's National Security Collaboration Center ("NSCC"), which was developed to better align partnerships and collaboration between UTSA professors, students, and leading public and private partners. The NSCC is a Government-University-Industry ecosystem, attracting diverse thinkers and problem-solvers to join the national security conversation to uncover transdisciplinary solutions collectively. The NSCC will enhance the cybersecurity ecosystem in the region and provide state-of-the-art space housing computational capabilities, including a Sensitive Compartmented Information Facility and an Innovation Factory where academia, industry, and government can rapidly develop products for application in the national security enterprise. The NSCC will be housed in downtown San Antonio at the School of Data Science along with a proposed

\$161.2 million Innovation, Entrepreneurship and Careers Building. These major initiatives will anchor UTSA to the downtown “Tech District” and act as a catalyst for economic and community investments in the San Pedro Creek area.

The Alamo Regional Security Operations Center is an initiative led by the City and its partners at SAWS and CPS. The initiative created a centralized security operations facility for real-time, collaborative cybersecurity information sharing among municipally owned entities in the San Antonio Area. In 2020, the San Antonio City Council approved \$2.5 million toward the effort to build a new state-of-the-art integrated facility at Port San Antonio, which officially launched in December 2021 with the goal of becoming the model Urban Cyber Security Center of Excellence. By consolidating members from both the City and CPS security teams, San Antonio will be better positioned to coordinate against cyber threats.

Geekdom is a collaborative coworking space in San Antonio, and the heartbeat of the startup ecosystem along the City’s growing Tech District located in the downtown area on Houston Street. At over 44,000 square feet, Geekdom is home to more than 1,700 members, and is one of the largest collaborative co-working spaces in Texas. Geekdom’s partners include USAA, Rackspace, Codeup, and Salesforce.

Following the success of the City of San Antonio’s CityTechSA program, which encourages entrepreneurs to solve civic challenges, the City’s Office of Innovation, ITSD, and Economic Development partnered to establish the Geekdom Incubator Program. As part of this program, Geekdom supported six teams over a two-year period with business and product development and support, as well as access to entrepreneurial resources and mentorship in San Antonio. In addition, the program’s mission was to work with relevant City departments and potentially create products or solutions for the City to partner with and/or procure, if applicable. Since the program’s launch in early 2020, six (6) teams were selected with 15 total individual participants. During the program, teams worked on a variety of projects, with scopes ranging from assisting local businesses to promoting their services and products to help ng potential pet adopters find their future pets, to pre-developed plans and designs for Accessory Dwelling Units that meet local codes. The program concluded at the end of 2021, and five of the six selected teams successfully completed the program and moved to the next stages of their company development.

Additionally, in November of 2021, Geekdom announced the opening of new cybersecurity accelerator led by gener8tor. The 12-week program launched in 2022 with the first cohort hosted in Geekdom’s downtown office with an expected expansion to two cohorts in 2023 and 2024 for a total of 25 startups across the three (3) years.

In April 2017, City Council approved a grant of \$1.5 million to support infrastructure improvements at Port San Antonio associated with Project Tech, a new facility specifically designed to meet the growing needs of San Antonio’s cybersecurity ecosystem. Project Tech will enable the expansion of cybersecurity operations and personnel while growing a campus environment that supports closer collaboration between high-ranking experts in cybersecurity and their technical counterparts in aviation, advanced manufacturing, and other targeted industries. Phase I was completed in early 2018 and Project Tech officially opened its doors in May 2018. In 2019, the Port Board of Directors approved the construction of a second Project Tech building, a new five-story, 174,000 square-foot office building. Project Tech II which was originally expected to be operational by the end of 2021 and is now in the final stage of construction. Internal finish-outs are being made for the two (2) federal customers that will begin occupying the facility during the summer and fall months of 2022. The two (2) operations are expected to support 800-1,000 jobs at full capacity. In addition, the Port is developing an innovation campus focused on supporting military and commercial solutions for applied technologies in critical infrastructure, manufacturing, transportation, and related sectors. The center pieces are a full spectrum, 130,000 square foot Innovation Center and Arena, which opened in May 2022. The campus will showcase capabilities and new technologies, offer education space, office and lab facilities, house the San Antonio Museum of Science and Technology, and serve as a hub for new and developing cybersecurity ideas and innovations. Additionally, the dynamic Tech Port Center and Area offers one of the biggest Esports arena in Texas, a LAN gaming space, food hall, and an arena/convention center space. The Innovation Center and Tech II investments further bolster the Port’s operations and importance for the tech and cybersecurity industry, along with the over 80 companies and 16,000 people already working at the Port.

The development and growth of the IT and cybersecurity industry has led to numerous global tech companies moving to San Antonio. In 2021, such growth was led by Jungle Disk, a San Antonio-based cybersecurity company for small businesses and Dry Line Partners LLC (“Dry Line”), San Antonio and Austin-based private equity fund and Geekdom partner, which has global investors and focuses on acquiring tech companies within the business-to-business space. Jungle Disk acquired three complementary cyber businesses, KeepItSafe, LiveVault, and OffsiteDataSync, from tech holdings company J2 Global Inc. Through the backing of Dry Line and Porthcawl Holdings LLC, owner of Jungle Disk. The acquisitions make Jungle Disk the second-largest privately held tech company in San Antonio in terms of revenue and will add thousands of customers in heavy regulated industries across four continents.

Advanced Manufacturing

Advanced Manufacturing accounted for close to 52,000 jobs in San Antonio in December 2021, according to the Bureau of Labor Statistics. This is a 1.4% increase from the number of jobs available in the Advanced Manufacturing Industry in the previous year.

Toyota Motor Corporation, one of the largest manufacturing employers in San Antonio with an estimated workforce of over 3,000, expanded its local production in 2010, adding the production of the Tacoma truck. Toyota shifted its Tacoma manufacturing from Fremont, California to San Antonio, creating an additional 1,000 jobs and investing \$100 million in new personal property, inventory, and supplies. Toyota and its 23 on-site suppliers, located on San Antonio's south side, support Toyota's production of Tundra and Tacoma vehicles, generating an estimated annual impact of \$1.7 billion. Since their announcement in 2019, the company has invested approximately \$230 million of a \$391.8 million project in the South San Antonio plant, which will include new technology brought to the manufacturing line. This will allow the plant to be more flexible to meet market demand. This includes moving exclusive production of the Sequoia SUV model to San Antonio which began in 2022. By the end of 2021, Toyota neared completion of the expansion project which is estimated to bring more than \$10 billion in economic impact and 40,000 new jobs over 10 years, according to greater:SATX.

Navistar International Corporation, a publicly-traded manufacturer of semi-trucks, construction trucks, school buses, and diesel engines for several automobile manufacturers was acquired by Traton Group, a subsidiary of Volkswagen for \$3.7 billion. Since this acquisition in 2021, Navistar built a high-tech \$250 million, 900,000-square-ft. factory on the South Side near Mitchell Lake (completed and opened in March 2022) to expand its diesel engine and fully electric vehicle manufacturing in San Antonio. With their growing presence, Navistar currently employs about 500 people at the South Side Factory and will eventually employ more than 600 people. It is estimated that the project will bring in over \$5 billion in economic impact to the region over the next 10 years. Additionally, the facility houses the Advanced Technology Center which conducts validation, R&D testing on new engines and trucks, 100,000-mile simulations, and after-market modifications.

DeLorean Motor Company, a car manufacturing company, is set to open its new headquarters in Port San Antonio for the manufacturing of their new electric vehicles aided by the \$562,500 incentive package approved by City Council on April 14, 2022. The project is expected to bring 450 jobs in corporate, engineering, and development positions. Allocation of funds is contingent upon the successful completion of job creation milestones.

Brooks, a City designated Reinvestment Zone, continues to foster the development of its business and technology center on the south side of San Antonio through its aggressive business attraction and retention efforts. Recognized as one of the most innovative economic development projects in the United States, Brooks is a 1,308-acre community with approximately 350 acres available in undeveloped land. To further support advanced manufacturing in San Antonio, Bexar County announced at the end of 2020 that they will be moving forward with constructing a new \$13 million workforce training facility located at Brooks. The Texas Federation for Advanced Manufacturing Education, an organization with 10 private manufacturing companies, will operate the facility. The industry-driven training facility offers short-term and long-term advanced manufacturing training programs by employers that sponsor the facility and has a more than 90% job acceptance rate at program's end and at least an 80% completion rate.

In June 2018, Brooks began work on a 350,000-square foot light industrial facility to help attract developers of various goods. This facility will help increase the appeal of Brooks as a hub for the advanced manufacturing industry, one of San Antonio's prominent target industries. Total economic activity attributed to businesses located in the Brooks campus supported over 3,300 jobs in 2019. In 2020, Brooks Amazon's plans to open two new fulfillment centers and a new delivery station on their campus which would create over 1,500 new full-time jobs. The facility was leased to Amazon in 2021 to serve as a delivery facility, creating more than 500 full- and part-time jobs with additional opportunities for independent delivery contractors and entrepreneurs.

Nissei Plastic Industrial manufacturers is a Japanese company that specializes in large-scale injection molding machinery. During a trade mission to Japan in 2014, this company was engaged as they showed interest in expanding to the U.S. After a visit to San Antonio, the company acquired nine acres of land at Brooks to establish a manufacturing and assembly facility to serve the U.S. and Mexico markets. The grand opening of the new assembly plant took place on May 14, 2018. In 2021, Nissei announce plans to move and consolidate its US headquarters to its Brooks facility in San Antonio's South Side from its main office in California.

New Energy

In response to an April 2009 request for proposal, CPS negotiated and entered into a 30-year Power Purchase Agreement ("PPA") with TX Solar I, LLC to construct a clean, dependable, and renewable energy solar farm in San Antonio and Bexar County, known as the "Blue Wing Solar Energy Generation Project". The project consists of 214,500 ground-mounted thin film panels manufactured by First Solar with an annual generation of about 14 megawatts. This project created approximately 100

green jobs during the construction and operation phases with a capital investment of approximately \$41.59 million in real and personal property. The site is located southwest of the City near the intersection of IH-37 and U.S. Highway 181. In 2019, the Blue Wing Solar Energy Generation Project produced over 21,000 megawatt hours through solar energy generation.

In June 2010, CPS and UTSA announced a ten-year, \$50 million agreement to position San Antonio as a national leader in green technology research. The agreement established the Texas Sustainable Energy Research Institute (the “Institute”) at UTSA. This research institute works with other academic and research entities with robust green programs including the Southwest Research Institute as well as the Mission Verde Center, a City partnership that includes the Alamo Colleges and the Texas A&M University Texas Engineering Experiment Station. The Institute also has an active military establishment looking to address specific energy needs. Compounding on the success of the Institute, UTSA announced in 2020 they were awarded a \$1 million grant from the U.S. Department of Agriculture and the National Institute of Food and Agriculture in order to help advance research, technology development, student training, and the diversity of students in the science, technology, engineering, and mathematics fields.

In 2011, CPS, the largest municipally owned, vertically integrated electric and gas utility in the United States, invested in 400 MW of solar energy through PPAs and launched a New Energy Economy (“NEE”) in the City. The NEE is comprised of local companies that share the City’s vision for clean energy, innovation, and energy efficiency while leveraging economic development. Through this strategic approach, the City has spurred the creation of a solar manufacturing and clean energy technology hub. As a result, the NEE has led to more than \$1 billion in annual economic impact, over 600 jobs, and over \$200 million in capital investment. Additionally, more than \$6 million has been contributed for local education programs, with a primary focus on science, technology, and engineering, has been committed by NEE partners. To continue this effort, CPS launched Energy Partnerships Innovation (“EPIcenter”) in 2015, a hub for clean energy technology innovation, education and community engagement, and entrepreneurial incubation and ideation. In early 2018, EPIcenter announced the first two companies to join its new energy incubator, San Antonio-based Go Smart Solar and Morton Gestalt. EPIcenter added the newest international member to its incubator program in 2020, Erco Energía. This company is headquartered in Columbia and recently formed Erco DERServices which will be headquartered in San Antonio in order to begin scaling the company’s operations to enter the U.S and Texas’ markets. Since the incubator opened in December 2017, EPIcenter has assisted 18 startups.

Inner City Development

A sign of recovery from the toll the COVID pandemic had on development, San Antonio’s inner city continues to grow with many projects underway or recently completed. Frost Tower, completed in 2019, currently has 80% of its available office and retail space leased. Additionally, the UTSA downtown campus development continues with the groundbreaking of the National Security Collaboration Center and School of Data Science at 506 Dolorosa, slated to welcome students for the Fall 2022 semester. To add to the growth, two luxury hotels, Thompson San Antonio and Canopy Hotel, and the historic Witte building opened in 2021. Additionally, two developments by Weston Urban have and will change the downtown area. Weston Urban purchased the historic Continental hotel to build an \$80 million, mixed-use development site. The approved plans include the building of a 15-story residential tower with 255 apartments and the restoration of the historic properties on its site: the former Continental Hotel, the Arana Building, and the De La Garza house. In December of 2021, Weston Urban proposed plans for a \$107 million project to build a 32-story apartment tower in San Antonio’s tech district. The project is set to include 354 residential units and about 6,275 square feet of ground-floor retail space.

To further support post-pandemic recovery, the City recently revamped the City’s Fee Waiver program. To help spur local development and support recent affordable housing efforts, City Council revised the program in 2021 to better align with the City’s Strategic Housing Implementation Plan and overall planning strategies. In addition to awarding \$3,188,556 in FY2022 to affordable housing projects, the City has budgeted over \$1 million in fee waivers to support the business community and assist in the recovery from the COVID pandemic.

Additionally, in May 2022 the Alamo Trust revealed plans for a new 24,000 sq. ft. exhibit hall and collections building. The \$15 million two-story hall will be built within the Alamo walls on the property’s eastern flank. The groundbreaking took place on August 17, 2021, with plans to open in late 2022.

Sources: The San Antonio Chamber of Commerce; City of San Antonio; Forbes Bureau of Labor Statistics; San Antonio Economic Development Foundation; University of Incarnate Word; UT Health; UTSA; BAMC; SAMH; Geekdom; Build Sec Foundry; San Antonio Express News; U.S. Bureau of Economic Analysis; Port San Antonio; Brooks; U.S. Energy Information Administration.

Growth Indices

San Antonio Average Electric and Gas Customers

For the Month of December	Average	
	Electric Customers	Gas Customers
2012	741,556	330,945
2013	754,893	333,587
2014	770,588	336,367
2015	783,767	337,920
2016	802,712	342,928
2017	819,333	346,247
2018	823,153	348,313
2019	857,559	357,189
2020	883,026	366,019
2021	896,251	370,171

Source: CPS.

(The remainder of this page is intentionally left blank.)

Construction Activity

Set forth below is a table showing building permits issued for construction within the City at December 31 for the years indicated:

Calendar Year	New Residential Single Family ¹		Residential Multi-Family ²		Other ³	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
2012	1,993	\$323,925,290	226	\$302,749,653	11,390	\$1,636,131,582
2013	1,902	\$336,790,668	268	\$320,007,487	9,888	\$1,664,008,739
2014	2,290	\$407,108,162	252	\$501,829,279	11,214	\$2,496,182,001
2015	2,161	\$408,047,290	263	\$500,853,131	11,580	\$2,096,065,163
2016	2,150	\$409,048,513	219	\$408,327,871	19,106	\$2,093,010,308
2017	2,421	\$453,152,457	196	\$505,855,511	18,172	\$2,707,666,910
2018	3,337	\$556,401,894	161	\$387,094,077	19,993	\$3,158,550,699
2019	4,034	\$414,277,872	227	\$469,523,112	20,104	\$2,507,754,861
2020 ⁴	3,908	N/A	284	\$633,871,049	18,362	\$3,107,728,887
2021 ⁵	6,238	N/A	309	N/A	24,359	N/A

¹ Includes new single family attached and detached projects.

² Includes new two-, three- and four-family projects, townhomes, and multifamily apartment complexes. Apartment complexes are permitted per building.

³ Includes commercial building permits, commercial additions, improvements, extensions, and certain residential improvements.

⁴ As of 2019, Development Services no longer captured valuation for new single family home construction.

⁵ As of November 30, 2020, Development Services reports from a new permitting platform that introduced a new valuation reporting methodology.

Development of reports to produce accurate valuation data has currently not been finalized.

Source: City of San Antonio, Development Services Department.

Total Municipal Sales Tax Collections – Ten Largest Texas Cities

Set forth below in alphabetical order is total municipal sales tax collections for the calendar years indicated:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Amarillo ¹	N/A	N/A	N/A	N/A	\$74,177,530
Arlington	\$157,711,765	\$119,943,322	\$120,966,239	\$110,482,756	105,600,443
Austin	278,311,232	237,342,567	240,562,938	226,229,104	210,876,619
Dallas	358,215,983	307,328,803	315,186,746	304,963,822	294,218,052
El Paso	114,356,341	98,270,890	95,909,987	90,106,254	85,606,247
Fort Worth	189,968,733	165,429,875	165,687,273	157,699,811	148,352,207
Frisco	111,487,858	90,690,027	90,036,003	87,307,968	81,409,268
Houston	747,671,385	666,921,075	698,992,969	687,113,410	638,686,093
Plano	95,385,916	86,785,467	88,612,905	89,766,816	83,078,508
SAN ANTONIO	415,149,253	362,813,047	370,289,324	355,904,510	334,238,830
Round Rock ¹	103,903,015	86,389,824	87,293,806	82,944,806	N/A

¹ In 2018, the City of Round Rock replaced the City of Amarillo as the 10th largest city in the State.

Source: State of Texas, Comptroller's Office.

(The remainder of this page is intentionally left blank.)

Education

As of October 2021, there are 15 independent school districts within Bexar County with a combined enrollment of 301,443 encompassing 64 high schools, 86 middle/junior high schools, 300 early education/elementary schools, 27 magnet schools, and 22 alternative schools. There are an additional 26 charter school districts with 110 open enrollment charter schools at all grade levels. In addition, Bexar County has 99 accredited private and parochial schools at all education levels. Generally, students attend school in the districts in which they reside. There is currently no busing between school districts in effect. The nine largest accredited and degree-granting universities, which include a school of medicine, a school of nursing, a dental school, a law school, and five public community colleges, had combined enrollments of 126,665 for Fall 2021.

Sources: Texas Education Agency; Texas Higher Education Coordinating Board; and Texas Private School Accreditation Commission.

Employment Statistics

The following table shows current non-agricultural employment estimates by industry in the San Antonio-New Braunfels MSA for the period of May 2022, as compared to the prior periods of April 2022 and May 2021, respectively.

Employment by Industry

San Antonio-New Braunfels MSA ¹	<u>May 2022</u>	<u>April 2022</u>	<u>May 2021</u>
Mining, Logging, and Construction ²	62,600	62,500	63,500
Manufacturing	53,000	53,000	51,100
Trade, Transportation, and Utilities	192,500	193,000	185,600
Information	17,800	17,600	17,800
Financial Activities	97,600	97,200	92,800
Professional and Business Services	153,800	153,900	147,300
Education and Health Services	170,200	171,200	163,800
Leisure and Hospitality	140,500	134,500	124,200
Other Services	40,900	40,900	36,400
Government	<u>175,300</u>	<u>175,000</u>	<u>173,100</u>
Total Nonfarm	1,104,200	1,098,800	1,055,600

¹ Based on Labor Market Information Department, Texas Workforce Commission (model-based methodology).

² Mining, Logging, and Construction have been combined compared to previous years.

The following table shows civilian labor force estimates, the number of persons employed, the number of persons unemployed, and the unemployment rate in the San Antonio-New Braunfels MSA, Texas, and the United States for the period of May 2022, as compared to the prior periods of April 2022 and May 2021, respectively.

Unemployment Information (all estimates in thousands)

San Antonio-New Braunfels MSA ¹	<u>May 2022</u>	<u>April 2022</u>	<u>May 2021</u>
Civilian Labor Force	1,225.8	1,222.9	1,202.8
Number of Employed	1,182.9	1,182.7	1,141.2
Number of Unemployed	42.9	40.2	61.6
Unemployment Rate (%)	3.5	3.3	5.1
Texas (Actual) ¹	<u>May 2022</u>	<u>April 2022</u>	<u>May 2021</u>
Civilian Labor Force	14,500.6	14,462.6	14,123.6
Number of Employed	13,946.5	13,932.6	13,325.0
Number of Unemployed	554.1	530.0	798.6
Unemployment Rate (%)	3.8	3.7	5.7
United States (Actual) ¹	<u>May 2022</u>	<u>April 2022</u>	<u>May 2021</u>
Civilian Labor Force	164,157.0	163,449.0	160,607.0
Number of Employed	158,609.0	157,991.0	151,778.0
Number of Unemployed	5,548.0	5,458.0	8,829.0
Unemployment Rate (%)	3.4	3.3	5.5

¹ Based on Labor Market Information Department, Texas Workforce Commission (model-based methodology).

San Antonio Electric and Gas Systems

History and Management

The City acquired its electric and gas utilities in 1942 from the American Light and Traction Company, which had been ordered by the federal government to sell properties under provisions of the Holding Company Act of 1935. The bond ordinances establish management requirements and provide that the complete management and control of the City's electric and gas systems (the "EG Systems") is vested in a Board of Trustees consisting of five U.S. citizens permanently residing in Bexar County, Texas (the "CPS Board"). The Mayor of the City is a voting member of the CPS Board, represents the City Council, and is charged with the duty and responsibility of keeping the City Council fully advised and informed at all times of any actions, deliberations, and decisions of the CPS Board and its conduct of the management of the EG Systems.

All vacancies in membership on the CPS Board are filled as follows: a nominee to fill such vacancy shall be elected by the majority vote of the remaining members of the Board of Trustees, such majority vote to include the vote of the Mayor. The elected nominee is then submitted by the Mayor to the vote of the City Council for confirmation.

A vacancy in certain cases may be filled by authorization from the City Council. At the expiration of their first five-year term of office, the members of the CPS Board are eligible for re-appointment by election of the other CPS Board members and confirmation by the City Council to one additional term. In 1997, the City Council ordained that CPS Board membership should be representative of the geographic quadrants established by the City Council. New CPS Board members considered for approval by the City Council will be those whose residence is in a quadrant that provides such geographic representation.

The CPS Board is vested with all of the powers of the City with respect to the management and operation of the EG Systems and the expenditure and application of the revenues therefrom, including all powers necessary or appropriate for the performance of all covenants, undertakings, and agreements of the City contained in the bond ordinances, except regarding rates, condemnation proceedings, and issuances of bonds, notes, or commercial paper. The CPS Board has full power and authority to make rules and regulations governing the furnishing of electric and gas service and full authority with reference to making extensions, improvements and additions to the EG Systems, and to adopt rules for the orderly handling of CPS' affairs. It is further empowered to appoint and employ all officers and employees and must obtain and keep in force a "blanket" type employees' fidelity and indemnity bond (also known as commercial crime bond) covering losses in the amount of not less than \$100,000.

The management provisions of the bond ordinances also grant the City Council authority to review CPS Board action with respect to policies adopted relating to research, development, and planning.

2021 Winter Weather Event

From February 14, 2021 through February 19, 2021, the continental United States experienced a severe winter storm resulting from the southern migration of a polar vortex that meteorologists characterize as the most significant in terms of scope and duration since monitoring of these weather phenomena began in the 1950s (such winter storm, the "2021 Winter Weather Event"). As a result of the 2021 Winter Weather Event, record breaking cold weather invaded the entire State of Texas, during which time the City experienced three consecutive days of record low temperatures, over 100 consecutive hours below freezing, and wind chills of -6 degrees Fahrenheit.

In anticipation of the 2021 Winter Weather Event, the Texas Governor, on February 12, 2021, declared a state of disaster for all 254 counties within the State, certifying in that declaration that severe winter weather posed an imminent threat of widespread and severe property damage, injury, and loss of life due to the prolonged freezing temperatures, heavy snow, and freezing rain statewide. In response to that declaration, and on the same date, the Texas Railroad Commission issued an Emergency Order approving a utilities curtailment program relating to and specifying an essential prioritization of the transportation, delivery and / or sale of natural gas in the State. On February 19, 2021, the President of the United States also declared that a major disaster existed in the State of Texas.

As the 2021 Winter Weather Event covered the State, the Electric Reliability Council of Texas ("ERCOT") implemented what were initially expected to be rolling blackouts to conserve electricity and address energy needs across the entirety of the State; however, due to the severity of the 2021 Winter Weather Event and the corresponding increase in demand on the Texas electric grid, combined with limited availability of generation, widespread and prolonged power outages began at 1:00 a.m., Central Time, on Monday, February 15, 2021, and continued throughout the week. Ultimately, approximately 4,000,000 Texas residents were without power for significant stretches of the week.

By the middle of the 2021 Winter Weather Event, ERCOT announced that it had lost 46,000 megawatts ("MW") of generation, comprised of 28,000 MW of natural gas and coal generation and 18,000 MW of wind and solar. ERCOT stated that,

in sum, approximately 185 generating units had tripped offline for one reason or another related to the 2021 Winter Weather Event. Additionally, during the time of year in which the 2021 Winter Weather Event occurred, various generating plants may be offline for scheduled maintenance, in anticipation of energy loads needed during spring and summer months. The extreme cold weather also began to impact natural gas delivery to some gas-fired power plants, resulting in them operating at reduced capacities due to limited gas supply, further reducing the level of available generation below what was needed to meet demand. As a result, ERCOT issued an Energy Emergency Alert 3 and ordered electric providers to begin “load shedding” to protect the ERCOT grid (an order with which CPS must comply, based on its share of ERCOT load). By February 18, 2021, the cold weather began to moderate and on February 19, 2021, ERCOT announced the existence of sufficient electric system generation to allow a return to normal operating conditions with remaining power outages being primarily attributable to localized damage requiring repair.

Throughout the 2021 Winter Weather Event, the Texas utilities market on both a statewide and local basis realized significant operational and financial disruption. Beginning February 12, 2021, and continuing over the next several days, the natural gas wholesale power markets experienced extreme price volatility. With multiple natural gas pipelines restricting gas flows, frozen wellheads experienced across the State, and weather-related gas processing plant outages, coupled with a significant increase in power demand, next day delivery natural gas spot prices at various delivery hubs skyrocketed from an average of less than \$3 per million British thermal unit (“MMBtu”) to as high as \$1,250 per MMBtu (recorded at the Oneok Gas Transportation hub in Oklahoma) at their peak. The price per megawatt hour (“MWh”) of electricity in the ERCOT market reached the market cap of \$9,000 from February 15, 2021 through February 19, 2021. During this time, ancillary service charges (which are incremental to the \$9,000 per MWh market cap and were not subject to any price limitation) pushed the actual per MWh price to a high of \$25,000. These financial impacts during the 2021 Winter Weather Event were highly disruptive to the Texas electric utilities market and some market participants became insolvent, filed for bankruptcy, or wound up exiting the market.

The ERCOT Market

Settlements and Market Participant Short Payments and Uplift. In the immediate aftermath of the 2021 Winter Weather Event and continuing today, ERCOT has experienced short payments from some of its market participants. Short payments occur when a market participant fails to make a complete payment for settlement invoices for power purchases. When market participants do not pay the amount owed, ERCOT in turn pays amounts to market participants that are less than what their settlement statements from ERCOT reflect (i.e., they are “short paid”). ERCOT previously estimated the cumulative aggregate short pay amount at \$2.9 billion (which is a gross amount that does not factor ERCOT's stated application of \$800 million in congestion revenue rights auction revenue funds to mitigate the short-pay impacts of some market participants' non-payment in the immediate aftermaths of the 2021 Winter Weather Event). This amount reflects payments received for previously short-paid invoices and the application of financial security to short-paid balances, where available. This information is provided through short payment notices issued to market participants.

All ERCOT market participants, including CPS Energy, could be exposed to the liability from non-paying or bankrupt ERCOT market participants. ERCOT is a membership-based nonprofit corporation, and thus revenue neutral (meaning that it has no independent revenue source and is a clearinghouse that passes on losses to other participants). If sufficient funds continue to be unavailable from short-paying entities, ERCOT also “uplifts” shortages to market participants on a pro-rata share as established through the ERCOT Protocols (this process is referred to as “Uplift”). Typical timelines of Uplift invoices are no earlier than 90 days and no more than \$2.5 million per month until ERCOT uplifts the total short-paid amount. Such invoices must be at least 30 days apart. To address extraordinary purchased power costs incurred during the storm, the 87th Texas Legislature passed Senate Bill 1580 (“SB 1580”) and House Bill 4492 (“HB 4492”). SB 1580 sets forth the ability for electric cooperatives to securitize certain costs. HB 4492 pertains to the securitization of other ERCOT market participants (see “Relevant Policy and Legislation” below for additional information on HB 4492). Separately, the Texas Legislature passed House Bill 1520 (“HB 1520”) to securitize the exceptionally high gas expenses incurred by investor-owned gas utilities and House Bill 1510 to assist electric utilities located within the State but outside of ERCOT by securitizing the elevated costs of power incurred during the 2021 Winter Weather Event.

In the 2020 calendar year, CPS Energy resources represented approximately 7.5% of total ERCOT generation (MWh) and peak native load (MW) represented approximately 6.8% of ERCOT peak load (MW). In 2021, because of other market participants' nonpayment, CPS Energy was short paid a cumulative amount of approximately \$18.1 million. Through December 2021, CPS Energy received \$3.1 million from ERCOT reducing the outstanding short payment amount to \$15 million. This partial payment was the result of one of two securitization applications, filed by ERCOT pursuant to HB 4492 and approved by the Public Utility Commission of Texas (“PUCT”) in October 2021, which resulted in the issuance of securitized bonds in the amount of \$800 million. A portion of the bond proceeds was used by ERCOT to make partial payments to several market participants, including CPS Energy, that were short paid for generation sales during the 2021 Winter Weather Event. In February 2022, ERCOT received \$637.3 million from Rayburn Country Electric Cooperative, Inc. (“Rayburn”) as full payment for all outstanding settlement invoices related to its power purchases. This payment was the result of Rayburn's successful bond financing completed pursuant to the securitization process outlined in SB 1580. To date, ERCOT has paid CPS Energy an

additional \$5 million from the bond proceeds delivered by Rayburn reducing the outstanding short-payment amount to \$10 million. This leaves Brazos Electric Power Cooperative, Inc. (“Brazos”), which is in bankruptcy, as the largest market participant that has not paid in full outstanding settlement invoices to ERCOT. Beyond the Brazos bankruptcy proceeding, CPS Energy does not have insight into other market participants that may cease to operate or that have outstanding settlement invoices from ERCOT and their ability to repay. For these reasons, CPS Energy cannot determine the scope or magnitude of its potential, purported Uplift liability.

State Response to Winter Weather Event

In the aftermath created by the 2021 Winter Weather Event, the ERCOT market faced many challenges. The storm exposed deficiencies in the natural gas supply as well as deficiencies in the winterization programs implemented by the generator owners. As a result, numerous changes occurred at both the PUCT and ERCOT, including the following:

- All three commissioners of the PUCT resigned their positions. The PUCT was expanded from three to five commissioners and four new commissioners have been appointed by the Governor and confirmed by the Texas Senate: Peter Lake, Chair, Will McAdams, Lori Cobos, and Jimmy Glotfelty.
- All out-of-state board members of the ERCOT Board of Directors submitted letters of resignation from the ERCOT board; shortly thereafter, three other ERCOT board members resigned.
- The ERCOT board voted to terminate its CEO, Bill Magness.
- The ERCOT board selected Brad Jones to serve as interim President and CEO effective May 4, 2021.
- Paul Foster was named Chair of the ERCOT board.
- Bill Flores and Zin Smati were appointed to the ERCOT board.
- As of December 29, 2021, all seats on the ERCOT board have been filled.

The Texas Legislature also addressed events from the 2021 Winter Weather Event during the 87th Texas Legislature Regular Session, which ended on May 31, 2021. Senate Bill 3 (“SB 3”) was the comprehensive bill approved by the Texas Legislature and signed into law by the Governor on June 8, 2021, addressing the vulnerabilities exposed during the 2021 Winter Weather Event. Among other items, SB 3 requires electric and other energy companies to implement a number of reforms, including (i) engaging in winterization measures for natural gas, electric generating facilities, water production, and supply systems, (ii) the mapping and identification of the electricity supply chain, including natural gas facilities, (iii) identification and processing of such systems and process as “critical loads”, and (iv) implementing a statewide energy outage alert system. The City and CPS Energy are affected by a provision in the legislation that adds Section 38.075 to the Utilities Code. This new section (i) applies to municipal owned utilities (“MOUs”) that provide transmission service in the ERCOT power region, (ii) requires the PUCT to adopt weatherization standards to prepare for weather emergencies, (iii) requires ERCOT to inspect the covered entities for compliance, (iv) requires ERCOT to inform the PUCT of violations, and (v) authorizes the PUCT to impose an administrative penalty for each violation, not to exceed \$1 million for each day of noncompliance. SB 3 requires the PUCT to adopt the reliability standards within six (6) months after June 8, 2021, the effective date of SB 3. The PUCT is implementing weatherization regulations in two phases. The first phase was completed in 2021 and the second phase is expected to be implemented in 2022. In addition, SB 3 calls on the PUCT to implement certain market reforms to increase the reliability of the ERCOT grid. On January 18, 2022, ERCOT issued an alert that it was ready for winter weather. The Governor directed the regulatory agency to rely on existing legislative authority to make additional market reforms to incentivize investment in new dispatchable generation.

Rulemaking proceedings at the PUCT for electric and water utilities, and at the RRCT for natural gas pipelines and gas distribution utilities, needed to implement the mandates of SB 3 began the summer of 2021. As the PUCT, RRCT, ERCOT and other oversight bodies continue and complete their investigations, the ERCOT market continues to implement additional rules to mitigate market and fuel risks. The RRCT adopted rules that direct the designation of certain natural gas pipeline and gas distribution facilities as “critical” during an energy emergency as specified by SB 3 and House Bill 3648 (“HB 3648”). The adopted rules became effective December 20, 2021. Weatherization regulations applicable to critical gas facilities are expected to be implemented by the RRCT in the 2022-2023 time period.

Relevant Policy and Legislation

House Bill 16 (“HB 16”) was approved by the Texas Legislature and signed into law by the Governor on May 26, 2021. HB 16 prohibits offering a wholesale indexed product to a residential customer.

Senate Bill 2 (“SB 2”) was approved by the Texas Legislature and signed into law by the Governor on June 8, 2021. SB 2 changed the governance structure of the ERCOT Board of Directors. The bill reduces the ERCOT Board of Directors from 16 members to 11, eight (8) of which now represent different professional fields instead of specific market segments. Furthermore, these eight seats were appointed by a newly created selection committee. The selection committee is composed of three people — one appointed by the Governor, one appointed by the Lieutenant Governor and one appointed by the Speaker of the House.

The committee is also required to use an outside firm for recruiting members. Lastly, the bill requires that any rules or enforcement actions undertaken by ERCOT under the authority delegated to them by the PUCT must receive PUCT approval before taking effect.

Senate Bill 2154 (“SB 2154”) was approved by the Texas Legislature and signed into law by the Governor on June 18, 2021. SB 2154 increased the number of PUCT Commissioners from three to five and all must be Texas residents. The Governor will continue to appoint the Commissioners with Senate confirmation. The bill restricts former PUCT Commissioners from lobbying the Commission for one year upon their departure and amends the criteria and qualifications for the Commissioners where at least two of the five commissioners must be “well-informed and qualified in the field of public utilities and utility regulation”.

HB 4492 was approved by the Texas Legislature and signed into law by the Governor on June 16, 2021. HB 4492, among other things, authorizes a loan of up to \$800 million to ERCOT from the State’s Economic Stabilization (or “Rainy Day”) fund through securitization. The proceeds from the securitization have been used by ERCOT to pay market participants that were short-paid for power purchases during the 2021 Winter Weather Event with the remainder going to reimburse an ERCOT fund that was temporarily used to make the initial short payments for power during the storm. Payment for the debt service of the securitized loan is being allocated to all market participants based on their pro-rata share of market activity going forward. CPS Energy has received from those proceeds \$3.1 million of an outstanding \$18 million owed to CPS Energy by ERCOT for power purchases made during the 2021 Winter Weather Event. In addition, CPS Energy received \$5 million from ERCOT related to the Rayburn securitization financing transaction. After accounting for these additional payments, the outstanding short-payment is currently at \$10 million.

HB 4492 also permits the securitization financing of \$2.1 billion in exposure to reliability deployment price adder charges and ancillary services costs incurred by load-serving entities (“LSEs”) that were in excess of the ERCOT System-wide Offer Cap (“SWOC”) of \$9,000 / MWh associated with power purchases by the LSEs during the 2021 Winter Weather Event. The purpose of this securitized transaction is to reimburse customers that would otherwise be liable for the extremely high electricity prices related to the period of the 2021 Winter Weather Event. Payment for the debt service of this securitized loan will be allocated to each obligated LSE that receives securitized funds based on their respective load ratio- share of the ERCOT wholesale market. Certain LSEs (including CPS Energy) may opt out of participation in the securitization financing described above, if they have paid in full all invoices owed ERCOT during the 2021 Winter Weather Event. Both securitized transactions are to be implemented through PUCT issued debt obligation orders. CPS Energy timely filed a notice of opt-out of this securitization program. Both the \$800 million and \$2.1 billion securitized transactions have received authorization through PUCT issued debt obligation orders.

HB 1520 was approved by the Texas Legislature and signed into law by the Governor on June 16, 2021. HB 1520 pertains to the financing of certain extraordinary costs that were incurred by certain gas utilities by granting authority to issue bonds and authorizing fees. The bill applies to investor-owned gas utilities whose rates are subject to RRCT jurisdiction. Therefore, the securitization financing provided through this bill is not available to CPS Energy. Extraordinary costs incurred by CPS Energy to secure gas supply to provide service during the 2021 Winter Weather Event will need to be financed through traditional financing methods.

House Bill 2586 (“HB 2586”) was approved by the Texas Legislature and signed into law on May 24, 2021, by the Governor. HB 2586 requires the PUCT to conduct an annual audit of ERCOT that would be sent to the Legislature and posted online for public viewing.

The legislation discussed above is not intended to be an exhaustive list of all legislation from the 87th Texas Legislature but provides an explanation of salient laws that may impact the City or the Systems.

On July 6, 2021, the Governor sent a letter to the PUCT directing the PUCT to immediately take the following actions: (i) streamline incentives within ERCOT to foster the development and maintenance of adequate and reliable sources of power; (ii) allocate reliability costs to generation resources that cannot guarantee their own availability; (iii) instruct ERCOT to establish a maintenance schedule for non-renewable electricity generators; and (iv) order ERCOT to accelerate the development of transmission projects that increase connectivity between existing or new dispatchable generation plants and areas of need. The PUCT and ERCOT quickly responded to the directives outlined in the Governor’s letter to outline the actions each entity had already undertaken, or planned to undertake, in-line with the Governor’s directives. The PUCT has initiated several rulemaking proceedings to address market reforms in response to the directive from the Governor.

On March 4, 2021, the ERCOT market transitioned from the \$9,000 / MWh SWOC to the Low System-wide Offer Cap (“LCAP”). The LCAP at that time was the greater of \$2,000 / MWh or 50x the natural gas index price. In recognition of the extreme increase in natural gas prices during the 2021 Winter Weather Event, on June 24, 2021, the PUCT approved an

amendment eliminating the 50x the natural gas price index component of the LCAP and replaced it with a provision that ensures resource entities are able to recover their actual marginal costs when the LCAP is in effect. The LCAP ended December 31, 2021. The SWOC returned to the High System-wide Offer Cap (“HCAP”) value on January 1, 2022. On December 2, 2021, the PUCT modified the value of the HCAP by lowering it from the current \$9,000 to \$5,000 / MWh.

On June 28, 2021, ERCOT approved Nodal Protocol Revision Request (“NPRR”) 1080 that limits ancillary services prices at the SWOC. NPRR 1080 was proposed to correct the ERCOT protocols which allowed ancillary services prices to exceed the SWOC during the 2021 Winter Weather Event.

2021 Winter Weather Event’s Direct Impact to the City and CPS

General. As a result of the 2021 Winter Weather Event, demand for electricity and natural gas by CPS Energy customers was significantly above historical norms for February 2021. For its service area’s combined gas distribution and gas-fired electric generation needs, CPS Energy saw (i) an increase in natural gas volumes of approximately 30% over the prior historical record, (ii) an all-time winter peak electric demand of 4,935 MW on February 14, 2021 (an approximate 14% increase over the prior historical winter record), and (iii) an all-time 24-hour usage record of 104,149 MWh on February 14, 2021 (an approximate 8% increase over the prior historical summer record).

Financial Implications. With the increasing demand for electricity and natural gas, prices also increased (with gas prices reaching unprecedented levels, as hereinbefore described). From its available sources, CPS Energy saw gas purchases that normally trade between \$2-\$4 / MMBtu trade throughout the 2021 Winter Weather Event above \$100 / MMBtu and, in some cases, up to \$500 / MMBtu. In addition to natural gas purchases during the 2021 Winter Weather Event, CPS Energy incurred significant costs for the purchase of power from the ERCOT market. While there were periods of time CPS Energy was a net seller of power in the ERCOT market during this event, there were also periods of time when CPS Energy’s generation plants were not producing power equivalent to CPS Energy’s obligations. In those cases, CPS Energy incurred large purchased power costs.

The total purported charges for natural gas from a number of suppliers is currently estimated at approximately \$528 million (including amounts of disputed charges). This reflects a revised estimate. CPS Energy has continued to make progress in the negotiations with suppliers. Purchased power costs are currently estimated at approximately \$314 million (which includes the 30+ hours that CPS Energy claims in a lawsuit was overpriced by ERCOT). This revised estimate for purchased power costs reflects a reduction for ERCOT payments received from previous short payments. The fuel and purchased power costs associated with the 2021 Winter Weather Event are greater than the equivalent of what CPS Energy incurs for such expenditures on an annual basis. For comparison, the total costs incurred in Fiscal Year 2019 and Fiscal Year 2020, were \$825 million and \$693 million, respectively.

As of the date of this Official Statement, CPS Energy has paid approximately \$239 million in purported purchased power costs and approximately \$156 million for natural gas costs related to the 2021 Winter Weather Event. CPS Energy is including related charges of approximately \$76 million, which includes legal costs, interim financing and other contractual charges, as part of the regulatory asset for which CPS Energy has secured approval from the Board and from City Council, as described under “Long-Term Financing Plan”. As described under “CPS Energy Actions to Address Proposed Disputed Charges”, CPS Energy currently is disputing charges for natural gas from a number of suppliers that have been deemed excessive and unlawful by CPS Energy.

Reconciliations and analysis of gas volumes delivered, and power transacted with ERCOT and other providers, are ongoing. CPS Energy continues to closely monitor communications concerning short payments from ERCOT. To date, outstanding short payment amounts to CPS Energy total approximately \$10.0 million.

Winterization of Generation Facilities. CPS Energy generation plants are weatherized during construction. Following an extended freeze event in February 2011, CPS Energy initiated a weatherization upgrade program and is currently updating its outage management system. Since that time over \$17 million has been invested in weatherization upgrades. An annual winter weather preparation program was also implemented and has been evaluated multiple times by ERCOT.

CPS Energy reviewed information gathered during this event as well as an independent engineering analysis to support a re-evaluation of the freeze protection program, understanding that regulatory discussions are underway to possibly set new weatherization standards, as noted in SB 3. Estimates to address conclusions of the re-evaluation effort, as well as any new regulatory mandates, will be developed as information becomes available. On February 22, 2021, Mayor Ron Nirenberg (“the Mayor”) announced the formation of the Committee on Emergency Preparedness (“CEP”), which was comprised of City Council members and external community stakeholders. As of December 31, 2021, CPS Energy addressed all recommendations pertaining to CPS Energy that the CEP made, in response to the 2021 Winter Weather Event, to further strengthen reliability and resiliency for CPS Energy customers. These items were related to overall infrastructure and communications improvement as well as emergency preparedness and outage management.

CPS Energy further strengthened the resiliency of its power plants against sustained freezing temperatures. Plants received over \$2 million in improvements, building on nearly \$20 million invested following the extended freeze in 2011. Continued winterization efforts were funded as part of CPS Energy's rate increase approved by the Board and City Council on January 10, 2022 and January 13, 2022, respectively. Approximately \$31 million of the revenue from the increase is allocated incrementally for infrastructure resiliency — power generation and distribution projects to support operations during extreme weather. CPS Energy estimates it spent \$2 to \$3 million in 2021 on these efforts and anticipates spending of up to \$46 million during the next two to three years.

Since February 2021, CPS Energy has reevaluated its circuits to more precisely isolate the ones providing electricity to critical infrastructure such as hospitals, fire stations, and police substations. As a result, 155 circuits were added to the list of eligible circuits to rotate in the event of state-mandated outages. The approach will minimize the duration each customer is expected to experience during an outage cycle by rotating circuit outages among more customers. CPS Energy has taken freeze protection actions through the addition of heaters, temporary enclosures, and insulation, including the installation of enhanced insulation installation on lines and devices along with upgrades on selected systems.

ERCOT has made improvements that complement CPS Energy efforts in CPS Energy's service area. CPS Energy continues to work closely with the SAW to evaluate existing circuit redundancy and strategies for onsite generation as a means of greater resiliency for the most critical facilities and streamlined communication between CPS Energy and SAWS Operations Teams for greater responsiveness to the needs of both utilities.

In addition, corrective actions were completed at South Texas Nuclear Project ("STP") to ensure the station is ready for winter weather operations. These actions focused on heat trace systems and piping insulation, revising the station's Winter Readiness procedure, and training for Operations, Maintenance and Engineering personnel on the station's winter readiness. STP also submitted TAC 25.55 required Winter Weather Readiness Reports to ERCOT on December 1, 2021. ERCOT inspectors were onsite December 6, 2021 to tour the plant and confirm STP's compliance.

CPS Energy makes note that, because of the predominance of summer heat in comparison to winter cold that impacts its generation portfolio, its weatherization strategies generally focus on removal of heat from generating plants to avoid and prevent operational failures that are more prevalent throughout the summer.

Performance of CPS Energy Generation Assets. CPS Energy's deployed generation units were available over 85% of the time during the 2021 Winter Weather Event. One gas unit was on an ERCOT-approved, planned annual maintenance outage and, therefore, was not available for deployment. All other CPS Energy units were deployed during this event. The estimated 15% of unit unavailability was attributed to mechanical breakdown, natural gas pressure degradation, freezing weather, electrical and control failures, and low water pressure. Most of the problems were mechanical in nature, followed by low fuel pressure, then weather related frozen pipes.

As further described herein, CPS Energy owns 40% of STP. Those units are maintained and operated by a separate operating company. On February 15, 2021, an automatic reactor trip occurred in the hereinafter-defined STP1. The trip resulted from a loss of feedwater attributed to extreme cold weather-related failure of a pressure sensing line to the feedwater pumps. STP staff confirmed the issue did not exist in the hereinafter-defined STP2. STP1 was repaired, and the unit carefully came online on February 17, 2021, in accordance with standard established protocols. STP1 reached 100% power on February 18, 2021.

Liquidity and Short-Term Financing Plan. As of February 28, 2022, CPS Energy's cash and cash equivalents balance in its General Fund and Repair & Replacement Fund was \$854 million. Additionally, approximately \$389 million of the \$700 million capacity of the hereinafter-defined Commercial Paper Program is currently available. To date, CPS Energy has drawn the entirety of the \$100 million capacity of the Series A Flexible Rate Revolving Note Program and approximately \$311 million in Taxable Commercial Paper Notes, respectively, and used these funds to pay purchased power costs and conceded natural gas costs. CPS Energy is refunding these amounts with proceeds of the Bonds to create a total available capacity of \$700 million under the Commercial Paper Program and a total available capacity of \$100 million of the Series A Flex Notes. As of the date hereof, CPS Energy has an additional \$500 million of unutilized borrowing capacity under the hereinafter-defined Series B Flex Notes that could potentially be used as liquidity to pay for any additional conceded or settled natural gas costs.

CPS Energy anticipates sufficient liquidity to accommodate worst-case financial projections (notwithstanding its commitment to determine and pay the portion of those costs that are justified and legitimate, as hereinafter described) resulting from the 2021 Winter Weather Event and to address its operational and capital needs for the remainder of its current fiscal year.

Long-Term Financing Plan. After utilizing all options to reduce the costs associated with the 2021 Winter Weather Event as described below, CPS Energy anticipates addressing any final amount for the costs of purchased natural gas and power through two or more long-term financing transactions, replenishing cash and capacity under each of the Flex Note Programs as

well as Commercial Paper Program (by refunding Taxable Notes issued thereunder). Additionally, CPS Energy, on January 13, 2022 obtained approval from City Council for a regulatory asset for the unrecovered costs of purchased natural gas and power, plus legal, interim financing, and other contractual charges. The costs to be recorded in this regulatory asset, which are currently anticipated at \$918 million, are expected to be amortized over a period of 25-years and recovered through fuel costs. This figure consists of \$528 million in natural gas charges, purchased power in the amount of \$314 million, and other charges of \$76 million. The estimated average residential electric and gas customer bill impact for the financing that is the subject of this Official Statement in known costs is anticipated to be approximately \$1.26 / month, as disclosed to the Rate Advisory Committee (“RAC”), Board, and City Council. The proceeds from this recovery will be available for payment of the debt service on the long-term debt that will be issued to refinance obligations initially issued as short-term or interim financing. In the ordinance approving the regulatory asset, the City exempted CPS Energy from the City payment (as described in the hereinafter-defined Bond Ordinances as an amount not to exceed 14% of the Systems’ gross revenues), on CPS Energy fuel and other 2021 Winter Weather Event costs through the regulatory asset.

CPS Energy Actions to Address Disputed Charges. Customer affordability remains a key focus area in any cost recovery or long-term financing plan. As such, CPS Energy continues to work to protect customers from costs from the 2021 Winter Weather Event that are unconscionable. On March 5, 2021, CPS Energy announced that the costs associated with the 2021 Winter Weather Event were not included in February 2021 bills, as it determines which costs are legitimate and the most efficient manner for their payment. CPS Energy is closely monitoring federal and state actions and intends to pursue all opportunities to mitigate some or all these costs. Also, CPS Energy recently submitted a filing to the Federal Emergency Management Agency (“FEMA”) of approximately \$5.3 million of costs incurred related to the 2021 Winter Weather Event and is seeking reimbursement of 75% of those costs, per FEMA guidelines. As of March 2022, that filing remains under review by FEMA.

On March 12, 2021, CPS Energy filed suit against ERCOT in the Bexar County District Court seeking, among other things, a declaratory judgment to prevent ERCOT from wrongfully declaring a default by CPS Energy based on a force majeure event and due to ERCOT’s prior material breach for the \$18 million in short payments to CPS Energy heretofore described (\$10 million of which remains outstanding). The requested judgment also seeks to prevent ERCOT from requiring CPS Energy and its customers to pay for other market participants’ default (i.e., Uplift) based on excessive prices and to prevent ERCOT from charging CPS Energy for any amounts associated with the Pricing Errors identified in the Potomac report issued by the Independent Market Monitor. In December 2021, the Fourth Court of Appeals dismissed CPS Energy’s petition on procedural grounds, stating that the PUCT has exclusive original jurisdiction and without addressing the merits of the case. On January 27, 2022, CPS Energy filed its petition for review to the Texas Supreme Court. On February 15, 2022, the Texas Supreme Court requested that ERCOT file a response to CPS Energy’s appeal by March 17, 2022, which has been extended to April 18, 2022.

CPS Energy purchases natural gas from its suppliers pursuant to market standard contracts promulgated by the North American Energy Standards Boards. Pursuant to these market standard contracts, CPS Energy, in the event of a dispute concerning the payment, is permitted to pay the undisputed portion of amounts invoiced for natural gas delivered and withhold the balance pending resolution of the payment dispute (the “Disputed Payment Provision”). As stated above, CPS Energy was charged exorbitant amounts for natural gas deliveries throughout the gubernatorially-declared disaster that was the 2021 Winter Weather Event, with some suppliers charging more than \$500 / MMBtu. CPS Energy believes that these charges, reflective in some cases representing a 15,000% price increase compared to the pre-storm price of the same commodity, are unconscionable and reflect predatory pricing for items essential to its customers during and after declared disasters, such as the 2021 Winter Weather Event. CPS Energy has challenged these prices under the Disputed Payment Provision and anticipates continuing to use this contractual procedure when appropriate for each of its natural gas supply contracts prior to acceding that the entirety of all proffered natural gas charges is lawful, legitimate, and justified.

CPS Energy has and will continue to timely pay its natural gas suppliers, once properly invoiced, in accordance with the Disputed Payment Provision and other applicable provisions of the natural gas supply contracts. CPS Energy makes no guarantees or predictions regarding the success or failure of its efforts to dispute purported natural gas charges under the Disputed Payment Provision or the reactions of its natural gas suppliers in response to CPS Energy’s invoking the Disputed Payment Provision.

CPS Energy is currently engaged in litigation against certain of its natural gas suppliers, in which CPS Energy disputes (under the Disputed Payment Provision) prices charged by those suppliers for natural gas in the 2021 Winter Weather Event as being unconscionable and violative of public policy in Texas. The largest disputed charges are approximately \$263 million claimed to be owed by CPS Energy to two Energy Transfer subsidiaries, Houston Pipeline Company, LP and Oasis Pipeline, LP. Five of the pending gas supplier cases have been consolidated into the Multi District Litigation (“MDL”) Panel and have been assigned to a judge in Bexar County for pre-trial proceedings. One of the pending gas supplier cases is pending in the U.S. District Court for the Western District of Texas. CPS Energy makes no guarantee or prediction regarding the outcome of these disputes.

Investor and Community Communication and Outreach. Since February 25, 2021, CPS Energy filed voluntary event notices with the MSRB through EMMA concerning matters associated with the 2021 Winter Weather Event and its operational and financing impact on CPS Energy. CPS Energy also provided incurrence of a material financial obligation filings related to the Flex Notes (defined herein); and material event notices concerning resultant rating actions on CPS Energy by Fitch Ratings, Inc. and S&P Global Ratings, respectively. In addition, CPS Energy issued press releases regarding its position and resultant actions in response to the 2021 Winter Weather Events. These press releases are available at www.cpsenergy.com.

Though the substance of the event notices is included in this Official Statement in summarized form, investors are directed to those notices for additional information regarding the covered events. The substance of these event notices, however, is not incorporated herein by reference.

City Committees. The Mayor formed the CEP on 2021 Winter Storm Preparedness and Response consisting of four City Council members and three community stakeholders. The objective of the CEP was to determine what caused the electrical and water outages within the City and its community and what can be done to be better prepared in the future. The CEP's report was presented to the City Council on June 24, 2021 and included recommendations for improvements as it relates to CPS Energy. As of the end of 2021, all items the CEP identified related to the 2021 Winter Weather Event had been addressed to ensure a much better response to any future severe winter event. The delivery of the final report concludes the work of the CEP.

Following the election of several new City Council members and the conclusion of the efforts by the CEP, the Mayor formed the City's Municipal Utilities Committee (the "Utilities Committee"), which first met on August 24, 2021 to discuss the broad challenges faced in the aftermath of the 2021 Winter Weather Event and the COVID-19 pandemic (discussed hereinafter) and continues to meet periodically. Chaired by Councilmember John Courage, the Utilities Committee includes City Councilmembers Mario Bravo, Adriana Rocha Garcia, Melissa Cabello Havrda, and Ana Sandoval, and oversees the implementation of programs and policies at CPS Energy, including the recommendations from the CEP.

Local Inquiry and Legal Actions Related to the 2021 Winter Weather Event

Due to the severity of the human impact of the 2021 Winter Weather Event, various local inquiries concerning the readiness and preparedness of CPS Energy have been initiated and are ongoing. On March 2, 2021, the Board voted to approve an independent investigation of CPS Energy's handling of the 2021 Winter Weather Event. In May 2021, the Board delayed action of the independent investigation until the CEP report was completed. The final report out of the CEP was completed in January 2022. The Board announced in February 2022 that a request for proposal for an organizational review had been issued (the "Organizational RFP"). The Board will manage the Organizational RFP process. At the completion of the independent assessments, the Trustees will present the findings to the Utilities Committee, as they develop a strategic plan for CPS Energy's future. These findings are expected on or around July 1, 2022.

After the 2021 Winter Weather Event, the City, acting by and through CPS Energy, was named as a defendant in various lawsuits alleging wrongful death and property damage because of the 2021 Winter Weather Event. CPS Energy is currently analyzing its potential exposure, as well as its defense in these matters. All these lawsuits were transferred to the Texas state-wide MDL Panel in Harris County, Texas. This court will handle all pretrial matters with each case being transferred back to its county of origin for trial if not disposed of at the pre-trial stage. While the court has held several status conferences, all activities in these cases remained stayed until a schedule is entered by the court. The majority of the plaintiffs in the MDL have amended their pleadings to include all generators across the state including CPS Energy. This action significantly increased the number of cases in which CPS Energy is directly named. The MDL Panel is currently working through the selection of a few representative cases that will serve as test cases on several points of law including dispositive motions.

Summary

Except for the ERCOT short pay and Uplift invoicing process, the results of which CPS Energy cannot predict, CPS Energy is confident that it has identified the upward limits of its exposure to financial and operational impacts of the 2021 Winter Weather Event. As described above, CPS Energy has identified adequate sources of liquidity to accommodate its operational and capital needs, considering the possibility that this worst-case financial consequence is realized. Prior to conceding this worst-case financial scenario, CPS Energy is committed to exploring all options and taking advantage of applicable Texas law and provisions of its contractual arrangements to shield its customers and other stakeholders from paying charges that are unconscionable and violative of public policy in Texas. CPS Energy cannot predict the timing for resolution of these matters or the response of its counterparties but can state that it has taken appropriate action to preserve and ensure that its operations are not interrupted or otherwise compromised as a result of these efforts.

Based on historical performance, CPS Energy believes that its efforts to respond to, mitigate the impacts of, and ultimately accommodate the final financial and operating results of the 2021 Winter Weather Event will prove successful, but

success has multiple measures and, in some instances, is dependent on circumstances over which CPS Energy has no control. Accordingly, CPS Energy makes no predictions concerning its future operating results or its ability to accommodate any additional (but currently unknown) consequences of the 2021 Winter Weather Event.

Service Area

The CPS Energy electric system serves a territory consisting of substantially all of Bexar County and small portions of the adjacent counties of Atascosa, Bandera, Comal, Gillespie, Gonzales, Guadalupe, Kendall, Kerr, Medina and Wilson. Certification of this service area was granted by the PUCT.

CPS Energy is currently the exclusive provider of retail electric service within this service area, including the provision of electric service to some federal military installations located within the service area. In 1999, the Texas Legislature enacted Senate Bill 7 (“SB 7”), which allows for retail electric competition within designated service areas upon a decision of the governing body having jurisdiction within such areas affirmatively acting to “opt-in” to such a competitive scenario. CPS Energy and the City have not elected to “opt-in.” Until and unless the City Council and the Board exercise the option to opt-in to retail electric competition (called “Texas Electric Choice” by the PUCT), CPS Energy has the sole right to provide retail electric services in its service area.

The CPS Energy gas system serves Bexar County and portions of the surrounding counties of Comal, Guadalupe and Medina. In the counties of Kendall, Karnes, Wilson and Atascosa, CPS Energy has gas facilities but currently is not serving any customers. In Texas, no legislative provision or regulatory procedure exists for certification of natural gas service areas. As a result, CPS Energy competes against other gas supplying entities on the periphery of its electric service area.

CPS Energy maintains “Franchise Agreements” with 31 incorporated communities in the San Antonio area. These Franchise Agreements permit CPS Energy to operate its facilities in these cities’ streets and public ways in exchange for a franchise fee of 4.5% on electric and natural gas revenues earned within their respective municipal boundaries. Five (5) of the 31 cities elected to increase franchise fees to 5.5%, two (2) went into effect February 1, 2015; the third went into effect January 1, 2018; the fourth went into effect on May 1, 2020; and the fifth (5th) went into effect August 1, 2021. Certain cities retain the ability to seek a one percent (1%) increase in their franchise fee under the applicable agreements related thereto. The additional 1% only applies to customers within those five (5) jurisdictional city boundaries.

Wholesale Power

CPS Energy has an active program to optimize its excess power generation capacity in the wholesale power market, which includes both power purchases and power sales when such can be reasonably expected to reduce cost or generate revenue for the electric system. As a part of managing the power generation portfolio, CPS Energy may also purchase power if there is an unanticipated deficit in capacity, to maintain reserve margins, to enhance reliability for the electric system, or when economically prudent to reduce overall costs of its obligations in the ERCOT market.

Trained, experienced staff in CPS Energy’s Energy Market Operations, who report to the CPS Energy Vice President for Energy Supply and Market Operations, conduct wholesale power transactions in accordance with established procedures. CPS Energy is a Qualified Scheduling Entity (“QSE”) within ERCOT which allows CPS Energy to manage both load and generation in the ERCOT real-time and day-ahead markets. The QSE function is also managed by the Energy Market Operations. The governance for ERCOT market activity is established by the Energy Markets and Risk Management Policy. Under this policy, the Energy Portfolio Strategy Committee, comprised of select executive leadership, provides comprehensive review and oversight of proposed wholesale transactions to ensure alignment with CPS Energy strategies, including evaluation of the associated risks. CPS Energy conducts wholesale power transactions only with approved counterparties with which CPS Energy has established master enabling agreements for such transactions. The enabling agreements outline payment and delivery terms and conditions of such sales and purchases and provide for written confirmation of each transaction between CPS Energy and its counterparts.

Long-term supply agreements were established with Central Texas Electric Cooperative (“CTEC”), the City of Boerne, the City of Seguin, and the Kerrville Public Utility Board (“KPUB”) to provide energy supply for terms that began in June 2013. The CTEC contract ended at the end of calendar year 2021 and the City of Boerne, City of Seguin, and KPUB contracts will end at the end of calendar year 2023. In addition, CPS Energy has converted its retail contracts with the City of Hondo, City of Castroville, and Floresville Electric Light and Power System (“FELPS”) into wholesale contracts as well. Hondo and Castroville contracts will end at the end of calendar year 2022 and FELP’s contract will end at the end of calendar year 2025. The requirements under the wholesale agreements are for firm energy obligations provided by CPS Energy. CPS Energy has no plans to enter into new long-term wholesale power sales agreements with public or private entities in the near future. There is some potential to extend existing agreements with certain counterparties who wish to continue to secure their power supply from CPS Energy. CPS Energy may also agree to provide a variety of supply arrangements on a short-term basis for terms ranging from one month up to one year with a variety of approved counterparties.

Customer Rates

CPS's electric and gas monthly rate schedules list the currently effective monthly charges payable by CPS customers. Each rate schedule briefly describes the types of service CPS renders to customers billed in accordance with that rate schedule, plus customer eligibility criteria. Customers with similar load and usage characteristics are grouped into rate classes and are billed in accordance with the same rate schedule. The different electric rate classes include rate schedules for residential, commercial, and industrial customers. There are also rate schedules for street lighting, all night security lights, and wholesale power to other electric utilities. The gas rate schedules are categorized into general, commercial, and industrial.

Retail Service Rates

Under the Texas Public Utility Regulatory Act ("PURA"), significant original jurisdiction over the rates, services, and operations of "electric utilities" is vested in the PUCT. In this context, "electric utility" means an electric investor-owned utility ("IOU"). Since the electric deregulation aspects of SB 7 became effective on January 1, 2002, the PUCT's jurisdiction over electric IOUs primarily encompasses only the transmission and distribution functions. PURA generally excludes Municipal Utilities, such as CPS Energy, from PUCT jurisdiction, although the PUCT has jurisdiction over electric wholesale transmission rates. Under the PURA, a municipal governing body or the body vested with the power to manage and operate a Municipal Utility such as CPS Energy has exclusive jurisdiction to set rates applicable to all services provided by the Municipal Utility with the exception of electric wholesale transmission activities and rates. Unless and until the City Council and Board choose to opt-in to electric retail competition, CPS Energy retail service electric rates are subject to appellate, but not original rate regulatory jurisdiction by the PUCT in areas that CPS Energy serves outside the City limits. To date, no such appeal to the PUCT of CPS Energy retail electric rates has ever been filed. CPS Energy is not subject to the annual PUCT gross receipts fee payable by IOU electric utilities.

The RRCT has significant original jurisdiction over the rates, services and operations of natural gas utilities in the State. Municipal Utilities such as CPS Energy are generally excluded from regulation by the RRCT, except in matters related to natural gas safety. CPS Energy retail gas service rates applicable to ratepayers outside the City are subject to appellate, but not original rate regulatory jurisdiction by the RRCT in areas that CPS Energy serves outside the City limits. To date, no such appeal to the RRCT of CPS Energy retail gas rates has ever been filed. In the absence of a contract for service, the RRCT also has jurisdiction to establish gas transportation rates for service to Texas State agencies by a Municipal Utility. A Municipal Utility is also required to sell gas to and transport State-owned gas for "public retail customers," including State agencies, State institutions of higher education, public school districts, United States military installations, and United States Veterans Affairs facilities, at rates provided by written contract between the Municipal Utility and the buyer entity. If agreement to such a contract cannot be reached, a rate would be set by the legal and relevant regulatory body.

The City has covenanted and is obligated under the Bond Ordinances, as provided under the rate covenant, to establish and maintain rates and collect charges in an amount sufficient to pay all maintenance and operating expenses of the Systems and to pay the debt service requirements on all revenue debt of the Systems, including the outstanding Senior Lien Obligations, any Additional Senior Lien Obligations, the outstanding Junior Lien Obligations, obligations arising under liquidity facilities relating to such Junior Lien Obligations, any Additional Junior Lien Obligations, the Notes (and related Liquidity Facilities) and any Inferior Lien Obligations, and to make all other payments prescribed in the Bond Ordinances.

CPS Energy has periodic rate increases, with the most recent electric and gas base rate increase of 3.85% which was approved by the Board on January 10, 2022 and on January 13, 2022 by City Council. Commercial and residential ratepayers will see the higher rate and monthly fee on utility bills which began in March 2022. The rate increase covers the following investments: (1) infrastructure resiliency, including power generation and distribution projects; such as: enhanced customer communications, improved control outages, and upgraded freeze protection, to support operations during extreme weather as well as procuring alternative fuel sources; (2) assessment of needs and design of a future technology platform to replace current end-of-life platform; (3) additional metering and wire infrastructure, expansion of existing substations, construction of new substations as well as re-routing of some existing electric lines; all to serve the area's fast growing community; and (4) stabilization of CPS Energy's workforce, including hiring of qualified employees and employee retention, in preparation for continuous retirements as well as raising of minimum wage. The rate increase is expected to generate an additional \$73 million annually. For the average residential customer, the rate increase is expected to add \$3.84 or 2.5% (includes base plus fuel and regulatory revenue) to the monthly bill. In addition to the rate increase, costs associated with the 2021 Winter Weather Event and recorded in the regulatory asset, are expected to be recovered on customer bills through the fuel cost adjustment. When combined with the \$1.26 or 0.8% (for paid 2021 Winter Weather Event costs of approximately \$414 million) per month in the fuel adjustment portion of a customer's bill related to the regulatory asset, the total average bill increase is expected to be \$5.10 or 3.3% for the average electric and natural gas residential customer. A 4.25% rate increase was last implemented on February 1, 2014 (the first such rate increase since a 7.5% electric base rate increase and an 8.5% gas base rate increase became effective on March 1, 2010). CPS Energy expects it will continue to periodically seek electric and gas base rate increases as required to maintain debt coverage, debt-to-equity and liquidity ratios.

Year-after-year, CPS Energy’s management team continually monitors and analyzes its cash and revenue positions. Within this process, CPS Energy assesses its projections for actual and anticipated costs and expenses. This information is also used to evaluate the scope and timing of potential requests for rate adjustments. When possible, the CPS Energy team shares this approach with the public to ensure there is general awareness that rate adjustments will be needed from time-to-time. CPS Energy has discussed the need for potential future rate increases with the Board on January 10, 2022, and City Council on January 13, 2022 of 5.50% in fiscal years 2025 and 2027, which is preliminary and subject to change.

In addition to standard service rates, CPS Energy also provides several rates and riders for a variety of programs and products. Since May 2000, under Rider E15, CPS Energy has offered a monthly contract for renewable energy service (currently wind-generated electricity). The High Load Factor (“HLF”) rate, first offered in February 2014, is available to customers with new or added load of 10 MW or greater. The HLF rate requires eligible customers to maintain an annual billing load factor of 90 percent or more and meet the requirements of Rider E16. Rider E16 offers discounts off the Super Large Power and HLF demand charge for a period up to four (4) years for new or added load of at least 10 MW. Under certain conditions, the discount may be extended for up to an additional six (6) years. Eligible customers that qualify for Rider E16 discounts must also meet City employment targets or other related performance metrics and targets for purchases of goods or services from local businesses. Since July 2012, under Rider E19, CPS Energy provides an optional service offering of electricity generated by wind-powered turbines, solar-powered systems, or other renewable resources. Additionally, Rider E20, which became effective February 1, 2015, waives late fees for individuals 60 years or older with income at or below 125% of the federal poverty level. CPS Energy revised its “Rules and Regulations Applying to Retail Utility Service”, effective March 1, 2019, which contains provisions for alternative payment plans, payment assistance, and extensions, and is now referred to as “CPS Energy Customer Terms and Conditions Applying to Retail Utility Service”. The New Service Options (“NSO”) tariff, effective October 2018, is an umbrella tariff that enables CPS Energy to offer new service options on a pilot basis, with oversight by the City’s Office of Public Utilities. This tariff allows CPS Energy to provide innovative energy services while gauging customer interest and gathering information to refine the offering. The Commercial Electric Vehicle Pilot Rate was the first offering under the NSO tariff.

CPS Energy also has rates that permit recovery of certain miscellaneous customer charges and for extending lines to provide gas and electric service to its customers. The Policy for Miscellaneous Customer Charges is approved periodically by the Board and is subject to a corresponding City ordinance.

In May 2009, the City Council established a mechanism to fund CPS Energy’s Save for Tomorrow Energy Plan (“STEP”), an energy efficiency and conservation program to be funded largely through the electric fuel adjustment fee. The total cost of the STEP program during the 2009 to 2020 time period was approved at \$849 million with annual costs ranging from \$12.3 million to over \$111 million. While approximately \$9 million is currently recovered each year through existing base rates, the additional costs for the STEP program will be recovered through a STEP charge applied to the electric fuel adjustment as stated above. Through Fiscal Year 2021, the accumulated cost for the STEP program was \$780 million. As of January 31, 2021, CPS Energy quantified a cumulative reduction of 926 MW. Over the lifetime of STEP, the benefits of the program have exceeded the implementation costs to achieve energy savings. As the STEP goal was achieved a year early, in January 2020, the Board and City Council voted to extend the existing STEP program. The extended program, known as “STEP Bridge”, was approved to spend \$70 million to reach a targeted, additional reduction of 75 MW. CPS Energy envisions STEP Bridge delivering a diverse portfolio of programs to assist customers to save energy. Seeking feedback from a broad array of customers and key stakeholders, CPS Energy is using the information that it gathers to update, design, and create programs and services that meet the needs of its diverse set of customers. Considering COVID-19 and delays in achieving the STEP Bridge goals, CPS Energy sought and received City Council approval in January 2021 to again extend the STEP Bridge program. The City Council authorized CPS Energy to expend up to an additional \$70 million on energy efficiency and conservation programs to be completed by July 2022. During the extension, CPS Energy will continue to seek customer and community feedback to inform its' proposed long-term program to be called *FlexSTEPSM*. On August 30, 2021, the Board requested staff to perform an analysis of the STEP program to determine whether to continue the program. The analysis was prepared by the Brattle Group and presented to the Board at its February 2022 meeting. Staff is currently developing a proposal for a new energy efficiency and conservation program for Board consideration before the expiration of the existing program in July 2022.

Green Tariff

CPS Energy continues to innovate to meet the emerging needs of its customers. On August 20, 2020, the City Council approved an optional “Green Tariff” for large commercial customers which offers access to renewable energy. This product option was created to facilitate large customers’ goals of accelerating their access to renewable energy. Under this tariff, customers may ask CPS Energy to provide renewable energy from specific sources that meet their needs. The Green Tariff has three main components: a monthly grid share charge, a demand charge, and energy charges based on a renewable energy supply agreement. CPS Energy is also evaluating other optional product offerings that will enable customers to use renewable energy while still covering the full cost of service.

Resiliency Tariff

In September 2020, CPS Energy converted a limited Resiliency Service pilot into a permanent tariff for its commercial customers. Under the Resiliency Service offering, CPS Energy will provide on-site backup generators capable of providing electricity to retail customers during outages of the electric system in exchange for a monthly Resiliency Service capacity fee. The natural gas backup generators are owned and operated by one of CPS Energy's suppliers. As of January 31, 2022, Resiliency Service has been enabled at 27 customer sites with a total capacity of 30.4 MW.

Fuel and Gas Cost Adjustment

The Systems' tariffs feature a fuel cost adjustment provision in the electric rates and a gas cost adjustment provision in the gas rates, which allow CPS Energy to reconcile fuel and gas cost variances above or below levels included in base rates. CPS Energy's electric rates are subject to a positive or negative monthly adjustment equal to the variance in the price of fuel above or below a base cost of \$0.01416 per kilowatt-hour ("kWh"). Similarly, CPS Energy's base gas rates are subject to an adjustment equal to the variance in the price of natural gas above or below a base cost of \$0.220 per 100 cubic feet ("CCF"), approximately equivalent to \$2.167 per one million MMBtu. A British Thermal Unit ("Btu") is a measure of energy content in fuel, and is used in the power steam generation, and heating and air conditioning industries. Natural gas is usually measured in Btus. However, the foregoing is qualified by the 2021 Winter Weather Event, which may alter these costs. The Board approved the regulatory asset at a special meeting on January 10, 2022 and on January 13, 2022 City Council approved the Regulatory Asset that enables CPS Energy to amortize the 2021 Winter Weather Event fuel and power related costs over a period not to exceed 25-years and recover the associated debt service through the monthly fuel and gas cost adjustment factors under the oversight of the City.

Governmentally Imposed Fees, Taxes or Payments

The rates, as previously approved by various rate ordinances adopted by the City Council, may be adjusted without further action by the City Council to reflect the increase or decrease in fees, taxes or other required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon net revenues of the Systems.

In March 2000, two (2) new governmental assessments resulting from regulatory changes in the Texas electric utility industry, including the open access wholesale transmission charges, were added to CPS Energy's electric billings as regulatory adjustments and are updated annually or as needed. The first assessment recovers additional ERCOT-related transmission expenditures not recovered through CPS Energy's current base rates. For CPS Energy residential customer rates, this adjustment (effective February 2022) adds \$0.01204 per kWh sold. The second assessment relates to CPS Energy's share of the cost to fund the staffing and operation of ERCOT, the Independent System Operator ("ISO"), and the quarterly Electric Reliability Organization ("ERO") fee. The PUCT retains oversight authority over ERCOT. For all CPS Energy retail customers, this charge increases bills by \$0.00074 per kWh sold.

In March 2005, the RRCT began imposing a regulatory fee to cover the cost of regulation by the RRCT. The fee is based upon the number of active gas customers and is recovered from CPS Energy gas customers through the payment of an annual fee assessed one time during the year.

Transmission Access and Rate Regulation

Pursuant to amendments made by the Texas Legislature in 1995 to the PURA ("PURA95"), Municipal Utilities, including CPS Energy, became subject to the regulatory jurisdiction of the PUCT for transmission of wholesale energy. PURA95 requires the PUCT to establish open access transmission on the interconnected Texas grid for all utilities, co-generators, power marketers, independent power producers and other transmission customers.

The 1999 Texas Legislature amended the PURA95 to expressly authorize rate authority over Municipal Utilities for wholesale transmission and to require that the postage stamp method be used exclusively for pricing wholesale transmission transactions. The PUCT in late 1999 amended its transmission rule to incorporate fully the postage stamp pricing method, which sets the price for transmission at the system average for ERCOT. CPS Energy's wholesale open access transmission charges are set out in tariffs filed with the PUCT and are based on its transmission cost of service approved by the PUCT, representing CPS Energy's input to the statewide postage stamp pricing model. The PUCT's rule, consistent with provisions in PURA § 35.005(b), also provides that the PUCT may require construction or enlargement of transmission facilities to facilitate wholesale transmission service.

Strategic Initiatives

In 2008, CPS Energy implemented Vision 2020, outlining CPS Energy’s long-term view and focusing on four (4) key objectives: increasing its energy efficiency and conservation efforts; expanding renewable-energy resources; providing cost-competitive electricity; and maintaining its strong commitment to the environment. To ensure achievement of Vision 2020, the following key strategic business drivers were established, along with targets for each: customer relationships, employee relationships, external relationships, operational excellence, renewable / carbon constraints / environment, technology and innovation, and financial integrity. As part of the Vision 2020 Generation Strategy, CPS Energy projected, by 2020, its generation mix would be approximately 25.0% of coal, 25.0% of nuclear, 30.0% of natural gas, 10.0% of wind power, 4.0% of solar power, 5.7% of purchased power and 0.3% of landfill gas. As of January 31, 2021, CPS Energy met or exceeded these projections with an annual generation mix being 20.1% coal, 30.6% nuclear, 31.3% natural gas, 10.6% wind, 4.2% solar, 2.8% purchased power, and 0.4% landfill gas. CPS Energy also exceeded its goal of 4.0% as part of its generation projection to be met through the STEP (EE / DR) program by reaching approximately 6% of what its generation needs would have been without STEP. The STEP program has been extended as the STEP Bridge program with funding approved through July 2022. CPS Energy is now focused on implementing and achieving its STEP Bridge goals and its *Flexible Path*SM strategy, as more fully described herein.

In support of CPS Energy’s commitment to provide world-class energy solutions to meet the diverse and unique needs of its customers, while acting as an economic engine to drive value and growth in the community, CPS Energy designed a two-year integrated planning process (“CPS Energy Integrated Planning Process”) to serve as its roadmap forward.

Through thoughtful leadership, partnerships and CPS Energy’s passionate employees, management continues to strategically and successfully evolve its value portfolio to achieve top-tier safety, customer service, electric and gas delivery, generation availability and financial performance.

The CPS Energy Integrated Planning Process is derived through a deliberately orchestrated cross-functional effort, and aligned with current strategic drivers, risk management and financial planning. Complementary to the CPS Energy Business Plan are business unit plans designed to reinforce CPS Energy’s objectives by way of major initiatives, milestones, metrics, targets, and goal alignment. Supporting lowered-tiered metrics, targets and goals are appropriately cascaded throughout the organization, ensuring a traceable path from enterprise level objectives to business unit goals and to individual performance accountabilities.

CPS Energy’s success is measured through operational excellence processes, including reporting, monitoring, and assessing metric trends throughout the year, ultimately managing and leading towards goal attainment.

To enhance its relationship with the community and to provide community input directly to the Board and CPS Energy staff, CPS Energy established a 15-member Citizens Advisory Committee (“CAC”). The CAC meets monthly with the primary goal of providing recommendations on utility-related projects and programs to offer a customer perspective on community issues, assist in identifying strengths and offer suggestions for improvement to the organization. Representing the various sectors of CPS Energy’s service area, the CAC encompasses a broad range of representation in order to identify concerns and understand community issues. The City Council members nominate ten of the 15 members, one representing each City Council district. The other five (5) members are at-large candidates who can reside anywhere within the service territory. The Board approves all members of the CAC and each member can serve up to three two-year terms. CPS Energy recently solicited applicants for the vacancies on the CAC.

In January 2021, CPS Energy solicited applications for the community to participate in the RAC that was formed by CPS Energy in December 2020. The RAC’s mission is to provide helpful and unique knowledge and customer insights to the efforts and projects related to rate structure and rate design with the ultimate goals of helping management balance its Guiding Pillars and increasing the mutual understanding of public issues and concerns. The RAC consists of 21 members comprised of 11 appointees by the Board, including Mayoral appointees, and City Council appointees. The RAC has met multiple times since May 2021.

With respect to State and national legislative action regarding competition, CPS Energy continues to participate actively in the legislative process to voice the interests of Municipal Utilities and play an integral part in shaping the environment in which it will operate. CPS Energy continues to evaluate the price components of the energy services it provides, recognizing that the price for electricity will be a paramount factor for succeeding in a deregulated environment. Cost containment initiatives coupled with additional phases of debt management strategies will continue in the years ahead.

*Flexible Path*SM Strategy. In March of 2018, CPS Energy announced its *Flexible Path*SM strategy. The *Flexible Path*SM strategy is CPS Energy’s thoughtful approach to prudently leverage its existing community-owned generation assets to bridge to a future that enables more low and non-emitting resources such as wind, solar, energy storage, and new technology. CPS Energy

will use its *Guiding Pillars* of *Reliability, Customer Affordability, Security, Safety, Environmental Responsibility* and *Resiliency*, as key priorities to drive this strategy. These *Guiding Pillars* are all grounded in *Financial Responsibility*.

CPS Energy's goals include integrating new and emerging technologies like battery storage and electric vehicles, expanding its use of renewable energy resources, and adding more programs and services like energy efficiency and demand response. Strategic and operational flexibility will allow CPS Energy to remain successful with a diverse generation portfolio that focuses on the environment as well as traditional generation assets that continue to be an important bridge to the future while ensuring value and reliability to customers. This *Flexible Path*SM strategy ultimately positions CPS Energy to embrace the changing utility landscape while providing its customers with affordable and reliable power.

CPS Energy has a strong history of community and partner engagement. The challenges presented by the Pandemic have not stopped the company from interacting with and listening to the community to ensure it continues to serve its customers in ways that are innovative and aligned with their needs. The utility continues to leverage technology to communicate with stakeholders in many ways including phone, social media, web and more.

*FlexPOWER Bundle*SM. In June of 2019, CPS Energy announced the *FlexPOWER Bundle*SM initiative. The *FlexPOWER Bundle*SM initiative, an important part of the *Flexible Path*SM, is a deliberately blended approach to power generation through which CPS Energy will consider adding more solar resources coupled with battery energy storage and firming capacity. The *FlexPOWER Bundle*SM initiative is a diversified solution that recognizes today's renewable technology, alone, cannot support all customers consistently and reliably, 24 / 7 / 365. The multi-faceted generation approach of the *FlexPOWER Bundle*SM initiative will ensure the community has the power to thrive while maximizing the existing community-owned generation assets.

In July 2020, CPS Energy released a Request for Information ("RFI") to help identify potential non- or low-emitting generation and demand-side resources consistent with the utility's *Flexible Path*SM strategy. The RFI responses helped to inform the design of two (2) strategic CPS Energy initiatives, the *FlexPOWER Bundle*SM initiative, and *FlexSTEP*SM programs. CPS Energy released a request for proposal, for generation resources (the "Generation RFP") in support of *FlexPOWER Bundle*SM in November 2020. CPS Energy released a request for proposal, for demand side resources (the "Demand Side RFP") in support of *FlexSTEP*SM programs, to include tried and true energy efficiency programs as well as new and innovative demand side solutions in February 2021. CPS Energy expects to award contracts under the Demand Side RFP for new demand side solutions in mid to late 2022 as part of the next phase of its energy efficiency and conservation program.

*FlexPOWER Bundle*SM is envisioned to provide up to 900 MW of additional solar power, up to 50 MW of energy storage, and up to 500 MW of firming capacity. CPS Energy expects to award contracts under the Generation RFP in mid-2022.

Both the *Flexible Path*SM strategy and the *FlexPOWER Bundle*SM initiative will help the community move closer to a cleaner energy footprint.

CPS Energy anticipates the implementation of many more programs and strategic partnerships under the *Flexible Path*SM strategy and the *FlexPOWER Bundle*SM initiative. A recent example is CPS Energy's and Quidnet Energy's ("Quidnet") 15-year contract for an energy storage project. This project will employ Quidnet's Geomechanical Pumped Storage technology which is a form of pumped hydro storage where water is pumped underground and stored between impermeable rock layers to keep the water under pressure. To produce electricity, the pressurized water is released to a hydroelectric turbine that generates emissions-free electricity. The project will be developed in two (2) phases, starting with a 1 MW, 10-hour storage facility. As the project matures, CPS Energy has the option to expand the project to provide 15 MW, thus completing the second phase.

Energy Conservation. CPS' programs and activities to assist customers in understanding energy and ways to reduce electric and gas usage include:

- comprehensive suite of energy efficiency programs offering rebates and incentives for residential, commercial and industrial customers;
- maintaining a secure web site, Manage My Account at <https://www.cpsenergy.com/en/customer-support/manage-my-account.html>. Using an Internet connection to log in, CPS Energy customers can: access My Energy Portal; view their current bill; view current balance due; view past bills; pay by check or credit card; start / stop / transfer service; sign up for a payment plan; view payment history; view energy usage; update mailing address; update phone number; authorize contacts; set up alert preferences; and manage their profile;
- maintaining a secure web site, named My Energy Portal, at <https://www.cpsenergy.com/en/customer-support/my-home-billing-acct/my-energy-portal.html>. The portal is available through Manage My Account. With a smart meter and the My Energy Portal, customers can see energy usage (both gas and electric) as recently as the day before. Customers are able to: see their monthly bill, as far back as a year; compare energy efficiency to similar "neighbors"; access over 150 energy efficiency tips; set up their own customized energy savings plan; and compare month-to-month energy usage billing and see

reasons for a decrease or increase. These additional insights will eventually be available to all customers. CPS Energy has installed approximately 1.4 million smart meters as of January 2022;

- maintaining a phone number where customers can obtain conservation and other energy-related information;
- providing a free comprehensive weatherization program for low-income customers at or below 200% of the federal poverty level;
- providing load curtailment programs for commercial and industrial customers;
- providing multiple residential thermostat offerings under My Thermostat Rewards umbrella, that help residential and small commercial customers to save energy and reduce demand at peak times;
- offering a full suite of rebate programs for energy efficiency improvements by residential, small commercial, multi-family and large commercial customers;
- scheduling consumer information exhibits at high-traffic locations such as customer programs fairs, community pop-ups, special events and trade shows;
- conducting utility-related presentations for schools, community service organizations, business and professional groups, and homeowner associations; and
- Launching a free, new virtual home energy assessment that will begin mid to late April 2022.

On January 20, 2009, the Board approved a new Sustainable Energy Policy Statement. Centralized power plants, including utility scale solar, and the traditional electric utility business model are needed now to bridge the gap to the future. However, in the future, more electricity will come from distributed renewable resources and stored energy, and will be distributed on a “smart grid,” to customers empowered with the information to better control their own energy cost and consumption. CPS Energy offers rebates for residential and commercial customers who elect to install a “rooftop” solar PV system. The rebate is a flat incentive of \$2,500 for residential systems with an additional \$500 for systems utilizing local-made panels. Commercial systems are rebated at \$0.60 per watt for the first 25 kW and \$0.40 per watt on greater than 25 kW, with another \$0.10 per watt for utilizing local-made panels. As of July 31, 2021, 26,550 customers have installed rooftop solar with 228 MW of capacity. In addition to receiving a rebate, these customers currently receive the additional benefit of being placed on net metering, in which the credit value of the energy their system produces is equivalent to the retail value of the energy delivered by the utility. The current net metering program does not include recovery of the utility’s costs for maintaining and upgrading its systems. In October 2014, CPS Energy issued the first of two one-megawatt (AC) solar Requests for Proposal. Responses to these pilot program requests for proposal were evaluated and two vendors were selected. CPS Energy selected Clean Energy Collective (“CEC”), to bring the first (1st) “Roofless” community solar pilot project to the City. CEC developed a 1.2 MW (DC) solar PV facility, providing CPS Energy customers the opportunity to own local clean energy generation through the Roofless Solar program. The Roofless Solar program went live August 26, 2016 and is fully subscribed. CPS Energy also selected PowerFin Partners (“PowerFin”), a solar development firm based in Austin and San Antonio, to launch SolarHostSA, a groundbreaking pilot program that allows participants to host photovoltaic systems on their rooftops in exchange for credits on their energy bill. Working under a power purchase agreement with CPS Energy, PowerFin installs and operates up to 5 MW (AC) of rooftop solar on homes and businesses throughout the CPS Energy service territory, offering the community the chance to realize the benefits of local solar at no cost to them.

In connection with CPS Energy’s development of a Strategic Energy Plan that includes energy efficiency and conservation as well as generation, CPS Energy committed to the STEP program in 2009. The goal of the STEP program was to save 771 MW of demand reduction between 2009 and 2020 which was achieved. The 771 MW is equivalent to the amount of energy produced by a large-sized power plant on an annual basis. To put this into perspective, the CPS Energy Spruce1 power plant generates 555 MW and the newest Spruce2 generates 785 MW of electricity. Cumulatively, the STEP program has, since its implementation, saved approximately 926 MW through fiscal year 2021. As the STEP goal was achieved a year early, in January 2020, the Board and City Council voted to extend over one year the existing STEP program by \$70 million, an amount that would allow an additional reduction of 75 MW. Considering COVID-19 and delays in achieving the STEP Bridge goals, CPS Energy sought and received City Council approval to extend the STEP Bridge program. In January 2021, the City Council authorized CPS Energy to expend up to an additional \$70 million on energy efficiency and conservation programs to be completed by July 2022. On August 30, 2021, the Board requested staff to conduct an analysis on whether to continue the STEP program beyond the current end date of July 2022. The analysis was prepared by the Brattle Group and presented to the Board at its February 2022 meeting. Staff is currently developing a proposal for a new energy efficiency and conservation program for Board consideration before the expiration of the existing program in July 2022.

On May 23, 2016, CPS Energy approved three-year agreements to outsource the delivery of its energy efficiency programs. CPS Energy selected CLEAResult, the nation’s largest implementer of energy efficiency programs, to deliver its commercial efficiency programs. CPS Energy selected Franklin Energy Services, a leading implementer of energy efficiency programs for utility, state and municipal clients nationwide and in Canada, to deliver its residential efficiency and weatherization programs. The agreements have expanded the portfolio of program offerings available to customers and increased adoption toward achievement of the STEP goal. On May 29, 2019, CPS Energy approved an extension of the CLEAResult and Franklin Energy contracts for delivery of services. On June 29, 2020, the Board approved an additional expenditure of up to \$31 million

from the authorized \$70 million STEP Bridge budget for the continued delivery of services. On August 30, 2021, the Board awarded a new contract for the delivery of residential and commercial energy efficiency programs to CLEAResult and extended the weatherization contract with Franklin Energy through July 31, 2022.

Debt and asset management program. CPS Energy has developed a debt and asset management program (“Debt Management Program”) for the purposes of lowering the debt component of energy costs, maximizing the effective use of cash and cash equivalent assets and enhancing financial flexibility. An important part of the Debt Management Program is balancing the mix of financing tools available through the prudent employment of variable rate debt. CPS Energy does not currently use interest rate swaps but continues to assess them as potential debt management tools that could be incorporated into the CPS Energy debt portfolio in the future. The Debt Management Program also focuses on the use of unencumbered cash and available cash flow, when available, to redeem debt ahead of scheduled maturities as a means of reducing outstanding debt. The Debt Management Program is designed to lower interest costs, fund strategic initiatives and increase net cash flow. CPS Energy has a Debt Management Policy, providing guidelines under which financing, and debt transactions are managed. These guidelines focus on financial options intended to lower debt service costs on outstanding debt, including exercising options to refund higher interest debt, facilitate alternative financing methods to capitalize on the present market conditions, optimize capital structure, and maintain favorable financial ratios. Under these guidelines, CPS Energy’s gross variable rate exposure cannot exceed 25.0% of total outstanding debt. Gross variable rate debt upon issuance of the Bonds and the Tax-Exempt 2022 Bonds, is expected to comprise approximately 11.4% of CPS Energy’s debt portfolio (excluding the Refunded Obligations).

CPS Energy management continually evaluates the inventory of all non-core business assets and determines if these assets should be divested for more efficient use.

Additional Generation Opportunities

One of CPS Energy’s strongest aspects of operational and financial effectiveness has been the benefit it has derived from its diverse and low-cost generation portfolio. Continued diversification is a primary objective of the CPS Energy management team. Accordingly, this team periodically assesses future generation options that would be viable for future decades. This extensive assessment of various options involves projections of customer growth and demand; technological viability; financial investment requirements; annual asset operation and maintenance costs; environmental impacts; and other factors.

CPS Energy continues to monitor proposed regulatory changes that could raise the costs of operating plants, such as those that have been proposed for units that use carbon-based fuels. To work towards mitigating this carbon-based regulatory risk, CPS Energy management deactivated its two oldest non-scrubbed coal units, Deely1 and Deely2, at the end of 2018. CPS Energy management is pursuing a multifaceted strategy with the goal of maintaining a well-balanced portfolio. In addition to analyzing traditional generation sources and aggressively growing its renewable energy portfolio, as described in the “Generating Capability” table, CPS Energy is expanding its efforts towards community-wide energy efficiency and conservation. These mitigation efforts are very important to CPS Energy’s strategic energy plans and specifically to its new generation needs. Additionally, CPS Energy management has explored and continues to cooperatively develop opportunities with the City Council for potential changes in ordinances, codes and administrative regulations focused on encouraging commercial and residential utility customers, builders, contractors and other market participants to implement energy conservation measures.

CPS Energy annually assesses generation resource options to meet its expected future electric requirements. This assessment includes updates to fuel prices, wholesale electric market forecasts and its electric peak demand forecast which incorporates the most recent economic, demographic and historical demand data for the CPS Energy service territory. Additionally, this assessment includes updated demand reductions due to the STEP energy efficiency and conservation program.

Electric System

Power Generation Sources. CPS Energy currently operates 20 non-nuclear electric generating units, two (2) of which are coal-fired, 15 of which are gas-fired, 2 solar photovoltaic (“PV”) sites, and 1 Battery Energy Storage System (“BESS”). Some of the gas-fired generating units may also burn fuel oil (diesel), which provides fuel flexibility and greater reliability. CPS Energy also owns a 40% interest in the STP’s two (2) existing nuclear generating Units 1 and 2. These nuclear units supplied 27.1% of the electric system’s native load for the twelve months ending January 31, 2022. The generating plants are normally referred to by the plant name and number (i.e., Spruce1 for Spruce unit 1, Braunig3 for Braunig unit 3), see the “Generating Capability” table on the following page.

Generating Capability⁽¹⁾

<u>Plant</u>	<u>Unit</u>	<u>Fuel</u>	<u>Year Installed</u>	<u>Summer Net Max Capability MW⁽²⁾</u>	<u>Total Summer Capability MW</u>	
STP (40% interest) ⁽³⁾	Unit 1	Nuclear	1988	517.3		
	Unit 2	Nuclear	1989	512.0	1,029.3	Nuclear
Spruce Plant	Unit 1	Coal	1992	560.0		
	Unit 2	Coal	2010	785.0	1,345.0	Coal
Arthur Von Rosenberg (NGCC 2x1)	Unit 1	Gas	2000	518.0		
Sommers Plant	Unit 1	Gas / Oil	1972	420.0		
	Unit 2	Gas / Oil	1974	410.0		
Braunig Plant	Unit 1	Gas / Oil	1966	217.0		
	Unit 2	Gas / Oil	1968	230.0		
	Unit 3	Gas / Oil	1970	412.0		
Milton B. Lee West Plant	MBLCT 1 ⁽⁴⁾	Gas	2004	46.0		
	MBLCT 2 ⁽⁴⁾	Gas	2004	46.0		
	MBLCT 3 ⁽⁴⁾	Gas	2004	46.0		
	MBLCT 4 ⁽⁴⁾	Gas	2004	46.0		
Milton B. Lee East Plant	MBLCT 5 ⁽⁴⁾	Gas / Oil	2010	48.0		
	MBLCT 6 ⁽⁴⁾	Gas / Oil	2010	48.0		
	MBLCT 7 ⁽⁴⁾	Gas / Oil	2010	48.0		
	MBLCT 8 ⁽⁴⁾	Gas / Oil	2010	47.0		
Rio Nogales Plant ⁽⁵⁾ (NGCC 3x1)	Unit 1	Gas	2012	777.0	<u>3,359.0</u>	Gas / Oil
Commerce BESS ⁽⁹⁾	Unit 1	BESS ⁽⁹⁾	2019	10.0	<u>10.0</u>	BESS
CEC Beck (Community Solar) ⁽⁸⁾	Unit 1	Solar PV ⁽⁶⁾	2016	1.0		
Commerce PV	Unit 1	Solar PV ⁽⁶⁾	2019	5.0	<u>6.0</u>	Solar PV
Total Capability Owned by CPS Energy						<u>5,749.3</u>
Renewable Purchased Power Nameplate Capability:						
Desert Sky Wind Farm ⁽⁷⁾		Wind	2002	63.4		
Cottonwood Creek Wind Farm (Sweetwater3)		Wind	2005	82.6		
Sweetwater 4		Wind	2007	240.8		
Penascal		Wind	2009	76.8		
Papalote Creek		Wind	2009	130.4		
Cedro Hill		Wind	2010	150.0		
Los Vientos		Wind	2012	200.1	944.1	Wind
Covel Gardens		Landfill Gas	2005	9.6		
Nelson Gardens		Landfill Gas	2014	4.2	13.8	Landfill Gas
Blue Wing		Solar PV ⁽⁶⁾	2010	13.9		
Sinkin 1		Solar PV ⁽⁶⁾	2012	9.9		
Sinkin 2		Solar PV ⁽⁶⁾	2012	9.9		
Somersset		Solar PV ⁽⁶⁾	2012	10.6		
Alamo 1		Solar PV ⁽⁶⁾	2013	39.2		
St. Hedwig (Alamo 2)		Solar PV ⁽⁶⁾	2014	4.4		
Eclipse (Alamo 4)		Solar PV ⁽⁶⁾	2014	39.6		
Walzem (Alamo 3)		Solar PV ⁽⁶⁾	2015	5.5		
Helios (Alamo 5)		Solar PV ⁽⁶⁾	2015	95.0		
Solara (Alamo 7)		Solar PV ⁽⁶⁾	2016	106.4		
Sirius 1 (Alamo 6)		Solar PV ⁽⁶⁾	2017	110.2		
Sirius 2 (Pearl)		Solar PV ⁽⁶⁾	2017	50.0		
Lamesa II (Ivory)		Solar PV ⁽⁶⁾	2018	50.0	<u>544.6</u>	Solar PV
Total Renewable Purchased Power Nameplate Capability						<u>1,502.5</u>
Total Capability including Renewable Purchased Power						<u>7,251.8</u>

⁽¹⁾ Data as of January 1, 2022.

⁽²⁾ Summer net max capability reflects net summer rating for CPS Energy owned plants.

⁽³⁾ Current net summer electric rating (MWe) for CPS Energy's share of STP1 & 2.

⁽⁴⁾ "CT" stands for "Combustion Turbine". Plants renamed MBL (Milton B. Lee) CT as of March 6, 2014.

⁽⁵⁾ The Rio Nogales Plant was commissioned in 2002 and purchased by CPS Energy on April 9, 2012.

⁽⁶⁾ Solar PV capacity is reported on an alternating current (AC) nameplate basis.

⁽⁷⁾ Desert Sky Wind Farm capacity updated to better reflect contracted nameplate capacity after turbine uprate.

⁽⁸⁾ Community Solar project "CEC Beck" added to CPS Energy owned renewable portfolio table to align with other corporate reporting.

⁽⁹⁾ BESS – Battery Energy Storage System.

Renewable Resources

As of November 30, 2021, CPS Energy's renewable energy capacity totals 1,508.5 MW. CPS Energy has one of the strongest and most diverse renewable energy programs in Texas, including local solar, West Texas solar, West Texas wind, coastal wind and landfill gas.

As a step in diversifying its energy resource plan, CPS Energy is proactively pursuing renewable energy supplies. CPS Energy is currently receiving renewable energy under several long-term contracts. CPS Energy has two contracts for wind-generated energy from the Desert Sky Wind Project: a 20-year contract for 135 MW and a 15-year contract for 25.5 MW. These contracts were renegotiated into one single contract, with a termination date of December 31, 2021, in response to a request from the developer to repower the project with improved equipment. The plant capacity factor improved, providing CPS Energy with additional MWh at a lower cost per MWh than the original contracts. The term of the new contract remained the same as the original contracts. The repower was completed in August 2018 and added approximately 8 MW of nameplate capacity. The Desert Sky Wind contract has since been renegotiated to extend through December 31, 2027 and now provides a total of 63.4 MW. The Cottonwood Creek Wind Farm (Sweetwater 3) was also repowered and the contract renegotiated to provide 82.6 MW of capacity to CPS Energy. CPS Energy also has a 20-year contract for 240.8 MW from the Sweetwater 4 Wind Farm; a 15-year contract for 76.8 MW from the Penascal Wind Farm; a 15-year contract for 130.4 MW from the Papalote Creek Wind Farm; a 20-year contract for 150 MW from the Cedro Hill Wind Farm; and a 25-year contract for 200.1 MW from the Los Vientos Wind Farm. Recent transmission congestion in South Texas during various seasons has impacted the Cedro Hill and Los Vientos wind farms, resulting in agreed-upon curtailment of these units during periods of negative pricing (a standard procedure).

CPS Energy also has a 15-year contract for a landfill gas-generated energy project totaling 9.6 MW which came on-line in December 2005. Under an additional contract, the Nelson Gardens 4.2 MW landfill gas generation project achieved commercial operation in April 2014.

CPS Energy is growing its solar energy portfolio with a 30-year contract for the 13.9 MW Blue Wing solar energy project which entered into commercial operation in November 2010; two (2) 25-year contracts for Sinkin 1 and 2, each 9.9 MW which became operational in May 2012 and a 25-year contract for 10.6 MW from the Somerset Solar project, which became operational in August 2012. Sinkin 1 and 2 and Somerset Solar projects comprise what was formally referred to as the SunEdison Project.

In August 2018, renewable energy infrastructure developer Renewable Energy Systems was selected by CPS Energy to construct an innovative solar and energy storage project, located at Southwest Research Institute and is the first co-located solar and storage project interconnected at the distribution level within ERCOT. This project broke ground on October 9, 2018 and went online February 2020. This project has 17,752 solar panels that produce about 5 MW of solar, enough to power approximately 1,000 homes. The project also includes a Battery Energy Storage System, with 10 MW of storage capacity, which provides flexibility to store energy by charging when market prices are low and discharge the stored energy when market prices are high.

CPS Energy executed a Master Agreement with OCI Solar Power for approximately 400 MW from seven facilities. All seven facilities have been or became operational in early 2017. Each individual facility comprising OCI Solar's 401.8 MW has an existing PPA. OCI's Alamo 1 project facility of 39.2 MW achieved commercial operation in December 2013; St. Hedwig (Alamo 2) for 4.4 MW achieved commercial operation in March 2014; Eclipse (Alamo 4) facility at 39.6 MW, achieved commercial operation in August 2014; Walzem (Alamo 3) project at 5.5 MW achieved commercial operation in January 2015. The Uvalde (Helios – Alamo 5) facility at 95 MW became operational at the end of December 2015. The Haskell (Solara – Alamo 7) facility at 106.4 MW became operational in September 2016. The Sirius 1 (Alamo 6), at 110.2 MW in Pecos County, Texas, began producing test energy in late 2016 and became operational in March 2017. Currently, Alamo 6 is one of the largest solar PV plants in Texas. In addition to the PPAs executed under the Master Agreement with OCI, CPS Energy has also executed two (2) separate 25-year PPAs for Project Pearl (50 MW located adjacent to Alamo 6) and for Project Ivory (50 MW located near Lamesa). Project Pearl became operational on October 16, 2017, and Project Ivory, which previously sold to D.E. Shaw Renewable Investments, began commercial operation on December 20, 2018. On September 1, 2019, Commerce PV consisting of 5.0 MW, became operational. In March 2017, CPS Energy and OCI executed an Amended and Restated Master Power Purchase and Economic Development Agreement. The original Master Agreement was replaced in order to simplify the agreement and reflect pertinent terms going forward.

In September 2021, OCI, CPS Energy, and Hyundai Motor Group executed a memorandum of understanding to test recycled electric vehicle batteries for solar energy storage. By September 2022, the parties plan to install the energy storage system in which CPS Energy plans to serve as operator.

CPS Energy receives energy from 644.1 MW of wind, 550.6 MW of solar and 13.8 MW of landfill gas generated energy for a total renewable energy capacity in operation of 1,508.5 MW, thereby exceeding CPS Energy's goal of 1,500 MW of renewable capacity by 2020.

An estimate of 1.0 MW of solar electricity will be produced by the utility's Solartricity Producer Program. The Solartricity Producer Program is a limited pilot project that is currently closed to any new subscribers and is not included in the "Generating Capability" table. Each Solartricity participant has a 20-year contract with CPS Energy. In addition, the pilot "Simply Solar" programs currently constitute approximately 6 MW of solar capacity. When including these pilot programs, CPS Energy's renewable portfolio capacity increases to 1,508.5 MW. Only CEC Beck is included in the "Generating Capability" table, since it is owned and operated by CPS Energy and to align with other corporate reporting.

Nuclear. Nuclear is one of CPS Energy's base energy options, providing about 27.1% of CPS Energy's total net annual generation for the 12 months ending January 31, 2022. STP is a two-unit nuclear power plant with Unit 1 and Unit 2 (or "STP1" and "STP2") having a combined nominal output of approximately 2633.1 MW. STP is located on a 12,220-acre site in Matagorda County, Texas, near the Texas Gulf Coast, approximately 200 miles from San Antonio. CPS Energy currently owns 40% of these units. Participant Ownership ("Participants") in STP1 and STP2 and their shares therein are as follows:

<u>Participants</u>	<u>Ownership</u>	
	<u>Effective February 2, 2006 ¹</u>	
	<u>%</u>	<u>Nameplate MW</u> <u>(approximate)</u>
NRG Energy, Inc. ("NRG")	44.0	1,158.6
CPS	40.0	1,053.3
City of Austin-Austin Energy	<u>16.0</u>	<u>421.2</u>
	<u>100.0</u>	<u>2,633.1</u>

¹ In 2006, Texas Genco, holder of a 44% interest in STP, was acquired by NRG. NRG holds its interest in STP1 and STP2 in NRG South Texas LP, a wholly owned subsidiary of NRG.

STP is maintained and operated by a non-profit Texas corporation ("STP Nuclear Operating Company" or "STPNOC") financed and controlled by the owners pursuant to an operating agreement among the owners and STPNOC. Currently, a four-member board of directors governs the STPNOC, with each owner appointing one member to serve with the STPNOC's chief executive officer ("CEO"). The STPNOC Board of Directors selected Tim Powell as the Interim CEO and President on January 11, 2018. On August 20, 2018, STPNOC announced that Mr. Powell assumed the role permanently. All costs and output continue to be shared in proportion to ownership interests.

On February 9, 2017, STPNOC received a final significance determination notice from the NRC concerning a previously identified security-related finding. The NRC concluded the finding was "Greater than Green" and of low to moderate security significance. The finding was identified during an NRC inspection conducted from October 19 through December 1, 2016. STP took prompt actions to address the finding. Because the finding was characterized as Greater than Green, the NRC determined that STP would be in the Regulatory Response Column of the Reactor Oversight Process Action Matrix. STP successfully completed an NRC follow-up inspection in August 2017. Subsequently, the NRC returned STP to the Licensee Response Column of the Reactor Oversight Process Action Matrix effective October 2017.

NRC, which retains jurisdiction to conduct cybersecurity-related inspections at nuclear facilities, completed a cyber security inspection of STP in October 2017. STP successfully completed this inspection and was the first nuclear facility in the country that received such an inspection.

In September 2017, the NRC approved STPNOC's license renewal applications for STP1 and STP2 that extends the operating licenses to 2047 and 2048, respectively.

During the 12 months ended December 31, 2021, STP1 and STP2 operated at approximately 94.9% and 95.9% of net capacities, respectively. Due to the 2021 Winter Weather Event (see 2021 Winter Weather Event), STP1 automatically shut down on February 15, 2021 amid bitter cold. The unit, located in Bay City, Texas, was operating at 36% of capacity in the early morning of February 18, 2021 and then ascended back toward 100% capacity. STP2 remained online at full generating capacity.

Under the Nuclear Waste Policy Act, 42 U.S.C. 10101, et seq. ("NWSA"), the Department of Energy ("DOE") has an obligation to provide for the permanent disposal of high-level radioactive waste, which includes used nuclear fuel at United States commercial nuclear power plants such as STP. To fund that obligation, all owners or operators of commercial nuclear power plants have entered into a standard contract under which the owner(s) pay a fee to the DOE of 1.0 mill per kilowatt hour (1M / kWh) electricity generated and sold from the power plant along with additional assessments. In exchange for collecting this fee and the assessments, DOE undertook the obligation to develop a high-level waste repository for safe long-term storage of the fuel and, no later than January 31, 1998, to transport, and dispose of the used fuel. To date, no high-level waste repository has been licensed to accept used fuel. The National Association of Regulatory Utility Commissioners ("NARUC") has challenged further collection of this fee. On November 19, 2013, the U.S. Court of Appeals for the District of Columbia ruled in favor of

NARUC and ordered DOE to submit to Congress a proposal to reduce the fee to zero until certain conditions are met. While the reporting of volumes will continue, effective May 16, 2014, the rate changed to 0.0 mill per kilowatt hour (0 / M / kWh), or no fee.

To date, the DOE has not accepted used fuel from any domestic commercial nuclear power plant. According to the filings in one recent suit brought against the DOE, at least 66 cases have been filed in the Court of Federal Claims against the DOE related to its failure to meet its obligations under the NWPA by the existing owners or operators of nuclear facilities seeking damages related to ongoing used nuclear fuel storage costs. In early 2016, a federal district court in Washington, D.C. ruled against the DOE, ordering the government to clean up the Hanford Nuclear Reservation in response to NWPA violations. Entergy Nuclear Generation Company (“Entergy”) and Boston Edison Company (“Boston Edison”) filed suits alleging a \$40 million claim before the Court of Federal Claims regarding allegations that the DOE failed to compensate a nuclear energy company for nuclear waste storage fees incurred. In an opinion and order addressing both companies’ claims, dated February 14, 2017, the court dismissed Boston Edison’s complaint (based on the rationale that such claim was not yet ripe) and dismissed the government’s motion to stay discovery related to the Entergy case due to Boston Edison’s claim resolution by the court.

On August 31, 2000, in *Maine Yankee Atomic Power Company, et al. v. US*, the United States Court of Appeals for the Federal Circuit affirmed that the DOE has breached its obligations to commercial nuclear power plant owners for failing to live up to its obligations to dispose of used nuclear fuel. After that decision, the DOE has settled with certain commercial nuclear power plant owners and agreed to provide funds to pay for storage costs while the DOE continues to develop a permanent high-level waste repository. In early February 2013, STPNOC, on behalf of the owners of STP, entered a similar settlement with the DOE. Under the terms of the settlement, the DOE will reimburse STP for certain costs that will be incurred in continuing onsite storage of all its used nuclear fuel. As with similar settlements throughout the nuclear industry, the terms of the agreement call for the DOE to reimburse for certain costs incurred through December 2013. In early November 2013, STPNOC and its outside counsel received notice from the Department of Justice (“DOJ”) that the DOE was offering to extend the terms of the settlement to allow for the DOE to reimburse for costs incurred through December 2016. The settlement extension (addendum) was executed on January 24, 2014 and extended the term of the Spent Fuel Settlement Agreement with the DOE through December 31, 2016. In November 2016, STPNOC and its outside counsel received notice from the DOJ that the DOE extended the terms of the settlement through December 31, 2019. On June 25, 2020 STPNOC and its outside counsel received notice from the DOJ that the DOE extended the terms of the settlement through December 31, 2022. Additionally, *In re Aiken County, 725 F.3d 255* (D.C. Cir. 2013), the court ordered the NRC to comply with the NWPA and use available funds to resume consideration of the DOE’s Yucca Mountain application as a possible depository. NRC staff concluded the Yucca Mountain to be a safe location, but the DOE must still obtain acquisition rights and complete licensing requirements. On May 6, 2016, NRC issued its final supplement to the environmental impact statement examining the use of the Yucca Mountain as a permanent repository for used nuclear fuel and high-level radioactive waste. After analyzing the potential impacts on groundwater and surface groundwater discharge, the NRC determined all impacts would be “small”. The adjudicatory hearing, which must be completed before a licensing decision can be made, remains suspended. On December 16, 2016, the DOE released its “Draft Plan for a Defense Waste Repository”, evaluating the possibility of a separate disposal repository (other than the Yucca Mountain). The preliminary plan describes the technical, regulatory, risk management, cost, and schedule consideration thereof and remained open for comment until March 20, 2017. In January 2017, the Government Accountability Office issued a report that assessed DOE’s analysis of the defense-only repository as excluding major costs “that could add tens of billions of dollars” and including a schedule that “appears optimistic,” in light of “past repository siting experiences”. As of the date hereof, no funding for the Yucca Mountain repository is pending before the Congress, and legislation has been filed requiring consent from Nevada political subdivisions before constructing a permanent repository.

Until the DOE fulfills its responsibilities under the NWPA (which includes a permanent underground disposal facility), the NWPA has provisions directing the NRC to create procedures to provide for interim storage of used nuclear fuel at the site of a commercial nuclear reactor. Pursuant to STPNOC analysis of NRC guidance, STPNOC constructed an on-site independent spent fuel storage installation (“ISFSI” also known as “Dry Cask Storage”) and commenced dry cask loading operations of spent nuclear fuel in January 2019. Expenditures for the spent fuel management project are being funded by the STP owners as the costs are incurred. CPS Energy funds its 40% ownership share of these costs and periodically requests reimbursement from its Decommissioning Trusts for allowable costs.

Annually, STPNOC submits claims to the DOE for the reimbursement of allowable costs for spent fuel management. Allowable costs are returned by STP to the owners upon receipt of funds from the DOE. CPS Energy reimburses the Decommissioning Trusts for the settlement amount received from the DOE. Qualifying spent fuel management costs not reimbursable by the DOE are funded by the Decommissioning Trusts. Any costs not reimbursable by the DOE or the Trusts are recorded as STP operational and maintenance expenses or capital costs.

CPS Energy received reimbursement for certain initial costs related to the Dry Cask Storage project incurred prior to May 1, 2012. A second claim submitted to the DOE under the Spent Fuel Settlement Agreement was submitted on October 31, 2013 and sought reimbursement for covered costs during the period of May 1, 2012 through July 31, 2013. On April 14, 2014, the DOE issued a letter that denied reimbursement for certain costs associated with upgrading the spent fuel dry cask handling

cranes. On May 8, 2014, STPNOC agreed to accept the DOE's decision but reserved the right to seek reimbursement for future costs associated with upgrading the cranes. CPS Energy expects that the DOE will render its decision regarding the eligibility for reimbursement of future crane upgrade costs as part of the review process for each annual claim. For those costs that have been deemed, or that in the future may be determined to be, non-reimbursable by the DOE, CPS Energy expects to pay these costs using funds currently held in the STP Decommissioning Trusts. CPS Energy received its share of the allowable reimbursement costs from the DOE on August 6, 2014. The third claim with the DOE under the Spent Fuel Settlement Agreement was submitted on October 31, 2014 and sought reimbursement for covered costs during the period of August 1, 2013 through July 31, 2014. In January 2015, \$3.2 million was recorded for STP spent fuel management project capital costs. On February 25, 2015, STPNOC received DOE's "Determination Letter" regarding this claim which disallowed reimbursement of certain costs associated with dry cask handling crane upgrades. STPNOC filed a Request for Reconsideration with the DOE on March 27, 2015. On June 25, 2015, the DOE issued a Supplemental Determination letter which determined that a portion of the costs to upgrade the dry cask handling cranes was reimbursable as an allowable cost. CPS Energy received its share of the allowable reimbursement costs from the DOE on August 21, 2015 for the third claim. The fourth claim with the DOE under the Spent Fuel Settlement Agreement was submitted on October 30, 2015 and sought reimbursement for covered costs during the period of August 1, 2014 through July 31, 2015. On March 3, 2016, STPNOC received DOE's "Determination Letter" regarding this claim which disallowed reimbursement of certain costs. On June 13, 2016, CPS Energy received its share of the allowable reimbursement costs from the DOE for the fourth claim. The fifth claim with DOE under the Spent Fuel Settlement Agreement was submitted on October 28, 2016. On February 13, 2017, STPNOC received DOE's "Determination Letter" regarding this claim for reimbursement of certain costs. On June 14, 2017, CPS Energy received its share of the allowable reimbursement costs from the DOE for the fifth claim under the Spent Fuel Settlement Agreement. On April 11, 2018, DOE issued its "Determination Letter" regarding the October 2017 claim from STP. STP accepted the DOE's "Determination Letter" on April 20, 2018 and payment was received on June 1, 2018. The seventh claim under the Spent Fuel Settlement Agreement with the DOE was submitted in late October 2018 for the period of August 1, 2017 to July 31, 2018. On April 29, 2019, CPS Energy received its share of the allowable reimbursement costs from the DOE. The eighth claim under the Spent Fuel Settlement Agreement with the DOE was submitted in late October 2019 for the period of August 1, 2018 to July 31, 2019. On June 24, 2020, CPS Energy received its share of the allowable reimbursement costs from the DOE. The ninth claim under the Spent Fuel Settlement Agreement with the DOE was submitted in late October 2020 for the period of August 1, 2019 to July 31, 2020. On April 19, 2021, CPS Energy received its share of the allowable reimbursement costs from the DOE. The most recent claim under the Spent Fuel Settlement Agreement with the DOE was submitted in late October 2021 for the period of August 1, 2020 to July 31, 2021.

A June 2012 decision by the United States Court of Appeals for the District of Columbia (the "D.C. Circuit Court") vacated the NRC's waste confidence rule update. In response, the NRC issued an order stating that final approval of licenses dependent on the waste confidence rule, such as new reactor licenses and license renewals (combined construction and operating license application – "COLA"), would not be granted until the court ruling had been addressed. Subsequently, the NRC directed staff to develop a new waste confidence rule and GEIS by September 2014. In January 2014, the NRC revised the review schedule for the GEIS and to have a new final rule by October 3, 2014. The slight delay in schedule was related to time lost during the government shutdown and lapse of appropriations in October 2013. On August 26, 2014, the NRC approved the GEIS and final rule (renamed the Continued Storage Rule). In a separate order, NRC approved lifting the licensing suspension once the Continued Storage Rule becomes effective. The rule became effective on October 20, 2014. On September 29, 2014, intervenors filed a petition to suspend the new rule with the Atomic Safety and Licensing Board (a unit of the NRC) and a proposed contention opposing the NRC's action. On February 26, 2015, the NRC issued a decision that rejects the petition, the proposed contention, and the motion to reopen filed by the intervenors in September 2014. On January 28, 2015, the intervenors filed a petition with the NRC to require reactor specific environmental impact statement for each license application for a new reactor and license extension (renewal). The NRC issued a decision in April 2015 that denied the petition. On April 24, 2015, the intervenors filed a petition with the NRC to intervene in the STP1 and STP2 license renewal and STP3 and STP4 license application proceedings regarding the Continued Storage Rule. On May 1, 2015, NRC staff responded to the intervenor's hearing request and motion to reopen the record in the license renewal proceeding for STP1 and STP2. The NRC concluded the intervention petition was inadmissible because it raised an issue that was beyond the scope of the proceedings by challenging an NRC rule without requesting a waiver of the rule. Furthermore, the NRC noted that the petition failed to raise a genuine issue of material fact or law and was filed late without good cause. The motion to reopen was deemed inadmissible because it was "untimely without addressing an extremely grave issue", did not address a significant environmental issue, and did not demonstrate that a materially different result would be likely if its proposed new contention had been raised at the beginning of the proceeding. Furthermore, a move to reopen and request to allow "placeholder" contentions to challenge the 2014 Continued Storage Rule and GEIS were denied by the NRC on June 9, 2015.

In late October 2014, the states of New York, Vermont, Massachusetts, and Connecticut filed a timely petition for review of the Continued Storage Rule by the D.C. Circuit Court. The NRC issued further guidance in February 2015 determining the AEA does not require a waste confidence safety filing and declined to suspend final licensing decisions. Intervenor-Respondents filed a brief with the D.C. Circuit Court on September 11, 2015 in support of the Continued Storage Rule. Petitioners' reply briefs were due by October 23, 2015. The U.S. Court of Appeals heard oral arguments on February 12, 2016.

On June 3, 2016, the D.C. Circuit Court upheld the NRC's justification for allowing spent nuclear fuel to be stored on-site at active facilities. Petitions for rehearing were later denied by the court.

Before a commitment is made to construct the next generation facility, CPS Energy management pursues several objectives. These objectives include additional stakeholder input; expanded community education about the long-term energy and conservation needs of the San Antonio community; continued option analyses and evaluations, including CPS Energy's own formalized cost estimates; additional Board approval to move forward; and expanded presentations to the City Council, which governs the related rate increases and bond issuances that may be required to support any generation construction project or existing generation asset purchase.

In mid-2006, CPS Energy management directed that staff conduct an initial investigation, study and analysis of additional nuclear capacity as one type of possible generation infrastructure. In 2007, CPS Energy received Board approval to participate in the early development phase of two additional nuclear projects that involved third-party co-owners. The first possible nuclear project was development of two additional reactors at the STP site, also known as STP3 and STP4. The second possible nuclear project was a proposed new two-unit facility tentatively located in Victoria County, which is also located in south Texas.

In June 2009, CPS Energy management provided the Board its formal assessment and recommendations concerning these options compared to other possible new generation types including the first public estimate of the cost of the first possible project at \$13 billion, inclusive of financing costs. Reports of higher cost estimates, however, resulted in reconsideration of the advisability of participating in the STP3 and STP4 Project and, ultimately, in CPS Energy's decision to limit participation in further development of STP3 and STP4. In a settlement negotiated with NRG and the other participants in the development of STP3 and STP4, CPS Energy received a 7.625% ownership interest in the combined STP3 and STP4. CPS Energy is not liable for any STP3 and STP4 Project development costs incurred after January 31, 2010. CPS Energy also received two \$40 million installment payments upon award of a DOE loan guarantee to Nuclear Innovation North America LLC ("NINA"), an NRG / Toshiba joint venture. NINA also agreed and has made, a contribution of \$10.0 million over a four-year period to the Residential Energy Assistance Partnership, which provides emergency bill payment assistance to low-income customers in the City and Bexar County. In August 2015, Toshiba announced that it planned to write down its semiconductor, home appliance, and nuclear business units following an investigation into accounting issues that have resulted in the need for Toshiba to restate their past financial results. On April 25, 2016, media reports indicated the preliminary operating loss after it wrote down the value of Westinghouse nuclear power subsidiary was \$6.2 billion. Previously in 2011, NRG announced it had written off its investment in STP3 and STP4. On October 1, 2015, the NRC issued a press release indicating that NRC staff had completed its Final Safety Evaluation Report (report) for the Combined Licenses ("COL") for the proposed STP3 and STP4. The NRC staff provided the report along with the Final Environmental Impact Statement on the application to the NRC for the mandatory hearing phase of the licensing process. The mandatory hearings took place on November 19, 2015, when the NRC staff provided the Final Safety Evaluation Report and Final Environmental Impact Statement on the application to the NRC. On February 9, 2016, the NRC commissioners authorized issuance of the COL for STP3 and STP4 and the licenses were issued on February 12, 2016. Prior to the write off, CPS Energy performed a thorough re-evaluation of its investment in the STP3 and STP4 to reassess the ongoing viability of the project and the appropriateness of continuing to report the cost of the project on its Statements of Net Position. Despite the project having secured the NRC's authorization for issuance of the COL, in January 2016, CPS Energy concluded that, as a result of sustained changes in a number of environmental and economic factors directly affecting the projected economic feasibility of completing construction of STP3 and STP4, the project experienced a permanent impairment. CPS Energy determined it appropriate to write off the entire \$391.4 million investment in STP3 and STP4 and has not performed a re-evaluation since. The impairment loss was reported as an extraordinary item on CPS Energy's Statements of Revenues, Expenses, and Changes in Net Position for the period ending January 31, 2016. This noncash transaction did not impact CPS Energy's debt service coverage ratio; however, there was a resulting increase from 61.1% to 63.7% in the debt to debt and net position ratio at January 31, 2016. Going forward, CPS Energy continued to retain a legal interest in STP3 and STP4.

On May 31, 2018, Toshiba issued a release that provided their notice to withdraw from a project to build two (2) additional advanced boiling water reactors at the South Texas Project. On June 14, 2018, NINA issued a letter to NRC that provided their notification of Intent to Terminate this project (STP3 and STP4) because the project was no longer financially viable. On June 22, 2018, NINA issued a letter requesting NRC approval to withdraw the COL for STP3 and STP4. On July 12, 2018, the NRC issued a letter that approved the termination of the STP3 and STP4 COL. Construction was not initiated for STP3 and STP4, and nuclear materials were never procured or possessed under these licenses. Consequently, STP3 and STP4 are approved for unrestricted use.

STP cancelled all contracts related to NINA, which was established for the purpose of building additional units. On August 13, 2018, NINA provided a draft document to the STP owners, a proposed STP3 and STP4 Assignment and Assumption Agreement and Mutual Release. This agreement essentially returns the site ownership to NRG, CPS Energy, and Austin Energy and restores site ownership and future expansion rights to the original pre-STP3 and STP4 conditions when executed. NINA executed this agreement on October 1, 2018.

Smart Grid Modernization Program. Starting in 2013, CPS Energy began building a converged Advanced Metering Infrastructure (“AMI”) and distribution automation (“DA”) network. The rollout of new electric meters and gas interface management units (“IMUs”) using this network began in 2014 in order to reduce operational costs and improve reliability. A new energy portal was implemented to give customers the opportunity to better track and manage their energy usage. The project was completed in the summer of 2018. The combined cost of the network, electric and gas upgrades was \$264 million. Operational savings, accurate reads, and distribution automation are all factored in the program. Savings are expected to cover the cost in approximately 13 years. As of March 2022, approximately 1.3 million smart grid devices have been installed pursuant to this program. In addition, CPS Energy has added a smart meter requirement to its rooftop solar rebate program. In addition, CPS Energy is utilizing smart grid technologies to ensure grid resilience and reduce impacts of power events during such as flooding and hurricanes.

Smart Streetlights. CPS Energy and the City have partnered on a joint Request for Proposal to pilot and award a smart streetlight control solution with added smart city use cases. Smart streetlight controls will allow for centralized monitoring and control of streetlights which will improve maintenance planning and increase operational efficiency. The solution will allow for adaptive lighting schedules, provide defective operation notifications, provide GPS locations of streetlights, and provide streetlight failure and status reports.

The smart streetlight platform will be leveraged by smart city use cases. The City has identified several smart city use cases to pilot, which include the following: temperature and air quality monitoring, flood detection, noise detection, and smart parking.

CPS Energy and the City have selected two solution providers to pilot smart streetlight control & smart city applications within the City’s three Innovation Zones (Downtown, Medical Center, and Brooks City Base) over a 6-month period. The pilot period concluded on October 15, 2021. Results from the streetlight pilot are being evaluated. Initiation of a potential City-wide implementation is targeted for the fourth quarter of 2022.

New Products & Services. CPS Energy continually evaluates its entire portfolio of electric & gas products & services to more fully meet customers’ needs. To that end, in the latter half of calendar year 2020, CPS Energy has received approval from the Board and City Council for three new offerings now available to commercial customers. First, CPS Energy developed a tariff that provides large commercial customers with improved access to renewable energy sources. Under this optional Green Tariff, CPS Energy procures renewable energy from a source chosen by the customer, and then sells it to the customer through the Green Tariff. Second, CPS Energy converted a limited Resiliency Service pilot into a permanent tariff for its commercial customers. Under the Resiliency Service offering, CPS Energy will provide on-site backup generators capable of providing electricity to retail customers during outages of the electric system in exchange for a monthly Resiliency Service capacity fee. The natural gas backup generators are owned and operated by one of CPS Energy’s suppliers. As of January 31, 2022, Resiliency Service has been enabled at 27 customer sites with a total capacity of 30.4 MW. The Green Tariff and Resiliency Service offerings have both been fully approved.

Lastly, in support of growing demand for distribution-level interconnection by energy storage facilities seeking to access to the ERCOT wholesale energy markets as generation resources, CPS Energy is finalizing regulatory approvals of updates to its existing Wholesale Distribution Service (“WDS”) tariff. The updated WDS tariff enables eligible transmission service customers to interconnect at various locations within the distribution system at applicable rates for utilizing the portion of distribution assets ascribed to the location of interconnection. Consistent with the Board's recommendation, the WDS tariff updates were approved by the City Council on September 17, 2020. The WDS tariff, which offers transmission service at distribution voltage, is subject to the joint jurisdiction of the City Council (regarding appropriate cost recovery for use of distribution assets) and the PUCT (to ensure nondiscriminatory rates and terms of access to the distribution system). CPS Energy filed its application with the PUCT for administrative approval of the updated WDS tariff on October 12, 2020, in Docket No. 51409, which was subsequently challenged by two energy storage companies requesting a hearing on the merits. The PUCT granted the request for a contested hearing and forwarded the matter to the State Office of Administrative Hearings (“SOAH”) for adjudication. On June 25, 2021, the SOAH administrative law judges approved the WDS tariff rates on an interim basis subject to potential adjustment pending the final resolution of the case. As of the date of this Official Statement, the parties have entered settlement discussions. Should a settlement agreement not be reached and accepted, a hearing will occur in the spring of 2022, and final resolution by the PUCT is expected thereafter.

Qualified Scheduling Entity. CPS Energy operates as an ERCOT Level 4 Qualified Scheduling Entity (“QSE”) representing all of CPS Energy’s assets and load. The communication with ERCOT and the CPS Energy power plants is monitored and dispatched 24 hours per day / 365 days a year. Functions are provided from the Energy Market Center housed within the main office of CPS Energy. Backup facilities have also been created. QSE functions include load forecasting, day ahead and real time scheduling of load, generation and bilateral transactions, generator unit commitment and dispatch, communications, invoicing and settlement. The QSE operates in all aspects of the ERCOT Market, including submitting bids

and offers in the Day Ahead Market (“DAM”), operating generation and load in the Real Time Market (“RTM”), participating in Congestion Revenue Rights auctions, and offering Ancillary Services into the grid.

Transmission System. CPS Energy maintains a transmission network for the movement of large amounts of electric power from generating stations to various parts of the service area, to or from neighboring utilities, and for wholesale energy transactions as required. This network is composed of 138 and 345 kilovolt (“kV”) lines with autotransformers to provide the necessary flexibility in the movement of bulk power.

Distribution System. The distribution system is supplied by 98 substations strategically located on the high voltage 138 kV transmission system stepping down to distribution system voltages of 34.5 kV and 13.2 kV. The City’s central business district is served by nine underground networks, each consisting of four primary feeders operated at 13.2 kV, transformers equipped with network protectors, and both a 4-wire 120 / 208 volt secondary grid system and a 4-wire 277 / 480 volt secondary spot system. This system is designed for the highest level of distribution reliability.

Approximately 8,213 circuit miles (three-phase equivalent) of overhead distribution lines are included in the distribution system. These overhead lines also carry secondary circuits and street lighting circuits. The underground distribution system consists of 727 miles of three-phase equivalent distribution lines, 87 miles of three-phase downtown network distribution lines, and 5,807 miles of single-phase underground residential distribution lines.

Gas System

Transmission System. The gas transmission system consists of a network of approximately 89 miles of steel mains that range in size from 8 to 30 inches. Over 62 miles of the gas transmission system were placed into service since 2000 and approximately 73% is less than 25 years old. The entire system is coated and cathodically protected to mitigate corrosion. The gas transmission system operates at pressures between 135 pounds per square inch (“psig”) and 1,100 psig, and supplies gas to the distribution system and CPS Energy Generating Plants. A Supervisory Control and Data Acquisition (“SCADA”) computer system monitors the gas pressure and flow rates at many strategic locations within the transmission system. Additionally, most of the critical pressure regulating stations and isolation valves are remotely controlled by SCADA.

CPS Energy has completed the required baseline assessments of the gas transmission system, in accordance with State and federal transmission integrity rules, using the most recently available technology. Furthermore, CPS Energy maintains an ongoing reassessment plan and maintains a more conservative leak survey and patrol schedule interval than is required by regulation.

Distribution System. The gas distribution system consists of 341 pressure regulating stations and a network of approximately 5,869 miles of mains. The system consists of 2 to 30-inch steel mains and 1-1/4 to 10-inch high-density polyethylene (plastic) mains. The distribution system operates at pressures between 9 psig and 485 psig. All steel mains are coated and cathodically protected to mitigate corrosion. Critical areas of the distribution system are also remotely monitored by SCADA and designated critical pressure regulating stations and isolation valves are also remotely controlled by SCADA.

CPS Energy has been methodical in its assessment and renewal of distribution infrastructure utilizing a risk-based leak survey approach to identify both mains and services that are in highest need of replacement and has an annual budget for on-going system renewal.

Accounting Policies

CPS Energy is subject to and complies with the provisions of GASB pronouncements and guidance made from time to time, upon assessment of applicability to and implementation by CPS Energy. GASB pronouncements and guidance to which CPS Energy adheres, and implements are described in its audited financial statements. For a description of recent GASB pronouncements and guidance, as well as CPS Energy’s response thereto in connection with its fiscal year 2021 financial reporting.

Other than the changes resulting from GASB pronouncements and guidance that are described in CPS Energy’s fiscal year 2021 Basic Financial Statements and Independent Auditors’ Report, there were no additional significant accounting principles or reporting changes implemented in the fiscal year ended January 31, 2021, or the period ended October 31, 2021. Other accounting and reporting changes that occurred during the prior reporting year continued into the fiscal year ending January 31, 2021, and the period ended October 31, 2021.

Recent Financial Transactions

On July 28, 2016, CPS issued \$544.3 million of Revenue Refunding Bonds, New Series 2016 to refund \$609.0 million of Revenue Bonds, New Series 2008 and Revenue Refunding Bonds, New Series 2009A.

On December 1, 2016, CPS remarketed for a two-year term \$47.50 million of Variable Rate Junior Lien Revenue Refunding Bonds, Series 2012C, while at the same time defeasing \$0.16 million of the original issued bonds.

On December 13, 2016, CPS remarketed for a three-year term \$124.56 million of Variable Rate Junior Lien Revenue Refunding Bonds, Series 2015A, while at the same time defeasing \$0.44 million of the original issued bonds.

On April 27, 2017, CPS issued \$308.01 million of Revenue and Refunding Bonds, New Series 2017 which included refunding Revenue Refunding Bonds, New Series 2006B and Revenue Refunding Bonds, New Series 2007.

On August 30, 2017, CPS issued \$194.98 million of Revenue Refunding Bonds, New Series 2017 to refund certain outstanding commercial paper notes.

On September 14, 2017, CPS remarketed for a four-year term \$123.3 million of Variable Rate Junior Lien Revenue Refunding Bonds, Series 2015B, while at the same time defeasing \$1.73 million of the original issued bonds.

On November 15, 2018, CPS issued \$218.29 million of Revenue Refunding Bonds, New Series 2018 which included refunding a portion of the Revenue Refunding Bonds, New Series 2009D and all of the Variable Rate Junior Lien Revenue Refunding Bonds, Series 2012A, Series 2012B, and Series 2012C.

On December 20, 2018, CPS issued \$130.2 million of New Series 2018A Senior Lien Revenue Refunding Bonds. Proceeds, including the \$20.9 million premium associated with the bonds, were used to refund \$60.0 million and \$90.0 million of the Commercial Paper Series A and Commercial Paper Series C, respectively.

On December 20, 2018, CPS issued \$134.9 million of Series 2018 Variable-Rate Junior Lien Revenue Refunding Bonds. Proceeds, including the \$1.2 million premium associated with the bonds, were used to refund \$135.0 million of the Commercial Paper Series C.

On January 24, 2019, \$52.5 million of New Series 2015 Senior Lien Revenue Refunding Bonds and \$25.1 million of New Series 2016 Senior Lien Revenue Refunding Bonds were legally defeased with cash.

On September 25, 2019, CPS issued \$114.7 million of Revenue Refunding Bonds, New Series 2019 to refund a portion of the Revenue Bonds, Taxable New Series 2012.

On November 21, 2019, CPS issued \$252.6 million of Revenue Refunding Bonds, Series 2019 which included refunding a portion of the Revenue Refunding Bonds, New Series 2010A (Build America Bonds) and all of the Junior Lien Revenue Refunding Bonds, Series 2010B (Build America Bonds).

On December 2, 2019, CPS remarketed for a five-year term \$124.2 million of Variable Rate Junior Lien Revenue Refunding Bonds, Series 2015 A, while at the same time defeasing \$0.04 million of the original issued bonds.

On December 2, 2019, CPS remarketed for a five-year term \$99.7 million of Variable Rate Junior Lien Revenue Refunding Bonds, Series 2015 C, while at the same time defeasing \$0.03 million of the original issued bonds.

On December 5, 2019, \$21.5 million of Commercial Paper Series B was legally defeased with cash. On January 9, 2020, \$108.5 million of Commercial Paper Series B was legally defeased with cash.

On January 28, 2020, CPS issued \$134.6 million of New Series 2020 Senior Lien Revenue Refunding Bonds to refund \$170.0 million of the Commercial Paper Series A, on January 29, 2020.

On January 28, 2020, CPS issued \$127.8 million of Series 2020 Variable-Rate Junior Lien Revenue Refunding Bonds. Proceeds, including the \$3.1 million premium associated with the bonds, were used to refund \$50.0 million and \$80.0 million of the Commercial Paper Series A and Commercial Paper Series C, respectively, on January 29, 2020.

On January 28, 2020, \$108.0 million of New Series 2016 Senior Lien Revenue Refunding Bonds was legally defeased with cash.

On February 26, 2021, CPS procured liquidity for its Flexible Rate Revolving Note Program, Series A, in the amount of \$100,000,000 and issued the same.

On March 31, 2021, CPS issued \$330.7 million of Junior Lien Revenue Refunding Bonds, Series 2021A.

On April 26, 2021, CPS effectuated its 2021 Inferior Lien Flexible Rate Revolving Note Program, Series B, in the amount \$500,000,000; no issuances of these notes have occurred.

On December 1, 2021, CPS remarketed for a six-year term \$104.2 million of Variable Rate Junior Lien Revenue Refunding Bonds, Series 2015 B, converting these into Fixed Rate Junior Lien Revenue Refunding Bonds, while at the same time defeasing \$19.7 million of the original issued bonds.

On April 8, 2021, CPS issued \$359.5 million of Series 2022 Fixed and Variable-Rate Junior Lien Revenue Refunding Bonds. Proceeds, including the \$52.7 million premium associated with the bonds, were used to refund \$230.0 million and \$160.0 million of the Commercial Paper Series A and Commercial Paper Series B, respectively, on February 16, 2022.

On April 13, 2022, CPS issued \$127.8 million of Taxable New Series 2022 Senior Lien Revenue Refunding Bonds. Proceeds will be used to refund \$210.9 million and \$100.0 million of the Commercial Paper Series A and Commercial Paper Series C as well as \$100.0 million of the Flexible Rate Revolving Note Program Series A, respectively, on April 14, 2021.

On May 4, 2022, CPS issued \$109.6 million of New Series 2022 Senior Lien Revenue Refunding Bonds. Proceeds, including the \$5.2 million premium associated with the bonds, \$13.8 million of accrued principal and interest, and will be used to refund \$128.6 million to refund the Revenue Refunding Bonds, Series 2012, on August 1, 2021.

(The remainder of this page is intentionally left blank.)

CPS Historical Net Revenues and Coverage ⁽¹⁾

(Dollars in thousands)	Fiscal Years Ended January 31, ⁽¹⁾				
	2017	2018	2019	2020	2021
Gross Revenues ⁽²⁾	\$ 2,494,120	\$ 2,624,411	\$ 2,808,260	\$ 2,602,177	\$ 2,511,242
Maintenance & Operating Expenses	<u>1,489,688</u>	<u>1,587,906</u>	<u>1,608,352</u>	<u>1,497,182</u>	<u>1,555,519</u>
Available For Debt Service	<u>\$ 1,004,432</u>	<u>\$ 1,036,505</u>	<u>\$ 1,199,908</u>	<u>\$ 1,104,995</u>	<u>\$ 995,723</u>
Actual Principal and Interest Requirements:					
Senior Lien Obligations ^{(3),(4),(9),(10)}	<u>\$ 290,264</u>	<u>\$ 270,080</u>	<u>\$ 259,726</u>	<u>\$ 223,292</u>	<u>\$ 327,599</u>
Junior Lien Obligations ^{(5),(11)}	<u>\$ 98,996</u>	<u>\$ 120,996</u>	<u>\$ 148,179</u>	<u>\$ 148,806</u>	<u>\$ 61,964</u>
ACTUAL COVERAGE - Senior Lien ⁽⁶⁾	3.46x	3.84x	4.62x	4.95x	2.92x
ACTUAL COVERAGE - Senior and Junior Liens	2.58x	2.65x	2.94x	2.97x	2.45x
PRO FORMA MADS COVERAGE					
Senior Lien ⁽⁷⁾	2.87x	2.97x	3.43x	3.16x	2.73x
Senior and Junior Liens ⁽⁸⁾	2.18x	2.25x	2.60x	2.40x	2.07x

- (1) Some numbers may have been adjusted due to rounding.
- (2) Calculated in accordance with the bond ordinances.
- (3) Net of accrued interest where applicable.
- (4) Includes a reduction of \$14.5 million, \$14.5 million, \$14.6 million, \$14.6 million and \$14.3 million for fiscal years 2016, 2017, 2018, 2019 and 2020, respectively, related to the direct subsidy for the Build America Bonds.
- (5) Includes a reduction of \$5.7 million for fiscal years 2017 - 2021, related to the direct subsidy for the Build America Bonds.
- (6) Calculation differs from by the inclusion of nonoperating expenses in the above schedule.
- (7) Maximum annual debt service on Senior Lien Obligations.
- (8) Maximum annual debt service on Senior Lien Obligations and Junior Lien Obligations.
- (9) Amount shown is gross debt service and does not include any cash contributions made.
- (10) Amounts shown for Senior Lien Obligations are higher in FY 21 compared to FY 20 due to bond maturities coming due in FY 22 (Series 2012 & Series 2016 Refunding Bonds).
- (11) Amounts shown for Junior Lien Obligations in FY 21 are lower due to bonds that matured in FY 20 (Jr. Lien Revenue Refunding Bonds, Series 2014).

(The remainder of this page is intentionally left blank.)

THE AIRPORT SYSTEM

General

The San Antonio International Airport (the “Airport” or “SAT”), located on a 2,600-acre site that is adjacent to Loop 410 freeway and U.S. Highway 281, is eight miles north of the City’s downtown business district. The Airport consists of three runways with the main runway measuring 8,502 feet and able to accommodate the largest commercial passenger aircraft. Its two terminal buildings contain 24 second-level gates. By the end of 2022 three additional gates will be constructed to the existing terminal building increasing the total number of gates to 27. Pre-pandemic, the Airport offered an average of 138 daily departures to 39 nonstop destinations across 11 airlines. Currently, the Airport offers nonstop service to 41 destinations both seasonal and year-round across 13 airlines. In 2021, SAT welcomed two new airlines, Breeze Airways and JetBlue Airways. The Airport experienced incredible growth in both demand and seats offered to Mexico throughout 2021. New service was added to Leon, Mexico as well as increases in both frequency and capacity to existing markets. As a result, international passenger numbers were up nearly 60% compared to 2019. The Airport continues to work with airlines to add and expand their nonstop service from SAT and fully anticipates continuing the growth trajectory seen pre-pandemic throughout the coming months and years.

The Airport is classified as a medium hub facility by the FAA. A “medium hub facility” is defined as a facility that enplanes between 0.25% and 0.50% of all passengers enplaned on certificated route air carriers in all services in the 50 states, the District of Columbia, and other designated territorial possessions of the United States. According to Airports Council International North America (“ACI-NA”), an airport industry group, the Airport ranked 47th based on total U.S. passenger traffic for calendar year 2019. For the calendar year ended December 31, 2021, the Airport enplaned approximately 3.7 million passengers. Airport management has determined that approximately 98% of the Airport’s passenger traffic is origination and destination in nature, which is important because it demonstrates strong travel to and from the City independent from any one airline’s hubbing strategies. A variety of services are available to the traveling public from approximately 280 commercial businesses which lease facilities at the Airport and Stinson Municipal Airport (“Stinson”).

In 2018, the San Antonio Airport System initiated a two-phased Strategic Development Plan as part of its update to the Master Plan of the San Antonio International Airport. The focus of the first phase was to determine if the current location of the San Antonio International Airport could grow to accommodate the region’s long-term aviation needs in the next 20 to 50 years. This phase concluded that the current location could be adapted to meet the region’s needs which were approved by City Council on October 31, 2018. Phase 2 focused on the development of preferred alternatives for airfield, terminal facilities, and roadway. In December 2020, the department presented an update on the SDP which included the preferred airfield alternative. This alternative will enhance airfield safety; enable service to farther international destinations; and accommodate long-term projected growth. In March 2021, the proposals for future terminal facilities and roadway alternatives to address the long-term projected growth of our region was presented.

Stinson, located on 300 acres approximately 5.2 miles southeast of the City’s downtown business district, was established in 1915, and is one of the country’s first municipally-owned airports. It is the second oldest continuously operating airport in the U.S. and is the FAA’s designated general aviation reliever airport to the Airport. On November 15, 2012, City Council authorized its more recent update to the Stinson Master Plan. This program informed the Department of Aviation (the “Department”) of projects to be undertaken on the airfield, terminal and support in the next 20 years to meet the demand of operations growth of 3.2% Annual Compound Growth Rate (“ACGR”) between 2011 and 2031. In December 2018, Stinson completed the construction of a new air traffic control tower on the south side of the airport campus. The new tower eliminates a potential line of sight issue that would have hindered tenant development. In 2019, the City Council authorized a new project that will design and construct a new parallel taxiway to Runway 14/32 which will enhance future development of adjacent land and promote airfield safety by reducing runway crossing once land is developed.

Capital Improvement Plan

The approved six-year (FY 2022 – FY 2027) Capital Improvement Plan (the “CIP”) totals approximately \$328.53 million and is comprised of certain projects for the design and construction of airfield improvements, road improvements, terminal expansions, IT upgrade projects and updates to the Master Plan for the San Antonio International Airport.

The CIP consists of the following:

Terminal Facilities

- Terminal A Electrical System Expansion: This project includes the design and Installation of new 4,000 amp Fuse Type Switch Boards with Breaker Type Switch Boards to the general electrical service for Terminal “A”. This project will add to an already maximized electrical system designed and installed more than 30 years ago.
- Terminal B Expansion: This project includes design and construction for the expansion and other requirements in Terminal “B”. The scope includes a new airline gate (Gate B-9) consisting of a passenger boarding bridge and

other improvements (seating, counters, and supporting improvements); an additional passenger screening lane at the Transportation Security Administration (TSA) security screening checkpoint, additional concessions, airline lounge space at the central marketplace, and additional office space at the ramp level. This project provides for added growth and the ability to accommodate additional airline service, passenger demand, revenue generation, and enhanced security compliance.

- Terminal A Gate Expansion: This project constructs a new airline Gate A16 and passenger boarding bridge in Terminal A, including adjustment to adjacent aircraft parking positions, relocation of the GSE services road and associated terminal improvement to activate gate A16.
- Terminal A New IDF Room: This project will construct a new communications room located on the nonsecure side of the ticketing lobby. This project will install new horizontal cabling routed to new communications rooms and decommissions legacy communications rooms.
- Terminal A & B Critical Infrastructure Assessment: This project includes an assessment of potential needed system upgrades to Terminal A & B. Terminal A works include HVAC, sanitary sewer and electrical upgrades. Terminal B improvements include electrical upgrades.
- Baggage Handling upgrades (high levels controls): Installing two redundant servers, Installing new workstations, Installing new Panel Views, Upgrading FactoryTalk HMI software, Installing Brock's SmartSort High Level Controls software, making modifications for external interfaces (low level PLCs, BSMs, FIDS etc.), includes Electrical Installation, In-house software development testing and customer Factory Acceptance Test (FAT), Commissioning and operator training and provides Standby support.
- Baggage Handling System Expansion: This project develops an area to accommodate up to 3 in-line security processing lanes, Checked Baggage Inspection System (CBIS) room, mechanical support space, equipment (conveyors) electrical motor apparatus, distribution systems, and other critical devices and systems. The scope includes modifying of existing line and systems to meet the demand for a comprehensive complex passing all system test. The scope will include surveillance, access control, electrical notification, mechanical (HVAC), and IT infrastructure.

Airfield Improvements

- Reconstruct Taxiway N South of Taxiway D This project completes the reconstruction of Taxiway N from the intersection of Taxiway D to north of Taxiway N6 to include drainage, electrical, signage, striping, etc.
- Airfield Lighting Control and Monitoring System: This project includes the designs and installation of a new Airport Lighting Control & Monitoring System that allows for the control of all airfield lighting from the FAA Tower. This requirement is in accordance with FAA standards to ensure safe airfield operating conditions.
- Taxiway H Reconstruction: This project scope includes the design and construction of a portion of aircraft apron taxi lane, installation of "No Taxi" islands and shoulders, removal of Taxiway "A" between Taxiways "G" and "H", installation of guidance signage to allow the taxi lane to be designated as Taxiway "H"; and the installation of a new connecting Taxiway including the removal of Taxiways "V" and "B" between Taxiways "G" and "H". All new taxiways created as part of this project will include standard shoulder pavements. All work to be accomplished in accordance with FAA Taxiway Design Standards. All work is consistent with bring airport airfield facilities in compliance with current requirements. This project will have a useful life of more than 30-years.
- Perimeter Road Reconstruction Packages 4 & 5: These two projects include design and construction of 63,000 and 78,000 square feet of new airfield perimeter road pavement. The FAA requires a service road around the perimeter of the airfield to provide access for airfield tenants, Airport emergency Rescue Firefighting Equipment, airport operations and permitted users to gain access from one side of the airport to another without crossing active runways and movement areas.
- Runway 13R Decouple, Reconstruction and Rehabilitation: The project consists of the decoupling of Runway 13R from Runway 4/22, reconstruction of two separate sections of concrete runway pavement on Runway 13R, the rehabilitation of portions of adjacent taxiways, runway lighting improvements, the reconstruction of Runway 13R, in phases, beyond the current six-year capital program and includes an environmental assessment and Memorandum of Agreement (MOA) with the FAA.
- Taxiway E Reconstruction: This project will reconstruct Taxiway E to a new location, including associated grading, lighting, signage and markings.
- Airfield Package 6-7: Pkg 6 - Taxiway R Rehab Phases 2 & 3. Constructs a new taxiway bypass to connect to TW RC to TW R. Install new FAA communications duct bank in order to remove the in-ground bridge. Pkg 7 - Removes a bridge and Municipal Solid Waste (MSW) and constructs a new Taxiway R on grade.
- Reconstruct Keel Section of RW 13R/31L: Reduction: This project completes the reconstruction of center panels of Runway 13R/31L with select reconstruction and rehabilitation of outboard panels and cross taxiway pavement within the Runway Safety Area. This includes the restriping of the runway.

Technology and Other Projects

- Master Plan Update, SAT: This project updates the Master Plan for the San Antonio International Airport. This update will be used as a planning and programming tool for future capital development up to the next 50 years. The project includes corresponding updates to the Part 150 NCP & Drainage Master Plan and includes an EALP (Electronic Airport Landing Plan).
- Multi-User Flight Information Display System (“MUFIDS”) Modernization: This project replaces the aged MUFIDS monitors in Terminal B and adds monitors in new locations throughout the campus.
- Paging Modernization: This project installs a new paging system to include all equipment across both terminals A and B.
- Airside Security Program: This project is focused on improving airside security around the airside apron area with increased video surveillance and a limited Perimeter Intrusion Detection System rollout. This project will also provide airport vehicle gate access control improvements and will include limited airside operational wireless access.
- Maintenance Office Renovations: Renovation of a new location of a maintenance office that is closer proximity to the airfield.
- Rehabilitate West Cargo Facilities: The project installs a new roof of the building, new exterior metal siding of building including soffits and fascia, security camera and cabling upgrades, new overhead and pedestrian doors, plumbing improvements, electrical installation, ADA access ramps, and new interior walls between tenant areas.
- Parking, CCTV for Economy and Cell Lots: This project installs CCTV and emergency call boxes for the parking areas to provide safety and security. This project scope is to install 27 cameras, 16 blue emergency phones, and the required supporting infrastructure in the Red, Orange and Green surface parking lots at SAT.
- Airport Program Management and Airport Planning Professional services.
- Other Capital Projects: Miscellaneous projects at the Airport and at Stinson.

The anticipated sources of funding for the CIP are as follows:

<u>Funding Sources</u>	<u>Projected Funding (\$)</u>
Federal Grants	
Entitlement Grants	12,333,115
Discretionary Grants	113,587,885
TxDOT Grant	8,675,000
Other Funding	
Airport Improvement & Contingency Fund	126,321,000
Stinson Revolving Fund	2,448,000
CFC Funds	2,547,000
PFC Funds	5,637,000
<u>Interim Airport Financing</u>	<u>56,978,000</u>
Total	328,527,000

The CIP includes capital improvements, which are generally described as follows:

<u>Improvement</u>	<u>Amount (\$)</u>
Airport	
Airfield	175,194,000
Common Use and IT Upgrade	30,134,000
Transit/Roadways	10,065,000
Parking	3,820,000
Terminal	74,226,000
Other Projects	18,568,000
<u>Stinson</u>	<u>16,520,000</u>
Total	328,527,000

PFC Projects. Public agencies wishing to impose Passenger Facility Charge (“PFC”) are required to apply to the FAA for such authority and must meet certain requirements specified in the 49 USC § 40117, and the implementing regulations issued by the FAA.

The FAA issued a “Record of Decision” on August 29, 2001 approving the City’s initial PFC application. The City, as the owner and operator of the Airport, received authority to impose a \$3.00 PFC and to collect, in the aggregate, approximately \$102,500,000 in PFC Revenues. On February 15, 2005, the FAA approved an application amendment increasing the PFC funding by a net amount of \$13,893,537. On February 22, 2005, the FAA approved the City’s application for an additional \$50,682,244 in PFC collections to be used for 11 new projects. On June 26, 2007, the FAA approved two amendments

to approved applications increasing the PFC funding by a net amount of \$121,611,491 for two projects and \$67,621,461 for four projects. Additionally, the FAA approved the increased collection rate from \$3.00 to \$4.50, effective October 1, 2007. In May 2010, the FAA approved amendments to the City’s PFC collection authorization to increase the scope of the PFC funding for certain PFC projects and permitted the addition of several elements. The May 28, 2010 FAA approvals increased the PFC funding amount from \$380,958,549 to \$574,569,629. On March 18, 2015, the City submitted an amendment to reduce the PFC Collection authority from the amount of approximately \$573.8 million to approximately \$463.7 million (a reduction of approximately \$110.1 million). This reduction was due to (i) estimated finance and interest costs that were overstated in the submittals compared to actual finance and interest costs and (ii) lower project costs in some cases. The FAA issued the Final Agency Decision on April 13, 2015, approving the proposed PFC amendment.

On December 17, 2020, the City submitted amendments to PFC Application Numbers 01-01-C-04-SAT (Application 1), 05-04-C-03-SAT (Application 4), anAppd 07-05-C-02-SAT (Application 5) to the FAA to reflect a decrease in PFC authority at San Antonio International Airport (SAT) due to the issuance of refunding bonds, resulting on lower interest costs, as well as additional funding sources received (CARES). On February 24, 2021, the FAA confirmed approval of the City’s amendment request and issued Final Agency Decisions. The total PFC impose and use authority for the City’s PFC Program has decreased by \$25,546,100, from its prior impose and use authority of \$463,710,203 to \$438,164,103. The City will maintain a four dollar and fifty cent (\$4.50) charge on eligible passengers enplaned at the Airport. The table below illustrates the change by Application Number.

<u>Application</u>	<u>Prior PFC Collection Authority</u>	<u>Current Approvals</u>
Application 1	\$315,801,521	\$291,245,208
Application 2	\$95,005,887	\$93,974,314
Application 3	\$52,902,795	\$52,944,582
Total PFC Program	\$463,710,203	\$438,164,104

Note: Applications 2 and 3 are use-only applications, with no associated PFC collection authority.

On October 1, 2007, the City began collecting a \$4.50 PFC (less a \$0.11 air carrier collection charge) per qualifying enplaned passenger. The City has received PFC “impose and use” authority, meaning that it may impose the PFC and use the resultant PFC Revenues for all projects, contemplated to be completed using proceeds of the Parity PFC Bonds. As of December 31, 2021, the City has collected \$289,655,018 (unaudited) in PFC Revenues since authority to impose and collect the PFC was received. The estimated PFC collection expiration date is June 1, 2032.

To date, the following projects have been approved as “impose and use” projects:

- Replace Remain Overnight Apron
- Implement Terminal Modifications
- Reconstruct Perimeter Road
- Construct New Terminal B
- Acoustical Treatment Program
- Construct Elevated Terminal Roadway
- Upgrade Central Utility Plant
- Construct Apron – Terminal Expansion
- Install Utilities – Terminal Expansion
- Replace Two Aircraft Rescue and Fire Fighting Vehicles
- Conduct Environmental Impact Statement
- Reconstruct Terminal Area Roadway
- Install Noise Monitoring Equipment
- Install Terminal and Airfield Security Improvements
- Install Airfield Electrical Improvements
- PFC Development and Administration Costs

CFC Projects. The City Council, by ordinance adopted on March 8, 2012, authorized the Airport to impose the collection of a \$4.50 per transaction day Customer Facility Charge (“CFC”) for rental car customers to pay for all costs and expenses associated with the planning, financing, and construction and certain other costs for a Consolidated Rental Car Facility (the “ConRAC”) to open in three to five years. The rental car companies began collecting the CFC on all car rentals at the Airport on April 1, 2012. The CFC was reapproved at a collection rate of \$5.00 per transaction day, effective July 1, 2015, pursuant to the ordinance adopted by the City Council on June 18, 2015. The CFC rate was further increased to \$5.50 per transaction day,

effective October 1, 2018. The ConRAC project cost is estimated at \$167.8 million. As of December 31, 2021, the City has received \$101,029,756 (unaudited) in CFC Revenues since the April 1, 2012 inception of the CFC.

ConRAC. ConRAC opened for business on January 17, 2018. This 1.8 million square foot state of the art facility houses up to 14 rental car companies, a quick turnaround area for fueling, vacuuming, washing and light maintenance and approximately 2,600 ready/return parking spaces. ConRAC is just a few steps away from the terminals, eliminating the need for shuttles to take passengers to their rental car locations, thus enabling the Airport to initiate significant improvements to traffic flow in the arrivals area.

Airport Operations

Direct supervision of airport operations is managed by the Department. The Department is responsible for: (1) managing, operating, and developing the Airport System and any other airfields which the City may control in the future; (2) negotiating leases, agreements, and contracts; (3) computing and supervising the collection of revenues generated by the Airport System under its management; and (4) coordinating aviation activities under the FAA.

The Department is an enterprise fund of the City. The operations and improvements at the Airport and Stinson are paid for by airport user charges, bond funds, and funds received from the FAA. No general tax fund revenues are used to operate or maintain the Airport System. The City Council appoints a 19-member Airport Advisory Commission (the “AAC” or the “Commission”). The Commission’s primary purpose is to advise the Department regarding policies, including any noise-related issues affecting the Airport System and air transportation initiatives.

On February 10, 2020, San Antonio Airport System welcomed Jesus Saenz, Jr. as the new Director of Airports with overall responsibility for the management, administration and planning of the Airport System. Mr. Saenz is a 24-year veteran of airport management. He arrived in San Antonio from Houston, Texas where he was the Chief Operating Officer for the Houston Airport System. Mr. Saenz has an experienced staff to aid him in carrying out the responsibilities of his position. The principal members of the Department’s staff include the Director, the Deputy Aviation Director, the Assistant Aviation Director of Operations, Assistant Aviation Director of Administration, and the Assistant Aviation Director of Asset and Planning.

The Airport System has police and fire departments on premises. The police and firefighters are assigned to duty at the Airport System from the City’s police and fire departments, but their salaries are paid by the Department as an operation and maintenance expense of the Airport System.

The FAA has regulatory authority over navigational aid equipment, air traffic control, and operating standards for the Airport System.

The passage of the Aviation and Transportation Security Act in November of 2001, created the TSA. The Department has worked closely with the TSA to forge a new higher level of security for the traveling public. TSA employs about 300 individuals at the Airport System to meet the federal security requirements.

As of October 1, 2021, the Airport System had approximately 501 authorized positions as follows:

Administration	114	Parking/GT	63
Police/Security	95	Airport Operations	70
Fire Rescue	33	Stinson Airport	8
Facilities Maintenance	118		

(The remainder of this page is intentionally left blank.)

Comparative Statement of Gross Revenues and Expenses - San Antonio Airport System

The historical financial performance of the Airport System is shown below for the last five fiscal years:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Gross Revenues ¹	\$94,686,702	\$106,952,588	\$116,003,603	\$94,101,394	\$101,945,437
Expenses	<u>(60,674,648)</u>	<u>(65,071,241)</u>	<u>(66,246,817)</u>	<u>(64,437,541)</u>	<u>(66,137,262)</u>
Net Revenues	<u>\$34,012,054</u>	<u>\$41,881,347</u>	<u>\$49,756,786</u>	<u>\$29,663,853</u>	<u>\$35,808,175</u>

¹ As reported in the City's audited financial statements.
Source: City of San Antonio, Department of Finance.

Total Domestic and International Enplaned Passengers - San Antonio Airport

The total domestic and international enplaned passengers on a calendar year basis, along with year-to-year percentage change are shown below:

<u>Calendar Year</u>	<u>Total</u>	<u>Increase/ (Decrease)</u>	<u>Percent (%) Change</u>
2012	4,103,364	31,583	0.78
2013	4,119,039	15,675	0.38
2014	4,191,391	72,352	1.76
2015	4,257,688	66,297	1.58
2016	4,309,761	52,073	1.22
2017	4,521,611	211,850	4.92
2018	5,028,658	507,047	11.21
2019	5,192,990	164,332	3.27
2020 ¹	1,999,488	(4,993,502)	(61.50)
2021	3,747,110	1,747,622	87.40

¹ In 2020, the enplaned passengers decreased due to a result of the COVID-19 Pandemic.
Source: City of San Antonio, Department of Aviation.

(The remainder of this page is intentionally left blank.)

Total Enplaned and Deplaned International Passengers - San Antonio Airport

The total enplaned and deplaned for international passengers on a calendar year basis, along with year-to-year percentage change are shown below:

<u>Calendar Year</u>	<u>Total</u>	<u>Increase/ (Decrease)</u>	<u>Percent (%) Change</u>
2012 ¹	421,718	239,687	131.67
2013	474,609	52,891	12.54
2014	464,765	(9,844)	(2.07)
2015	511,076	46,311	9.96
2016 ²	400,061	(111,015)	(21.72)
2017	368,381	(31,680)	(7.92)
2018	415,018	46,637	12.66
2019	467,475	52,457	12.64
2020 ³	207,684	(259,791)	(55.60)
2021	741,572	533,888	257.10

¹ The increase in total enplaned and deplaned international passengers from 2011 to 2012 is attributable to 3 new airlines operating in 2012. These airlines are AirTran, InterJet, and Viva AeroBus.

² The decline in international is in large part a result of capacity reductions by Southwest to Mexico City and Interjet to Toluca. In addition to capacity adjustments, the continuing devaluation of the Peso to the U.S. Dollar may be contributing to decreased leisure travel between the two countries. In December 2016, the Peso had 13.7% less value than the same time in 2015, and 47.0% less value than two years prior to that.

³ In 2020, the enplaned and deplaned passengers decreased due to a result of the COVID-19 Pandemic.

Source: City of San Antonio, Department of Aviation.

Air Carrier Landed Weight - San Antonio Airport

The historical aircraft landed weight in 1,000-pound units on a calendar year basis is shown below. Landed weight is utilized in the computation of the Airport's landed fee.

<u>Calendar Year</u>	<u>Total</u>	<u>Increase/ (Decrease)</u>	<u>Percent (%) Change</u>
2011	5,707,294	75,091	1.33
2012	5,812,227	104,933	1.84
2013	5,784,738	(27,489)	(0.47)
2014	5,661,554	(123,184)	(2.13)
2015	5,719,952	58,398	1.03
2016	5,729,257	9,305	0.16
2017	6,024,433	295,176	5.15
2018	6,594,764	570,331	9.47
2019	6,754,689	159,925	2.42
2020 ¹	3,944,499	(2,810,190)	(41.60)
2021	5,202,824	1,258,325	31.90

¹ In 2020, the air carrier landed weight decreased due to a result of the COVID-19 Pandemic.

Source: City of San Antonio, Department of Aviation.

* * *

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

**SAN ANTONIO WATER SYSTEM
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended December 31, 2021**

The information contained in this Appendix consists of the San Antonio Water System Annual Comprehensive Financial Report for the Year Ended December 31, 2021.

[THIS PAGE INTENTIONALLY LEFT BLANK]



**San
Antonio
Water
System**



ACFER

ANNUAL
COMPREHENSIVE
FINANCIAL REPORT

**For the Years Ended
December 31, 2021 and 2020**

*This Page
Intentionally Left Blank*

*ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE
SAN ANTONIO WATER SYSTEM
A COMPONENT UNIT OF THE
CITY OF SAN ANTONIO, TEXAS
For the Years Ended December 31, 2021 and 2020*

*Prepared by:
Financial Services Department*

*Douglas P. Evanson
Senior Vice President/Chief Financial Officer*

*Cecilia Velasquez
Senior Director of Financial Services/Controller*

*This Page
Intentionally Left Blank*

INTRODUCTION

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
SAN ANTONIO WATER SYSTEM
TABLE OF CONTENTS**

Page

INTRODUCTION

Title Page	
Table of Contents	
Letter of Transmittal (Unaudited)	A1-A9
San Antonio Water System Board of Trustees	B
San Antonio Water System Organization Chart	C
Certificate of Achievement for Excellence in Financial Reporting	D

FINANCIAL SECTION

Independent Auditor's Report	1 - 3
------------------------------	-------

Required Supplemental Information:

Management's Discussion and Analysis (Unaudited)	4 - 14
--	--------

Basic Financial Statements:

San Antonio Water System:	
Statements of Net Position	15 - 16
Statements of Revenues, Expenses and Changes in Net Position	17
Statements of Cash Flows	18 - 19
San Antonio Water System Fiduciary Funds:	
Statements of Fiduciary Net Position	20
Statements of Changes in Fiduciary Net Position	20
Notes to Financial Statements	21 - 84

Required Supplemental Information:

Texas Municipal Retirement System - San Antonio Water System	
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)	85
Schedule of Contributions (Unaudited)	86
San Antonio Water System Retirement Plan - Defined Benefit Component:	
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)	87
Schedule of Contributions (Unaudited)	88
Schedule of Investment Returns (Unaudited)	88
District Special Project Retirement Income Plan	
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)	89
Schedule of Contributions (Unaudited)	90
Schedule of Investment Returns (Unaudited)	90
Other Post Employment Benefit Plan (OPEB)	
Schedule of Changes in Net OPEB Liability and Related Ratios (Unaudited)	91
Schedule of Contributions (Unaudited)	92
Schedule of Investment Returns (Unaudited)	92

Supplemental Information

Supplemental Schedules:

Schedule of Revenues and Other Financial Sources and Their Disposition	93
Schedule of Revenues and Their Disposition Compared to Annual Budget	94
Schedule of Operation and Maintenance Expenses By Account (System Fund)	95 - 96
Notes to Supplemental Schedules	97 - 98
Combining Statement of Fiduciary Net Position	99
Combining Statement of Changes in Fiduciary Net Position	99

Statistical Section (Unaudited):

Table of Contents	100
Financial Trends	
Schedule 1 - Fund Net Position	101
Schedule 2 - Changes in Net Position	102
Schedule 3 - Net Position in System	103

ANNUAL COMPREHENSIVE FINANCIAL REPORT
SAN ANTONIO WATER SYSTEM
TABLE OF CONTENTS
 Continued

Page

Statistical Section (continued):

Revenue Capacity	
Schedule 4 - Water Production, Water Usage and Wastewater Treated	104
Schedule 5 - Sales by Source	105
Schedule 6 - Sales in Gallons	106
Schedule 7 - Number of Customer Connections	106
Schedule 8 - Residential Class Rates (Inside City Limits)	107
Schedule 9 - Residential Class Rates (Outside City Limits)	108
Schedule 10 - General Class Rates (Inside City Limits)	109
Schedule 11 - General Class Rates (Outside City Limits)	110
Schedule 12 - Wholesale Class Rates	111
Schedule 13 - Irrigation Class Rates	112
Schedule 14 - Other Fees	113
Schedule 15 - Recycled Water Rates	114
Schedule 16 - Impact Fees	115
Schedule 17 - Ten Largest Customers - Water	116
Schedule 18 - Ten Largest Customers - Wastewater	117
Schedule 19 - Ten Largest Customers - Wholesale Wastewater	118
Debt Capacity	
Schedule 20 - Ratios of Total Outstanding Debt by Type	119
Schedule 21 - Pledged Revenue Coverage	120
Demographic and Economic Information	
Schedule 22 - Demographic and Economic Statistics	121
Schedule 23 - Principal Employers	122
Operating Information	
Schedule 24 - Number of Employees by Functional Group	123
Schedule 25 - Capital Assets	124
Map 1 - Map of Water Service Area	125
Schedule 26 - Operating and Capital Indicators - Water	126
Schedule 27 - Monthly Residential Service Charges for Ten Major Texas Cities - Water	127
Map 2 - Map of Wastewater Service Area	128
Schedule 28 - Operating and Capital Indicators - Wastewater	129
Schedule 29 - Monthly Residential Service Charges for Ten Major Texas Cities - Wastewater	130

Bonded Debt Schedules and Analyses (Unaudited):

Analysis of Changes in Bonded Debt	131-167
Water System Revenue Bonds - Total Debt Service to Maturity	168-170
Water System Senior Lien Revenue Bonds - Total Debt Service to Maturity	171
Water System Revenue Taxable Bonds - Series 2009B	172
Water System Revenue Taxable Bonds - Series 2010B	173
Water System Revenue Refunding Bonds - Series 2012	174
Water System Revenue and Refunding Bonds - Series 2012A	175
Water System Junior Lien Revenue Bonds - Total Debt Service to Maturity	176-178
Water System Junior Lien Revenue Refunding Bonds - Series 2012 (No Reserve Fund)	179
Water System Junior Lien Revenue Bonds - Series 2012	180
Water System Junior Lien Revenue Bonds - Series 2013A	181
Water System Junior Lien Revenue Refunding Bonds - Series 2013B (No Reserve Fund)	182
Water System Junior Lien Revenue Bonds - Series 2013C	183
Water System Junior Lien Revenue Bonds - Series 2013D	184
Water System Junior Lien Revenue Refunding Bonds - Series 2013E (No Reserve Fund)	185
Water System Variable Rate Junior Lien Revenue Refunding Bonds - Series 2013F (No Reserve Fund)	186
Water System Junior Lien Revenue Refunding Bonds - Series 2014A (No Reserve Fund)	187
Water System Variable Rate Junior Lien Revenue Refunding Bonds - Series 2014B (No Reserve Fund)	188
Water System Junior Lien Revenue Bonds - Series 2014C	189
Water System Junior Lien Revenue Bonds - Series 2014D	190
Water System Junior Lien Revenue Bonds - Series 2015A	191

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
SAN ANTONIO WATER SYSTEM
TABLE OF CONTENTS
Continued**

Page

Bonded Debt Schedules and Analyses (continued):

Water System Junior Lien Revenue Bonds - Series 2015B	192
Water System Junior Lien Revenue Refunding Bonds - Series 2016A	193
Water System Junior Lien Revenue Refunding Bonds - Taxable Series 2016B	194
Water System Junior Lien Revenue and Refunding Bonds - Series 2016C	195
Water System Junior Lien Revenue Bonds - Series 2016D	196
Water System Junior Lien Revenue Bonds - Series 2016E	197
Water System Junior Lien Revenue Refunding Bonds - Series 2017A	198
Water System Junior Lien Revenue Bonds - Series 2018A	199
Water System Junior Lien Revenue Bonds - Series 2018B	200
Water System Variable Rate Junior Lien Revenue Bonds - Series 2019A (No Reserve Fund)	201-202
Water System Junior Lien Revenue Bonds - Series 2019B	203
Water System Junior Lien Revenue Refunding Bonds - Series 2019C (No Reserve Fund)	204
Water System Junior Lien Revenue Refunding Bonds - Series 2020A (No Reserve Fund)	205
Water System Junior Lien Revenue Bonds - Series 2020B	206
Water System Junior Lien Revenue Refunding Bonds - Series 2020C (No Reserve Fund)	207
Water System Junior Lien Revenue Bonds - Series 2020D	208
Water System Junior Lien Revenue and Refunding Bonds - Series 2021A (No Reserve Fund)	209-210
Revenue Bond Debt Coverage Ratio	211



March 30, 2022

Ms. Jelynne LeBlanc Jamison, Chairwoman
Mr. David McGee, Vice Chairman
Mr. Eduardo Parra, Secretary
Ms. Amy Hardberger, Assistant Secretary
Mr. Ed Belmares, Trustee
Ms. Marilu Reyna, Trustee
Hon. Ron Nirenberg, Mayor

Trustees:

In accordance with the requirements of City of San Antonio (City) Ordinance No. 75686, we are pleased to submit herewith the Annual Comprehensive Financial Report of the San Antonio Water System (SAWS) for the year ended December 31, 2021. We believe that the financial and statistical information presented in the report is accurate in all material respects and that all disclosures necessary to enable the reader to gain an understanding of the financial status of the San Antonio Water System (SAWS) have been included.

The information contained in this report is the responsibility of management. Management assumes this responsibility based upon a comprehensive framework of internal control that it has established for this purpose. This internal control structure has been designed to ensure that the assets of SAWS are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is also designed to provide reasonable, but not absolute, assurance that the objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

City Ordinance No. 75686 also requires that the annual financial report be submitted for audit by an independent accountant. The report of our independent auditors, Baker Tilly US, LLP is included in the financial section of the 2021 Annual Comprehensive Financial Report. Their report expresses an unmodified or “clean” opinion as to the fairness of the presentation of our financial statements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The results of the audit of SAWS for the year ended December 31, 2021 provided no instances of material weaknesses in the internal control structure.

The Management’s Discussion and Analysis (MD&A) beginning on page 4 provides a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter complements the MD&A and should be read in conjunction with it.

PROFILE OF SAN ANTONIO WATER SYSTEM

On February 13, 1992, the City Council determined that it was in the best interest of the citizens of the City and the customers served by the water and wastewater systems to consolidate all water systems, agencies and activities into one agency. This action was taken due to the myriad of issues confronting the City related to the development and protection of its water resources. The consolidation provided the City a singular voice of representation when promoting or defending the City's goals and objectives related to water resource protection, planning and development when dealing with local, regional, state and federal water authorities and officials.

Final City Council approval for the consolidation was given on April 30, 1992 with the approval of Ordinance No. 75686, which provided for the consolidation of all city owned utilities related to water, including the water, wastewater, and water reuse systems into SAWS.



The City, which is the county seat of Bexar County, is located in south central Texas, approximately 80 miles south of the state capital of Austin, 200 miles west of Houston and 150 miles northeast of Laredo on the Mexican border. The most recent population estimate from the U.S. Census Bureau is 1,555,370 for San Antonio and 2,009,324 for Bexar County. The U.S. Census Bureau currently ranks San Antonio as the second largest city in Texas and the seventh largest city in the United States. The climate in San Antonio is characterized by warm summers with mild winters. Based on data observed over a thirty year period, the average high temperature in

August is 96 degrees Fahrenheit, with the average low temperature in January of 41 degrees. Precipitation for the City averages approximately 32 inches annually.

SAWS includes all water resources, properties, facilities, and plants owned, operated and maintained by the City relating to supply, storage, treatment, transmission, and distribution of treated potable water; collection and treatment of wastewater; and distribution of recycled water. Additionally, SAWS owns and operates four thermal energy facilities providing chilled water services to governmental and private entities. In 2021, SAWS provided potable water service to over 537,000 customer connections, while providing wastewater services to more than 480,000 customer connections. Both water and wastewater connections represent approximately 93% of the customers in Bexar County. As of December 31, 2021, SAWS had 1,669 employees and provided maintenance for a combined 13,306 miles of water and sewer mains.



The complete management and control of SAWS is vested in SAWS Board of Trustees (Board). The Board consists of the Mayor and six Trustees who are required to be residents of the City of San Antonio or reside within the area serviced by SAWS. With the exception of the Mayor, all other trustees are appointed by the City Council for four year staggered terms and are eligible for reappointment for one additional four-year term. A trustee must be appointed from each four different quadrants in the City and two trustees are appointed from the north and south sides of the City. In addition to appointing the SAWS trustees, City Council must approve all changes in SAWS rates, disposition of real property and any debt issued by SAWS. The general operations of SAWS are under the supervision of the President/Chief Executive Officer, who is employed by

the Board. The financial statements of SAWS are presented in the Annual Comprehensive Financial Report of the City of San Antonio, as a major discretely presented component unit of the City.

On January 28, 2012, by legislative direction and election by Bexar Metropolitan Water District (BexarMet) customers, SAWS assumed the operational control and management of BexarMet. SAWS operated the former BexarMet as a separate entity known as SAWS District Special Project (SAWS DSP) from January 2012 until January 2016. In February 2016, all outstanding debt of SAWS DSP was refunded with SAWS issued debt and the assets and liabilities of SAWS DSP were transferred to SAWS. On January 1, 2017, SAWS completed all legally required steps to fully integrate the operations and customers of the former BexarMet with SAWS. This final step of full integration included the application of consistent rates for both existing SAWS and former BexarMet customers.

The Board is required to adopt an annual budget to serve as a tool in controlling and administering the management and operation of SAWS. This annual budget is to reflect an estimate of Gross Revenues of SAWS as well as an estimate of the disposition of these revenues in accordance with the flow of funds requirements of Ordinance No. 75686. Gross Revenues are defined as operating revenues plus nonoperating revenues less revenues from CPS Energy, interest on project funds, the federal subsidy on the Build America Bonds and investment mark-to-market adjustments. The annual budget is to be presented and approved by the Board approximately 60 days prior to the beginning of the next ensuing fiscal year. Following approval of the budget by the Board, it is to be submitted to the City Council for review and consultation. The Board may subsequently modify the approved budget by providing notice to the City.

LOCAL ECONOMIC CONDITIONS

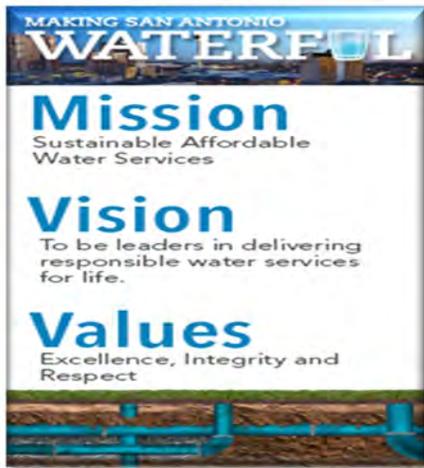


Prior to the COVID-19 pandemic, the San Antonio economy had experienced robust, sustained growth since the mid-1990's. This economic growth coupled with the net in-migration trends experienced in many areas of Texas had resulted in population growth that had exceeded national averages. Even though the COVID-19 pandemic adversely impacted the San Antonio Metropolitan Statistical Area (San Antonio MSA), there have been

signs of an economic rebound. As shown on the map, the San Antonio MSA encompasses Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina and Wilson counties. As of December 2021, total non-farm employment in the San Antonio MSA has increased by 4.5% since December 2020 – from 1.06 million to 1.1 million jobs. In addition, the San Antonio MSA unemployment rate in December 2021 was 3.7% compared to 6.0% as of December 2020. San Antonio boasts a favorable business environment that supports continued economic diversification and growth. This is evident in the fact that the annual average rate of non-farm job growth from 2011-2021 in the San Antonio MSA (2.4%) exceeded that of the nation (1.2%).

According to the U.S. Census Bureau 2020 Decennial Census, Texas was home to three of the top five cities in the U.S. in terms of largest population growth from 2010 to 2020, with San Antonio coming in fourth overall. In order to accommodate this influx of new residents, San Antonio relies on a diverse economy, which encompasses strategic positions in key employment sectors including government and military, biomedical sciences, medical services, tourism and hospitality. Additional information regarding demographic and economic conditions for San Antonio can be found in the Statistical Section of this report on page 121.

LONG-RANGE FINANCIAL PLANNING – MAJOR INITIATIVES



SAWS Strategic Plan is the overarching document that defines its mission, vision, values and goals. The six strategic goals, shown below, serve as the foundation for all of SAWS' activities and support the budget objectives each year.



In order to accomplish SAWS mission of providing sustainable, affordable water services to one of the fastest growing major cities in the country, long-range financial planning is critical. In support of SAWS long-range planning efforts, 25-year capital improvement master plans for both water and wastewater are maintained and incorporated into SAWS 20-year financial model. Looking back over the course of 2021 and forward for the next several years, a significant portion of SAWS management time and financial resources have been and will continue to be dedicated to the following major initiatives:

- **COVID-19 Pandemic Customer Assistance Efforts**

In March of 2020, SAWS implemented the following temporary measures intended to assist SAWS' customers experiencing financial hardship as a result of the pandemic and the resultant global economic slowdown (i) deferring disconnections of water service for non-payment (ii) waiving the imposition of late fees and (iii) promoting payment plans with extended terms beyond those normally offered. SAWS began charging late fees again in August 2021 and resumed disconnections for non-payment in October 2021. The Board approved the COVID-19 Relief Plan (Relief Plan) for customers that were more than 60 days past due as of August 1, 2021. The Relief Plan was intended to minimize service disruptions for customers disproportionately impacted by the pandemic; incentivize delinquent customers to resume payments for service to partially reduce delinquent balances; increase operational funds; enable SAWS to respond flexibly if federal disaster recovery funds became available for low-income customers; and maximize the collection of delinquent balances at the lowest reasonable cost.

Under the terms of the Relief Plan, residential customers currently enrolled in SAWS Affordability Discount Program had a 6-month hold placed on their balances outstanding as of September 15, 2021 but were required to pay the current monthly charges by the due date to avoid potential service disruption. Residential customers that were not enrolled in SAWS' Affordability Discount Program and had a balance outstanding of less than \$2,000 were automatically placed into a 48-month payment plan under which they must satisfy their monthly bill (including current charges) by the due date for each of the next 18 months. By doing so, they will have paid 37.5% of the outstanding balance and SAWS will agree to have the remainder of the outstanding balance under the payment arrangement (62.5%) written off with no further collection efforts to be pursued by SAWS. Residential customers owing \$2,000 or more and all non-residential customers were required to enter into and adhere to a tailored payment plan to avoid disconnection. SAWS also expanded the amount of credit that a customer may receive as a result of a verified water leak that occurred prior to September 1, 2021, which has been repaired.

Since the beginning of the pandemic, SAWS has experienced a significant increase in past due accounts receivable. As of December 31, 2021, receivable balances, which were at least 30 days past due totaled \$53.7 million, which is an increase of \$37.5 million from the level as of March 31, 2020. In order to account for the increase, SAWS has increased the provision for uncollectible accounts from historic levels of approximately 0.7% of operating revenues to an average of more than 3% during the last two years. As a result, the allowance for doubtful accounts has increased from \$8.5 million as of March 31, 2020 to \$43.9 million as of December 31, 2021.

On November 18, 2021, the City Council approved the allocation of \$10 million in funds from the City’s American Rescue Plan Act (ARPA) funds to provide bill assistance to certain qualifying SAWS customers. Additional information regarding ARPA funds can be found in the Notes to Financial Statements of this report on page 82.

- **Winter Storm Uri**

From February 14, 2021, through February 19, 2021, the United States experienced Winter Storm Uri. San Antonio had three consecutive days of record low temperatures and record low daily high temperatures with windchills of -6 degrees Fahrenheit. SAWS began to experience operational but manageable challenges due to the sustained below freezing temperatures and accompanying snow and ice. Due to the unprecedented, required power demand reductions, many of SAWS pumping stations were included in the rotating brownout cycles. The elimination of power for long periods of time at multiple pumping stations resulted in a complete loss of water service for those service areas. As a result, SAWS issued a city-wide boil water notice on February 18, 2021, and was able to restore pressure to the entire distribution system on February 21, 2021. By February 23, 2021, the boil water notice was lifted.

Because of the extremely low temperatures, many homes and businesses across San Antonio experienced broken and frozen pipes. SAWS acknowledged that a substantial portion of the water production during this period was the result of leaks, running faucets or line flushing and implemented a bill relief program on February 18, 2021, in the form of bill adjustments for all customers. The adjustment compared a customer’s water usage in the Winter Storm billing period to their prior month’s usage and billed based upon the lower of the two usage amounts. This adjustment program was in effect for slightly more than one month and resulted in SAWS providing approximately \$12 million in billing adjustments. As a result of Winter Storm Uri’s impact to San Antonio, the City Council created an Emergency Preparedness Committee to review the area’s emergency response and to identify recommendations for future events.

In response to certain of these recommendations, SAWS has prepared an extensive communication campaign offering resources to customers on issues affecting water supply, launched a “Be Ready Rebate” program that offers homeowners a \$75 bill credit when a licensed plumber inspects and protects their pipes. SAWS has also worked extensively on emergency coordination efforts with CPS Energy and the City of San Antonio. In addition, on June 8, 2021, the Governor signed Senate Bill 3 to address issues that arose during Winter Storm Uri. The new law requires weather emergency preparedness and the identification of critical public utilities facilities, including the natural gas supply chain and electric utilities. Water utilities were required to submit an emergency preparedness plan to the State by March



1, 2022, and SAWS has included more than \$150 million in future capital spending projections in order to meet the anticipated requirements of this legislation. Additional information regarding Senate Bill 3 can be found in the Notes to Financial Statements of this report on pages 82-83.

- **Meeting the Water Supply Needs of a Growing Community**

For most of its modern history, the City of San Antonio obtained nearly all of its water from the Edwards Aquifer. However, as a result of continued growth, environmental litigation and regulations limiting withdrawals from the Edwards Aquifer, SAWS has been aggressively promoting water conservation while also developing new sources of water supply since its formation in 1992. Since the late 1990's, SAWS has brought on-line a number of new water sources including one of the nation's largest recycled water systems, the development of alternative sources of groundwater and surface water supply, and the construction of a state-of-the-art groundwater desalination plant. While each of these projects were successful in providing for the short-term growth needs of the City, SAWS was still seeking a major alternative source of water supply, which would meet its needs for the next several decades.

In November of 2014, SAWS entered into contracts for the Vista Ridge Pipeline Project, which will provide 50,000 acre-feet of water (20% of the current system demand) to San Antonio for 60 years. This was the first-of-its-kind water supply public-private partnership (P3) in Texas, which transferred risk of project development, financing, and water source availability to the private entity in return for the strong financial off-take position provided by SAWS.



While all of the construction expenditures associated with the production wells and the 142-mile pipeline necessary to deliver the water to San Antonio were the responsibility of the private entity, SAWS was required to make system improvements to accept and fully integrate the Vista Ridge water. Once the project was brought on-line in April 2020, SAWS began paying for the water made available, which totaled 49,475.7-acre feet in 2021.

For 2022, the second full year of Vista Ridge operations, a total of \$103.6 million is budgeted for the delivery of 50,000 acre-feet (approximately \$2,071 per acre foot). Additional information regarding the Vista Ridge Pipeline Project can be found in the Notes to Financial Statements of this report on pages 54-56.

- **Continuing to Meet the Obligations of SAWS Consent Decree**

In June 2013, the Board approved a Consent Decree with the United States of America and the State of Texas that required additional work over a 10-to-12-year period to reduce sanitary sewer overflows (SSOs). The work required to comply includes system-wide inspection, cleaning and evaluation of sanitary sewer pipelines, and increased investment in the replacement and rehabilitation of aging sewer infrastructure. SAWS initially estimated the cost to perform the operating and maintenance requirements of the Consent Decree to be approximately \$250 million while the level of capital investment required was projected at approximately \$850 million. During the last several years, through flow monitoring during significant rainfall events, physical inspection and televising, SAWS has accumulated additional information relative to the performance of its collection system. Based upon this analysis, as well as inflationary cost increases, SAWS currently estimates that capital expenditures associated with the requirements of the Consent Decree could range from \$1.2 billion to \$1.3 billion.

Through December 31, 2021, capital investment related to the Consent Decree have totaled approximately \$953 million. SAWS has significantly reduced the number of SSOs as result of efforts made since 2012 to clean and replace sewer pipelines. After a record low of 152 SSOs in 2020, the impacts of COVID-19 on our line cleaning efforts, the impacts attributable to Winter Storm Uri and a number of significant rain events resulted in 228 SSOs in 2021. The following chart shows the number of SSOs, the SSO trendline and annual rainfall since 2010.



- Increasing Investment in Water Infrastructure**

The 2022 Capital Improvement Program (CIP) includes \$162.4 million in Water Delivery projects that will provide for the expansion, improvement and replacement of infrastructure required to produce and deliver water to our customers. This includes \$46.5 million for new and replacement mains, \$75.6 million for production facility upgrades and \$25.7 million for water main replacements related to other governmental agency projects. The level of investment in Water Delivery infrastructure in the 2022 CIP is 31% higher than SAWS average annual investment in Water Delivery infrastructure over the last five years. SAWS will continue to increase its investment in the Water Delivery CIP. The 2022-2026 CIP chart below shows the projected level of investment increasing to \$252.4 million in 2026. This includes a ramp up of SAWS water main replacement program, after the SSO Consent Decree work is completed.



As discussed previously, SAWS has begun assessing its response to ensure timely compliance with Senate Bill 3 and has included \$25 million in the 2022 CIP to address its emergency preparedness, with more than \$100 million of additional resiliency related capital improvements planned in the 2023-2026 CIP. Moreover, SAWS has also begun assessing its response to the U.S. Environmental Protection Agency’s Lead and Copper Rule. For more information on Senate Bill 3 and the Lead and Copper Rule compliance, refer to Note M.

- Improving Service and Meeting Customer Expectations through Advanced Metering**

During the last several years, SAWS has continued to evaluate the progress of advanced meter infrastructure (AMI) as it pertains to water utilities. SAWS ConnectH2O is the union of AMI technology and a philosophy to empower every San Antonian to help manage our community’s water in a way that’s sustainable, simple and secure. The project utilizes the existing AMI network of CPS



Energy to communicate with each water meter. SAWS conducted a pilot in 2021, which included 2,500 water services across three test areas. The pilot demonstrated the feasibility of the ConnectH2O program. In December 2021, the Board authorized proceeding with the full system-wide deployment beginning in 2022 and carrying through 2026. The 2022 CIP budget includes \$184.1 million for the Connect H2O project. The objectives of the program include an enhanced customer experience by providing near real-time water usage information, empowering every customer to manage their own water footprint and improved operational efficiency by reducing both operating costs and non-revenue water.

RELEVANT FINANCIAL METRICS AND TARGETS

SAWS has established and regularly tracks and reports on a number of key financial metrics, which are utilized to provide a basic framework for the financial management of SAWS and its planning and budgeting process. These financial metrics have been formally communicated to the Board, who has acknowledged their importance and accepted the targeted levels as appropriate.

In light of the \$2.6 billion in projected capital spending over the 2022-2026 horizon, SAWS has focused particular attention on three critical metrics. Historically, SAWS’ goal had been to fund approximately one-third of annual capital expenditures with cash sources. SAWS is working toward increasing cash funding to approximately 50% of capital expenditures. Increasing the capital expenditure cash funding ratio to 50% provides for the financial well-being of SAWS while also providing intergenerational equity by ensuring that both today’s customers as well as those in the future pay their fair share to maintain and improve SAWS water and sewer infrastructure. Given the approximately 50% higher than normal level of capital expenditures anticipated during the next five years, primarily to comply with the requirements of the Consent Decree, attainment of this metric over the next several years appears particularly challenging.

In order to enhance the level of cash funding for capital expenditures during the next five years, SAWS has intentionally built up its level of unrestricted cash reserves to a point that it is currently in excess of SAWS targeted metric levels. SAWS currently targets to maintain approximately 300 days of operating and maintenance expenses in its unrestricted cash reserves in order to provide sufficient liquidity during periods of unforeseen financial stress. As of the end of 2021, SAWS maintains 452 days cash on hand; however, much of this unrestricted cash is committed to the funding of previously awarded construction contracts, the funding of future capital improvements or the redemption of outstanding debt obligations. Over the course of the next several years, SAWS anticipates the level of its days cash on hand to return closer to its targeted level.

The third metric, which SAWS continues to monitor very closely, is its current year total bonded debt coverage ratio, which SAWS seeks to maintain at 1.75x or better. With some of the impacts discussed previously associated with the COVID-19 pandemic as well as Winter Storm Uri, 2021’s ratio of 1.69x marked the first year in the last five that SAWS did not attain its targeted level. During the fourth quarter of 2021, SAWS began

to see marked improvement in the level of its required provision for uncollectible accounts. It is anticipated that these improvements, coupled with an anticipated redemption of outstanding bonds with existing cash balances during 2022 will see this ratio once again exceed SAWS' pre-defined target.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SAWS for its Annual Comprehensive Financial Report for the year ended December 31, 2020. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. SAWS has received this recognition for its Annual Comprehensive Financial Report for twenty-seven consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to GFOA.

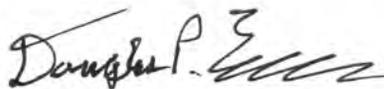
SAWS also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2021. This is the sixteenth consecutive year that SAWS has received this award. In order to receive this award, SAWS must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The timely preparation of the Annual Comprehensive Financial Report for the year ended December 31, 2021, could not have been accomplished without the cooperation and dedicated services of the Accounting Department. We also wish to express sincere appreciation to each member of the Board for the interest and support provided in conducting the financial affairs of SAWS in a sound and progressive manner.

Respectfully submitted,



Robert R. Puente
President/
Chief Executive Officer



Douglas P. Evanson
Sr. Vice President/
Chief Financial Officer



Cecilia Velasquez
Senior Director of Financial
Services/Controller

**SAN ANTONIO WATER SYSTEM
BOARD OF TRUSTEES**



Jelynn LeBlanc Jamison
Chairwoman



David McGee
Vice Chairman



Eduardo Parra
Secretary



Amy Hardberger
Assistant Secretary



Ed Belmares
Trustee

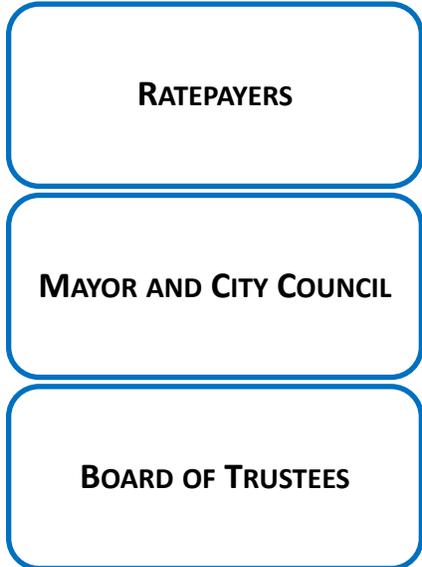


Marilu Reyna
Trustee

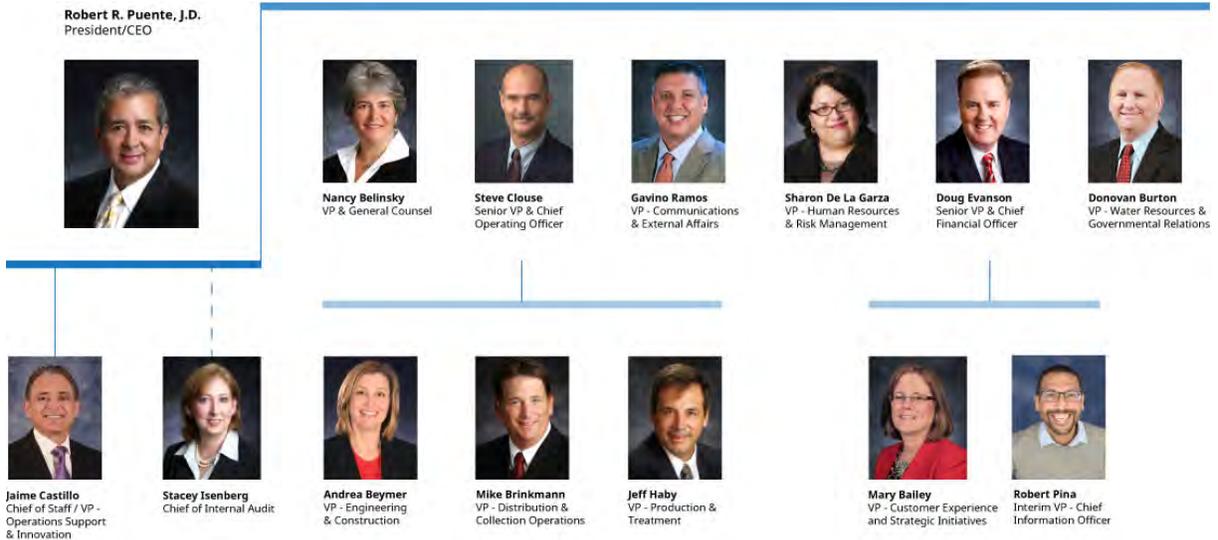


Mayor Ron Nirenberg, ex Officio

SAN ANTONIO WATER SYSTEM ORGANIZATION CHART



EXECUTIVE MANAGEMENT





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**San Antonio Water System
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

*This Page
Intentionally Left Blank*

Independent Auditors' Report

To the Board of Trustees of
San Antonio Water System

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of San Antonio Water System (SAWS), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise SAWS' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of SAWS as of December 31, 2021 and 2020, and the changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SAWS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SAWS' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SAWS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SAWS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The identified accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introduction, statistical section and the bonded debt schedules and analyses information included in the annual report but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of SAWS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SAWS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SAWS' internal control over financial reporting and compliance.



Austin, Texas
March 30, 2022

Management's Discussion and Analysis (Unaudited)

This Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and provides a narrative overview and analysis of financial activities and performance as detailed in the Annual Comprehensive Financial Report for fiscal years ending December 31, 2021 and 2020. Please read it in conjunction with SAWS' financial statements including the notes to the financial statements and required supplemental information, which follow this section.

FINANCIAL HIGHLIGHTS

- SAWS' net position increased by \$299.5 million during 2021.
- Total assets and deferred outflows of resources increased \$424.7 million from 2020 to 2021.
- Operating revenues decreased \$15.6 million or 2.0% from 2020 to 2021 primarily due a 4.7% decline in year-over-year water usage attributable to the 67% greater rainfall in 2021 as compared to 2020, as well as the impacts of the bill relief program implemented in the immediate aftermath of the Winter Storm Uri.
- SAWS experienced growth of nearly 3% in both water and wastewater connections, reflecting the continued strong population growth in the San Antonio region. Capital recovery fees increased \$17.4 million to \$137.0 million, the highest level ever recorded by SAWS.
- Total debt coverage was 1.69x for 2021 compared to 2.11x for 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

MD&A is intended to serve as an introduction to the basic financial statements, which are comprised of the following components:

- *Statements of Net Position* – present information on all of SAWS' assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the end of each calendar year, with the net amount reported as SAWS' net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SAWS is improving or deteriorating.
- *Statements of Revenues, Expenses and Changes in Net Position* – present information showing how SAWS' net position changed during the years presented on an accrual basis. This statement measures the success of SAWS' activities and can be used to determine whether SAWS has successfully recovered all its costs through its rates and other charges.
- *Statements of Cash Flows* – present information showing cash receipts and payments for operating, non-capital financing, capital and related financing, and investing activities for the years presented.
- *San Antonio Water System Fiduciary Funds Statements of Fiduciary Net Position* – present information on SAWS single-employer postretirement benefit plans' assets and liabilities, with the difference between the two reported as net position held in trust for pension and other postemployment benefits.
- *San Antonio Water System Fiduciary Funds Statements of Changes in Fiduciary Net Position* – present information showing how the fiduciary funds' net position changed during the years presented on an accrual basis.

- *Notes to Financial Statements* – provide additional information that is essential to a full understanding of the data provided in the financial statements, such as SAWS’ accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.
- *Required Supplemental Information* – provide information concerning SAWS’ defined benefit plans, including changes in the net pension and other postemployment benefit liabilities, annual contributions made to benefit plans, and annual investment returns.

Supplemental information is presented to provide supporting schedules, which are not a required part of the basic financial statements.

- *Supplemental Schedules* – provide information relative to the sources and uses of funds in accordance with SAWS’ founding ordinance and budgetary information and combining statements for the fiduciary funds.

Other information is presented for additional analysis and is also not a required part of the basic financial statements.

- *Statistical Section* – provide detailed information as a context for understanding the information in the financial statements, note disclosures and required supplementary information as it relates to SAWS’ overall financial health.
- *Bonded Debt Schedules and Analyses* – provide detailed schedules relative to SAWS’ various bond obligations.

FINANCIAL ANALYSIS – FINANCIAL POSITION

CONDENSED NET POSITION INFORMATION				2021-2020		2020-2019	
<i>(amounts in thousands)</i>	As of December 31,			Increase	%	Increase	%
	2021	2020	2019	(Decrease)	Change	(Decrease)	Change
Current assets	\$ 845,626	\$ 825,295	\$ 765,599	\$ 20,331	2%	\$ 59,696	8%
Capital assets, net	7,117,048	6,840,293	5,649,427	276,755	4%	1,190,866	21%
Other non-current assets	640,153	494,176	273,008	145,977	30%	221,168	81%
Total Assets	8,602,827	8,159,764	6,688,034	443,063	5%	1,471,730	22%
Deferred outflows of resources	90,960	109,296	140,132	(18,336)	(17%)	(30,836)	(22%)
Total Assets and Deferred Outflows of Resources	8,693,787	8,269,060	6,828,166	424,727	5%	1,440,894	21%
Current liabilities	232,797	250,870	242,620	(18,073)	(7%)	8,250	3%
Non-current liabilities	4,332,315	4,202,226	3,142,237	130,089	3%	1,059,989	34%
Total Liabilities	4,565,112	4,453,096	3,384,857	112,016	3%	1,068,239	32%
Deferred inflows of resources	65,991	52,743	12,794	13,248	25%	39,949	312%
Total Liabilities and Deferred Inflows of Resources	4,631,103	4,505,839	3,397,651	125,264	3%	1,108,188	33%
Net Position:							
Net investment in capital assets	3,182,373	2,966,647	2,758,354	215,726	7%	208,293	8%
Restricted	406,437	377,117	312,223	29,320	8%	64,894	21%
Unrestricted	473,874	419,457	359,938	54,417	13%	59,519	17%
Total Net Position	\$ 4,062,684	\$ 3,763,221	\$ 3,430,515	\$ 299,463	8%	\$ 332,706	10%

Net Position

SAWS' net position increased \$299.5 million from 2020 to 2021 and increased \$332.7 million from 2019 to 2020. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SAWS is improving or deteriorating. Other considerations, both financial and non-financial, should also be evaluated such as economic conditions, population growth, availability of water supplies and credit ratings. These considerations are addressed in MD&A or other sections of this financial report.

The largest portion of SAWS' net position reflects its net investment in capital assets. SAWS' net investment in capital assets represents the carrying value of capital assets and capital related deferred outflows of resources, less capital related borrowings. The primary reasons for an increase in the net investment in capital assets are capital assets acquired with non-debt resources, including assets contributed by developers, and repayments of debt. Depreciation expense serves to decrease the net investment in capital assets. SAWS' net investment in capital assets increased by \$215.7 million between 2020 and 2021 and \$208.3 million from 2019 to 2020.

Funds that have been restricted for a specific purpose by legally enforceable legislation and bond covenants are classified as restricted net position. In accordance with City Ordinance No. 75686, SAWS must maintain an operating reserve equal to two months of the annual operations and maintenance (O&M) budget. SAWS is also required to make monthly transfers to a Debt Service Fund sufficient to make the semi-annual debt service payments on outstanding bonds. Cash and investments restricted for construction purposes, net of any related liabilities, are also reflected in these totals. A net pension asset or net OPEB asset is also reported as restricted noncurrent assets in the Statement of Net Position.

Finally, SAWS must accumulate and maintain a debt service reserve equal to 100% of the maximum annual debt service requirements for senior lien debt obligations plus the average annual debt service on all junior lien debt obligations secured by the debt service reserve. SAWS may provide surety policies equal to all or part of the required debt service reserve.

Restricted net position increased \$29.3 million from 2020 to 2021 primarily due to increases in funds restricted for construction and operating reserve. Funds restricted for construction increased as capital recovery fees collected during the year of \$137.0 million more than offset capital recovery fees expended on capital projects of \$72.1 million and \$32.9 million used to defease debt during 2021. The operating reserve increased due to increased O&M costs associated with a full year of Vista Ridge Pipeline Project expenses. Restricted net position increased \$64.8 million from 2019 to 2020 primarily due to increases in funds restricted for construction and operating reserve. Funds restricted for construction increased as capital recovery fees collected during the year of \$119.6 million more than offset capital recovery fees expended on capital projects of \$71.0 million during 2020. The operating reserve increased due to increased O&M costs associated with the Vista Ridge Pipeline Project, which came online in April of 2020.

The remaining balance of SAWS' net position is unrestricted and may be used for any allowable purpose as outlined in Ordinance No. 75686. Unrestricted net position increased by \$54.4 million from 2020 to 2021 and by \$59.5 million from 2019 to 2020 as funds provided by operations exceeded transfers to the debt service fund and capital expenditures paid with renewal and replacement funds.

FINANCIAL ANALYSIS – REVENUES, EXPENSES AND CHANGES IN NET POSITION

During 2021, SAWS recorded a change in net position of \$299.5 million, which consisted of income before capital contributions of \$59.8 million and capital contributions of \$239.7 million. In 2020, SAWS recorded a change in net position of \$332.7 million, which consisted of income before capital contributions of \$124.0 million and capital contributions of \$208.7 million.

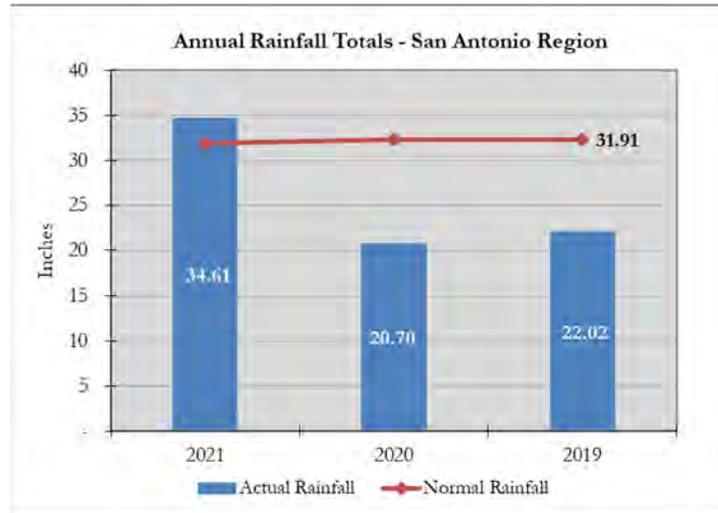
CONDENSED REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION							
(amounts in thousands)	As of December 31,			2021-2020		2020-2019	
	2021	2020	2019	Variance	% Change	Variance	% Change
Operating revenues							
Water delivery system	\$ 215,484	\$ 223,076	\$ 229,203	\$ (7,592)	(3.4%)	\$ (6,127)	(3%)
Water supply system	273,008	295,682	218,842	(22,674)	(7.7%)	76,840	35%
Wastewater system	280,014	266,265	274,519	13,749	5.2%	(8,254)	(3%)
Chilled water	10,826	9,894	10,615	932	9.4%	(721)	(7%)
Total operating revenues	779,332	794,917	733,179	(15,585)	(2%)	61,738	8%
Operating expenses							
Salaries and fringe benefits	154,788	163,910	162,445	(9,122)	(6%)	1,465	1%
Contractual services	203,658	184,517	173,187	19,141	10%	11,330	7%
Materials and supplies	27,707	25,836	26,469	1,871	7%	(633)	(2%)
Other charges	(5,714)	(2,402)	6,726	(3,312)	138%	(9,128)	(136%)
Less costs capitalized to construction in progress	(31,244)	(29,921)	(30,743)	(1,323)	4%	822	(3%)
Depreciation and amortization expense**	199,332	188,872	157,225	10,460	6%	31,647	20%
Total operating expenses	548,527	530,812	495,309	17,715	3%	35,503	7%
Non-operating revenues/(expenses)							
Interest earned and miscellaneous	(1,654)	17,974	32,583	(19,628)	(109%)	(14,609)	(45%)
Interest expense on revenue bonds & commercial paper	(92,318)	(90,874)	(96,420)	(1,444)	2%	5,546	(6%)
Interest expense on contract payable	(45,930)	(32,947)	-	(12,983)	39%	(32,947)	(12%)
Debt issuance and bond defeasance costs	(2,293)	(3,667)	(2,627)	1,374	(37%)	(1,040)	40%
Other finance charges	(1,319)	(1,814)	(2,066)	495	(27%)	252	(12%)
Gain/(Loss) on defeased debt and bond retirement	326	1,556	(664)	(1,230)	(79%)	2,220	0%
Gain/(Loss) on sale of capital assets	2,376	777	886	1,599	206%	(109)	(12%)
Payments to City of San Antonio	(30,162)	(31,043)	(21,917)	881	(3%)	(9,126)	42%
Payments to other entities	(23)	(93)	(99)	70	(75%)	6	(6%)
Total non-operating revenues/expenses	(170,997)	(140,131)	(90,324)	(30,866)	22%	(49,807)	55%
Increase in net position							
before capital contributions	59,808	123,974	147,546	(64,166)	(52%)	(23,572)	(16%)
Capital Contributions							
	239,655	208,732	177,274	30,923	15%	31,458	18%
Change in Net Position	299,463	332,706	324,820	(33,243)	(10%)	7,886	2%
Net Position, beginning of year	3,763,221	3,430,515	3,105,695	332,706	10%	324,820	10%
Net Position, end of year	\$ 4,062,684	\$ 3,763,221	\$ 3,430,515	\$ 299,463	8%	\$ 332,706	10%

Operating Revenues

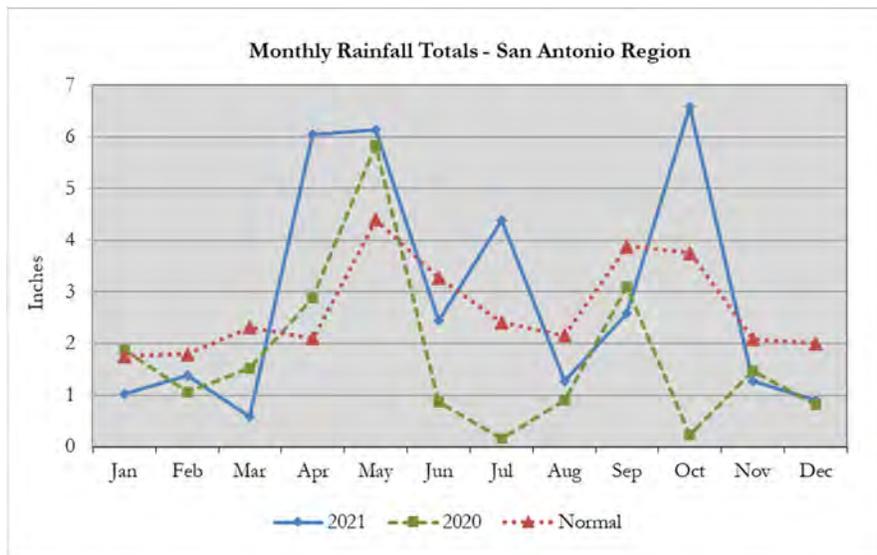
SAWS' operating revenues are provided by its four core businesses: Water Delivery, Water Supply, Wastewater, and Chilled Water. Changes in operating revenues from year to year generally reflect weather conditions, customer growth and changes in rates for service. SAWS' operating revenues decreased from \$794.9 million in 2020 to \$779.3 million in 2021. The decrease is primarily due to a decrease in billed water usage of 4.7% reflecting the more than 67% increase in rainfall as compared to 2020 as well as the impacts of the bill relief program implemented in connection with SAWS' response to Winter Storm Uri. Partially offsetting the decline in water revenues was the 5.1% increase in billed wastewater usage attributable to the very dry winter averaging period experienced in early 2021.

The Water Delivery core business is responsible for the actual distribution of water from its source to the customer's premises. Operating revenues for this business are derived through a combination of a monthly service charge that is dependent upon the size of the customer's water meter and a volume charge that relates to the customer's metered water usage.

Water Delivery operating revenues decreased \$7.6 million or 3.4% to \$215.5 million from 2020 primarily due to the reduction in billed water usage from 67.2 billion gallons in 2020 to 64.0 billion gallons in 2021, which provided additional meter charge revenue. This decrease in volumetric usage was partially mitigated by continued strong customer growth of 2.9% during 2021. Water Delivery operating revenues decreased \$6.1 million or 2.7% to \$223.1 million for 2020, largely due to the suspension of late fees and the increased provision for uncollectible accounts associated with the first year of the COVID-19 pandemic.



Total rainfall for 2021 of 34.61 inches is more than 8% above normal and more than 7% above the 2020 level of 20.7 inches. The increased rainfall amounts in 2021 occurred primarily during San Antonio's spring and summer months with April, May and October experiencing more than 6 inches of rainfall and July's total of 4.4 inches being almost 60% above normal levels.



The Water Supply core business is responsible for all functions related to the development and provision of additional water resources. In order to support the costs associated with these initiatives, in 2000, SAWS implemented a separate funding mechanism, known as the Water Supply Fee, for water supply development and water quality protection.

Certain other charges are also included in Water Supply operating revenues including the following:

- pass-through fees designed to recoup the annual fees paid to the Edwards Aquifer Authority (EAA) for permitted water rights,
- meter fees and volumetric charges to customers utilizing recycled water for industrial or irrigation purposes and
- allocated portions of water delivery revenues designed to fund residential and commercial conservation programs and debt service associated with water supply and recycle projects in progress prior to the implementation of a separate Water Supply Fee in 2000.

Water Supply operating revenues decreased \$22.7 million or 7.7% from 2020 to \$273.0 million in 2021 primarily due to the 4.7% reduction in billed water usage discussed previously, somewhat amplified by the tiered nature of the Water Supply Fee and the lack of a fixed portion to this fee. Water Supply operating revenues increased \$76.8 million or 35.1% from 2019 to 2020 as a result of a 54.2% water supply rate increase implemented in connection with bringing the Vista Ridge Pipeline Project online in 2020 and a 2.3% increase in billed water usage. The 2020 increase in Water Supply operating revenues was partially mitigated by the increase in the provision for uncollectible accounts.

The collection and treatment of wastewater is the primary function of the Wastewater core business. More than half of Wastewater operating revenues are generated by residential customers. The residential portion of Wastewater operating revenue is calculated based upon the average metered water usage of each residential wastewater customer during a three consecutive month billing period from November 15th through March 15th. This average, referred to as the average winter consumption (AWC), goes into effect with the April billing each year and continues for a period of twelve months.

The following chart depicts SAWS AWC since 2000. While periods of extremely dry weather lead to spikes in the AWC, water conservation efforts have resulted in an overall downward trend in the AWC. The AWC reached its all-time low of 4,828 gallons in 2019, experienced a 3.4% increase to 4,992 gallons in 2020 and then largely held flat at 4,973 gallons in 2021.

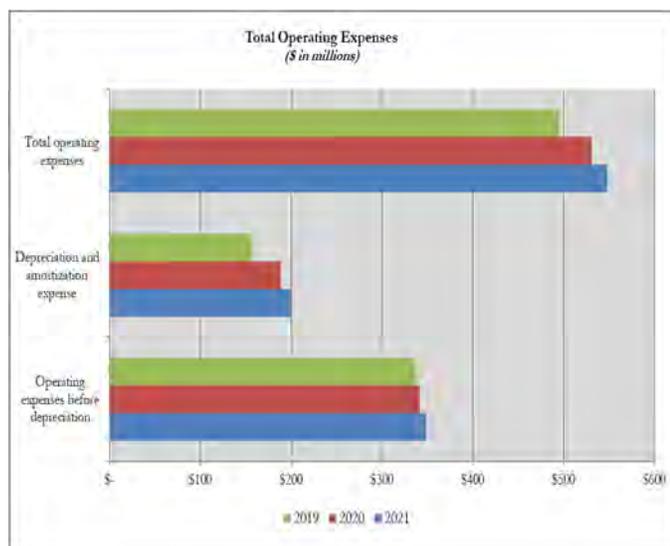


Wastewater customer growth of 2.9% and increased usage in the general class, which consists of commercial, multi-family and industrial customers, led to an increase of \$13.7 million or 5.2% from 2020 to \$280.0 million in 2021. The increase in the general class usage is primarily due to the economic rebound experienced by many of these customers during 2021. Despite the slight increase in the residential AWC in 2020, total gallons of wastewater treated declined by almost 6% in 2020 due to the economic downturn associated with the COVID-19 pandemic. As a result of this reduction, the suspension of late fees and the increased provision for uncollectible accounts attributable to the COVID-19 pandemic, wastewater operating revenues decreased \$8.3 million or 3% to \$266.3 million in 2020.

The Chilled Water core business is responsible for providing cooling services to customers, including various downtown hotels, City of San Antonio facilities, the Alamodome, Port Authority of San Antonio tenants and Hemisfair Plaza tenants. Operating revenues for this core business consist of a fixed base load demand charge for each customer and a pass-through charge to recover utility costs. Chilled water revenues increased \$0.9 million or 9.4% as reduced COVID-19 restrictions led to a rebound in the entertainment and tourism industry. Reflecting COVID-19's impact to these sectors during the initial stages of the pandemic, the operating revenues for this core business decreased significantly to \$9.9 million for 2020 from \$10.6 million in 2019.

Operating Expenses

Total 2021 operating expenses of \$548.5 million increased \$17.7 million or 3.3% from 2020 primarily due to the impact of a full year of spending on the Vista Ridge Pipeline Project purchased water in combination with a full year of depreciation expenses related to the project's capital assets. Contractual services increased \$19.1 million or 10.4% in 2021 primarily reflecting increased spending on purchased water payments and utilities associated with the Vista Ridge Pipeline Project. Depreciation and amortization expense increased \$10.5 million or 5.5% in 2021 primarily as a result of a full year of depreciation related to the \$929.3 million of the project's related assets added in 2020. Salary and benefit related costs decreased \$9.1 million or 5.6% from 2020 to 2021 largely due to GASB 68 (pension) and GASB 75 Other Post Employment Benefits (OPEB) related credits along with decreased pension and OPEB actuarial determined contributions. Other Charges decreased \$3.3 million or 137.9% primarily due to GASB 75 (OPEB) related credits, which are associated with retirees.



Total 2020 operating expenses of \$530.8 million increased \$35.5 million or 7.2% from 2019 primarily due to increased spending on the Vista Ridge purchased water in combination with an increase in depreciation expenses related to recording the Vista Ridge capital assets beginning in April 2020.

Contractual services increased \$11.3 million or 6.5% in 2020 primarily reflecting increased spending on purchased water payments and utilities associated with the Vista Ridge Pipeline Project. Depreciation and amortization expense increased \$31.6 million or 20.1% in 2020 primarily as a result of the more than \$929.3 million of Vista Ridge related capital additions during the year. Salary and benefit related costs increased \$1.5 million or 1% from 2019 to 2020 largely as a result of merit adjustments as well as COVID-19 premium pay amounts paid to essential personnel who were required to continue working on-site during the early stages of the pandemic.

Non-operating Revenues/Expenses

Non-operating revenues consist of interest income earned on investments, the mark to market adjustment recorded on SAWS' investment portfolio and the federal interest subsidy on SAWS Build America Bonds (BABs). Extremely low short term interest rates throughout the entirety of 2021 resulted in an \$8.1 million reduction in interest income as compared to 2020, while the anticipation of higher levels of short-term interest rates going forward resulted in a (\$9.7) million mark to market adjustment during 2021. This adjustment was \$1.9 million in 2020. Non-operating revenues decreased \$14.6 million in 2020 from 2019 due to the onset of the pandemic's impact on interest rates.

Non-operating expenses increased \$11.2 million or 7.1% in 2021 primarily due to the impact of a full year of interest expense for the Vista Ridge contract liability partially offset by a \$0.9 million reduction in the payment to the City of San Antonio, resulting from the decline in gross revenues.

Non-operating expenses increased \$35.2 million or 28.6% in 2020 primarily due to the recording of interest expense for the Vista Ridge contract liability and increased payments to the City of San Antonio. The Vista Ridge contract liability was recorded in April 2020 and the cumulative interest expense recognized on this contract was \$32.9 million. Payment to the City of San Antonio increased \$9.1 million as a result of the full year impact of the increase in the percentage of gross revenues to be remitted to the City of San Antonio each year from 2.7% to 4.0%, effective in October 2019.

Capital Contributions

Capital contributions for 2021 totaled \$239.7 million which represents an increase of \$30.9 million from 2020 while in 2020, capital contributions totaled \$208.7 million, an increase of \$31.5 million from 2019. Development activity was very robust in 2021, resulting in strong growth in both periods in plant contributions as well as capital recovery fees. The Edwards Aquifer Authority Habitat Conservation Program's obligation to contribute to capital improvements made to address water leaks in the SAWS distribution system ended in January 2020, which resulted in the 65% and 55% reductions in contributions in aid of construction, for 2020 and 2021, respectively.

CAPITAL CONTRIBUTIONS (\$ in thousands)	As of December 31,			2021-2020		2020-2019	
	2021	2020	2019	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Plant Contributions	\$ 101,251	\$ 85,955	\$ 73,375	\$ 15,296	18%	\$ 12,580	17%
Capital Recovery Fees	136,963	119,571	94,641	17,392	15%	24,930	26%
Contributions in Aid of Construction	1,441	3,206	9,258	(1,765)	(55%)	(6,052)	(65%)
Total Capital Contributions	<u>\$ 239,655</u>	<u>\$ 208,732</u>	<u>\$ 177,274</u>	<u>\$ 30,923</u>	15%	<u>\$ 31,458</u>	18%

CAPITAL ASSET ACTIVITY

During 2021, SAWS' total capital assets (net of accumulated depreciation) grew from \$6.8 billion to \$7.1 billion, while during 2020, net capital assets increased from \$5.6 billion to \$6.8 billion. The increase from 2020 to 2021 is primarily due to SAWS' spending on CIP projects combined with developer contributions of infrastructure while the significant increase from 2019 to 2020 is primarily due to the addition of the Vista Ridge Pipeline Project assets in April 2020, when the project went on-line. The overall investment in capital assets includes water and wastewater mains and other related infrastructure, buildings and improvements, land, machinery and equipment, water rights, other intangible assets and construction in progress. Capital asset additions were \$484.1 million in 2021 and \$1.38 billion in 2020.

The following table shows capital assets by asset category for each year.

CAPITAL ASSETS (\$ in thousands)	As of December 31,			2021-2020		2020-2019	
	2021	2020	2019	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Infrastructure	\$ 6,692,236	\$ 6,410,496	\$ 5,280,838	\$ 281,740	4%	\$ 1,129,658	21%
Buildings and improvements	1,066,093	1,008,665	863,182	57,428	6%	145,483	17%
Machinery and equipment	800,075	786,163	618,542	13,912	2%	167,621	27%
Water rights	248,881	248,881	248,881	-	0%	-	0%
Land	169,022	162,438	115,007	6,584	4%	47,431	41%
Intangibles	57,290	57,331	54,167	(41)	0%	3,164	6%
Construction in progress	603,821	521,627	673,633	82,194	16%	(152,006)	-23%
Less Accumulated Depreciation	(2,520,370)	(2,355,308)	(2,204,823)	165,062	7%	150,485	7%
Total Capital Assets	<u>\$ 7,117,048</u>	<u>\$ 6,840,293</u>	<u>\$ 5,649,427</u>	<u>\$ 276,755</u>	4%	<u>\$ 1,190,866</u>	21%

Major capital asset spending for the year ended December 31, 2021 included the following projects:

- W-6 Upper Segment: Hwy 90 to SW Military – This project involves replacing aging and under capacity infrastructure that currently runs through Lackland Air Force Base. This project is part of the Consent Decree. Spending during the year totaled \$90.3 million and this project was in progress at year end, with a capital investment over the term of the project currently estimated at \$195.6 million.
- Water Resources Water Integration Pipeline Phase 2 – This project includes the pipeline necessary to connect the Old Pearsall Road pump station to the Anderson pump station. Spending during the year totaled \$19.3 million and this project was in progress at year end. The capital investment over the term of the project is estimated at \$44.2 million.
- Water Resources Water Integration Pipeline Phase 2 Pump Station Improvements – This project includes improvements to the tanks and other related infrastructure necessary to connect the Old Pearsall Road pump station to the Anderson pump station. Spending during the year totaled \$18.7 million and this project was in progress at year end. The capital investment over the term of the project is estimated at \$34.0 million.

Construction in progress was \$603.8 million at December 31, 2021 and \$521.6 million at December 31, 2020. The increase in construction in progress was primarily due to construction commencing on the W-6 Upper Segment: Hwy 90 to SW Military project. Overall, SAWS is committed under various contracts for completion of construction or acquisition of capital assets totaling \$623.6 million as of December 31, 2021. For further information on capital assets, refer to Note E.

LONG-TERM DEBT ACTIVITY

In 2021, SAWS issued \$372.8 million in junior lien bonds in two transactions. The proceeds of the bonds, including premiums, were used to refund \$112.4 million in revenue bonds, provide funds for capital improvement projects and pay the cost of issuance. Additionally, SAWS issued \$20 million in commercial paper notes to provide funds for capital improvement projects while using cash on hand to redeem \$33.9 million in revenue bonds issued in 2011.

In 2020, SAWS issued \$467.3 million in junior lien bonds in four transactions. The proceeds of the bonds, including premiums, were used to refund \$132.2 million in revenue bonds, \$93.0 million in commercial paper notes, provide funds for capital improvements and pay the cost of issuance. Additionally, SAWS issued \$33.5 million in commercial paper notes to provide funds for capital improvement projects while using cash on hand to redeem \$23.6 million in revenue bonds issued in 2009.

SAWS intends to reissue maturing commercial paper and ultimately refund such maturities with proceeds from the issuance of long-term revenue bonds. Consistent with this intent, SAWS classifies outstanding commercial paper notes as long-term debt.

In December 2021, the three major credit rating agencies, S&P Global Ratings, Moody’s Investors Service, and Fitch Ratings, affirmed SAWS’ credit ratings. SAWS’ high quality credit ratings are based on its large and diverse service area, sound financial management, long-term planning of water supply and infrastructure needs, and competitive water and wastewater rates. SAWS’ commercial paper ratings were last updated in September 2019 based on a new revolving credit agreement with JPMorgan Chase Bank, N.A., and the existing revolving credit agreement with Wells Fargo Bank, N.A. was reaffirmed. For additional information on the commercial paper program, refer to Note H.

BOND AND COMMERCIAL PAPER RATINGS				
	Senior Lien Debt	Junior Lien Debt	Tax-Exempt Commercial Paper	
			Series A	Series B
Fitch Ratings	AA+	AA	F1	F1+
Moody's Investors Service, Inc.	Aa1	Aa2	P-1	P-1
S&P Global Ratings	AA+	AA	A-1+	A-1+

SAWS’ bond ordinances require the maintenance of a debt coverage ratio of at least 1.25x the current annual debt service on outstanding senior lien debt and at least 1.00x the current year annual debt service on outstanding junior lien debt. As of December 31, 2021, and 2020, SAWS was in material compliance with the terms and provisions of the ordinances and documents related to its outstanding bonds and commercial paper. In 2018, SAWS began excluding non-cash revenues and expenses from the pledged revenue calculation, including mark-to-market investment adjustments, pension & OPEB related expenses and the write-off of impaired construction in progress projects. With the commencement of the operational phase in April 2020, SAWS began recording the Vista Ridge infrastructure payment portion of the Capital and Raw Groundwater unit price payment as a financed purchase and the water lease portion of this amount as an operating expense. However, in calculating the debt coverage ratios for both 2020 and 2021, in a manner consistent with the provisions of its bond ordinances, SAWS has recorded the entirety of the Vista Ridge capital and raw groundwater unit price payment as an operating expense.

FINANCIAL RATIOS			
	2021	2020	2019
Current Year Debt Coverage‡:			
Senior Lien Debt	10.30x	9.68x	8.66x
All Debt	1.69x	2.11x	2.14x
Maximum Annual Debt Coverage‡:			
Senior Lien Debt	10.30x	9.68x	8.66x
All Debt	1.57x	1.91x	2.10x
Net Position Ratio			
(net position/total liabilities + net position)	46.7%	45.5%	50.2%
Days Cash on Hand			
(unrestricted cash & investments/O&M expense before depreciation * 365)	452	463	509
‡ Debt service is net of federal interest subsidy.			

ECONOMIC OUTLOOK FOR THE FUTURE

In order to comply with the requirements of the Consent Decree, entered into in 2013, as well as to procure sufficient supplies of water to meet the demands of a rapidly growing city, SAWS implemented water and sewer rate adjustments during each of the 10 years from 2011 to 2020, with the last of these rate adjustments taking effect in January 2020.

In March of 2020, the COVID-19 pandemic profoundly disrupted economic activity and reduced employment across the world, the nation and in San Antonio. Significant economic hardships were imposed upon our customers as job layoffs and eliminations occurred throughout the community. In order to limit any further adverse economic impacts on the community, the goal of SAWS' budget process for both 2021 and 2022 was to continue to provide *Sustainable, Affordable Water Services* without the need for an adjustment in water or wastewater rates. Simultaneously, SAWS needs to continue to make prudent and necessary operational expenditures and capital investments in order to ensure the resiliency of its service provision capabilities as well as to comply with the terms of the still active Consent Decree. Given the excellent financial condition of the organization, including its strong balance of cash reserves, SAWS has been able to meet each of those competing objectives in both of the last two years.

San Antonio continues to grow with SAWS experiencing 2.9% growth in the average number of customers served in 2021, which is the strongest rate of organic growth in more than a decade. Due to a number of factors, the San Antonio region is positioned to see continued growth during the foreseeable future. While customer growth can help offset increasing operating costs and SAWS can utilize its strong financial condition to further mitigate rate pressures in the short-term, eventually required capital improvements to address infrastructure issues, including SAWS' Consent Decree, will require future rate adjustments, albeit at a lesser rate and reduced frequency than has been experienced during the recent past.

CONTACTING SAWS' FINANCIAL MANAGEMENT

This Annual Comprehensive Financial Report is provided to our citizens, customers, investors and creditors as a general overview of SAWS' financial condition and results of operation with a general explanation of the factors affecting the finances of the organization. It is provided to demonstrate SAWS' accountability for the revenues it collects and the expenditures it makes for the services provided. If you have questions about this report or need additional financial information, contact either of the following:

Cecilia Velasquez
Senior Director of Financial Services/Controller
Email: Cecilia.Velasquez@saws.org

Douglas P. Evanson
Senior Vice President/Chief Financial Officer
Email: Doug.Evanson@saws.org

Mailing address:
San Antonio Water System
PO Box 2449
San Antonio, TX 78298

Information about the San Antonio Water System can also be obtained through the Internet at www.saws.org.

BASIC FINANCIAL STATEMENTS

San Antonio Water System
STATEMENTS OF NET POSITION
(amounts in thousands)

	December 31,	
	2021	2020
CURRENT ASSETS		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 165,654	\$ 438,504
Investments	373,994	71,845
Accounts receivable, net of allowances for uncollectible accounts	85,303	87,575
Other current assets	16,648	14,867
Total unrestricted current assets	641,599	612,791
Restricted Current Assets:		
Cash and cash equivalents	76,126	82,578
Investments	127,901	129,926
Total restricted current assets	204,027	212,504
Total Current Assets	845,626	825,295
NONCURRENT ASSETS		
Restricted Noncurrent Assets:		
Cash and cash equivalents	185,208	296,925
Investments	451,377	196,748
Net pension asset	3,568	503
Capital Assets:		
Utility plant in service	8,615,324	8,262,285
Less allowance for depreciation	2,520,370	2,355,308
	6,094,954	5,906,977
Land, water rights and other intangible assets	418,273	411,689
Construction in progress	603,821	521,627
Total capital assets (net of accumulated depreciation)	7,117,048	6,840,293
Total Noncurrent Assets	7,757,201	7,334,469
TOTAL ASSETS	8,602,827	8,159,764
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on bond refunding	22,005	26,681
Deferred outflows - asset retirement obligations	32,108	32,299
Deferred outflows - pension	13,672	20,252
Deferred outflows - OPEB	12,818	15,050
Accumulated decrease in fair value of hedging derivative	10,357	15,014
Total Deferred Outflows of Resources	90,960	109,296
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 8,693,787	\$ 8,269,060

San Antonio Water System
STATEMENTS OF NET POSITION (continued)
(amounts in thousands)

	December 31,	
	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES		
Current Liabilities To Be Paid From Unrestricted Assets		
Accounts payable	\$ 34,007	\$ 42,424
Customers' deposits	16,567	16,363
Contract and leases payable	16,415	15,352
Accrued vacation payable	6,148	5,247
Accrued payroll and benefits	1,739	1,473
Accrued claims payable	8,821	8,205
Sundry payables and accruals	1,686	1,561
Total unrestricted current liabilities	<u>85,383</u>	<u>90,625</u>
Current Liabilities To Be Paid From Restricted Assets		
Accrued interest payable	15,507	17,143
Payables under construction contracts	46,562	48,602
Commercial paper notes	4,435	4,240
Revenue bonds payable within one year	80,910	90,260
Total restricted current liabilities	<u>147,414</u>	<u>160,245</u>
Total Current Liabilities	<u>232,797</u>	<u>250,870</u>
NONCURRENT LIABILITIES		
Contract and leases payable	887,585	903,606
Accrued vacation payable	7,386	7,950
Net pension liability	16,474	38,402
Net OPEB liability	16,458	40,999
Asset retirement obligation	36,191	35,942
Derivative instrument	12,545	17,522
Commercial paper notes	229,585	214,020
Revenue bonds payable after one year, net of unamortized premiums and discounts	3,126,091	2,943,785
Total Noncurrent Liabilities	<u>4,332,315</u>	<u>4,202,226</u>
TOTAL LIABILITIES	4,565,112	4,453,096
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	32,712	23,810
Deferred inflows - OPEB	33,279	28,933
Total Deferred Inflows of Resources	<u>65,991</u>	<u>52,743</u>
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	<u>4,631,103</u>	<u>4,505,839</u>
NET POSITION		
Net investment in capital assets	3,182,373	2,966,647
Restricted for operating reserve	75,675	72,664
Restricted for debt service	66,283	74,095
Restricted for debt service reserve	16,984	17,938
Restricted for construction	243,927	211,917
Restricted for pension benefits	3,568	503
Unrestricted	473,874	419,457
TOTAL NET POSITION	<u>\$ 4,062,684</u>	<u>\$ 3,763,221</u>

The accompanying notes to financial statements form an integral part of this statement.

*This Page
Intentionally Left Blank*

San Antonio Water System
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the Years Ended December 31,
(amounts in thousands)

	2021	2020
OPERATING REVENUES		
Water delivery system	\$ 215,484	\$ 223,076
Water supply system	273,008	295,682
Wastewater system	280,014	266,265
Chilled water system	10,826	9,894
Total operating revenues	779,332	794,917
OPERATING EXPENSES		
Salaries and fringe benefits	154,788	163,910
Contractual services	203,658	184,517
Material and supplies	27,707	25,836
Other charges	(5,714)	(2,402)
Less costs capitalized to construction in progress	(31,244)	(29,921)
Total operating expenses before depreciation	349,195	341,940
Depreciation and amortization expense	199,332	188,872
Total operating expenses	548,527	530,812
Operating income	230,805	264,105
NON-OPERATING REVENUES/(EXPENSES)		
Interest earned and miscellaneous	(1,654)	17,974
Interest expense on revenue bonds and commercial paper	(92,318)	(90,874)
Interest expense on contract payable	(45,930)	(32,947)
Debt issuance and bond defeasance costs	(2,293)	(3,667)
Other finance charges	(1,319)	(1,814)
Gain/(Loss) on defeased debt and bond retirement	326	1,556
Gain/(Loss) on sale of capital assets	2,376	777
Payments to the City of San Antonio	(30,162)	(31,043)
Payments to other entities	(23)	(93)
Total non-operating revenues/(expenses)	(170,997)	(140,131)
Increase in net position, before capital contributions	59,808	123,974
Capital contributions	239,655	208,732
CHANGE IN NET POSITION	299,463	332,706
NET POSITION, BEGINNING OF YEAR	3,763,221	3,430,515
NET POSITION, END OF YEAR	\$ 4,062,684	\$ 3,763,221

The accompanying notes to financial statements form an integral part of this statement.

San Antonio Water System
STATEMENTS OF CASH FLOWS
For the years ended December 31,
(amounts in thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 775,422	\$ 775,135
Cash received from stormwater and other third party billings	66,352	64,691
Cash paid to vendors for operations	(246,714)	(216,617)
Cash paid to employees for services	(135,802)	(142,667)
Cash paid to third parties for stormwater and other third party billings	(66,204)	(63,215)
Net cash provided by operating activities	393,054	417,327
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to the City of San Antonio	(23,716)	(24,756)
Payments to other entities	(44)	(95)
Net cash used for noncapital financing activities	(23,760)	(24,851)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	8,448	1,702
Proceeds from capital recovery fees	136,963	119,571
Proceeds from contributions in aid of construction	1,441	3,206
Payments for the acquisition and construction of plant and equipment	(384,895)	(375,439)
Payment for principal on contract and leases payable	(14,957)	(10,770)
Payment of interest on contract and leases payable	(45,930)	(32,947)
Proceeds from commercial paper	20,000	270,175
Payments for retirement of commercial paper	(4,240)	(240,730)
Proceeds from revenue bonds	326,537	347,157
Payments for retirement/refunding of revenue bonds	(90,260)	(110,030)
Proceeds from/payment for cash defeasance of bonds	(33,890)	247
Payments of interest on commercial paper	(4,029)	(4,581)
Payments of interest on revenue bonds	(115,897)	(106,496)
Payments for bond related expenses	(1,069)	(3,667)
Payments for bank charges	(1,306)	(1,930)
Net cash used for capital and related financing activities	(203,084)	(144,532)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(776,795)	(239,581)
Maturity of investments	212,361	499,516
Interest income and other	7,205	17,570
Net cash used for investing activities	(557,229)	277,505
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(391,019)	525,449
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	818,007	292,558
CASH AND CASH EQUIVALENTS, AT END OF YEAR	\$ 426,988	\$ 818,007

The accompanying notes to financial statements form an integral part of this statement.

San Antonio Water System
STATEMENTS OF CASH FLOWS (continued)
For the years ended December 31,
(amounts in thousands)

	2021	2020
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENTS OF CASH FLOWS TO STATEMENTS OF NET POSITION		
Cash and Cash Equivalents		
Unrestricted	\$ 165,654	\$ 438,504
Restricted		
Current	76,126	82,578
Restricted - Noncurrent	185,208	296,925
	\$ 426,988	\$ 818,007

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	\$ 230,805	\$ 264,105
Adjustments to reconcile operating income to net cash provided by operating activities:		
Non-cash revenues from City of San Antonio	(6,425)	(6,285)
Provision for uncollectible accounts	23,996	23,696
Charge-off of prior year construction expenditures to operating expense	1,407	355
Charge-off of asset retirement obligation	(75)	(113)
Depreciation and amortization expense	199,332	188,872
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Increase in accounts receivable	(21,724)	(36,886)
Increase in other current assets	(963)	(1,016)
Decrease in deferred outflows - Pension	6,580	20,924
Decrease in deferred outflows - OPEB	2,232	4,220
(Increase)/Decrease in accounts payable	(7,309)	3,549
Increase in customers' deposits	204	355
Increase in accrued vacation payable	337	2,324
Increase/(Decrease) in accrued payroll and benefits	266	(4,169)
Increase/(Decrease) in claims payables	617	(108)
Decrease in sundry payables and accruals	60	(660)
Decrease in net pension liability	(24,993)	(44,093)
Decrease in net OPEB liability	(24,541)	(37,692)
Increase in deferred inflows - Pension	8,902	21,924
Increase in deferred inflows - OPEB	4,346	18,025
Total adjustments	162,249	153,222
Net cash provided by operating activities	\$ 393,054	\$ 417,327

NONCASH CAPITAL, FINANCING AND INVESTING ACTIVITIES

Vista Ridge assets acquired by assuming directly related contract payable	\$ -	\$ 929,326
Plant contributions received from developers	101,251	85,955
Accrued but unpaid liabilities related to capital acquisitions	46,562	48,602
Unrealized (gain)/loss on investments	9,679	(1,759)
Bond proceeds deposited into an escrow account for purposes of refunding:		
Revenue Bonds	112,457	135,226
Commercial Paper	-	93,000
Automobile capital leases	-	402
Noncash payments to City of San Antonio	6,425	6,285
Total noncash capital and financing activities	\$ 276,374	\$ 1,297,036

*This Page
Intentionally Left Blank*

San Antonio Water System Fiduciary Funds
STATEMENTS OF FIDUCIARY NET POSITION
(amounts in thousands)

	December 31,	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 146	\$ 67
Investments, at fair value		
Mutual funds - stock	244,935	218,613
Mutual funds - bonds	170,315	150,136
Other Investments	39,272	30,714
Total Investments	454,522	399,463
TOTAL ASSETS	454,668	399,530
LIABILITIES		
	-	-
Net position restricted for pensions	333,148	295,193
Net position restricted for OPEB	121,520	104,337
NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS	\$ 454,668	\$ 399,530

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the years ended December 31,
(amounts in thousands)

	2021	2020
ADDITIONS		
Employer contributions	\$ 18,567	\$ 24,901
Participant contributions	3,795	3,476
Investment income/(loss)	50,378	48,119
Total additions	72,740	76,496
DEDUCTIONS		
Benefit payments	17,072	16,946
Administrative expenses	530	522
Total deductions	17,602	17,468
NET INCREASE/(DECREASE) IN NET POSITION	55,138	59,028
NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS - BEGINNING	399,530	340,502
NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS - ENDING	\$ 454,668	\$ 399,530

The accompanying notes to financial statements form an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies	22
Reporting Entity	22
Basis of Accounting	22
Recognition of Revenues	24
Revenue and Expense Classification	24
Pensions	25
Postemployment Benefits Other Than Pensions	25
Annual Budget	25
Restricted Resources	25
Cash Equivalents	25
Investments	25
Accounts Receivable	26
Other Current Assets	26
Restricted Assets	26
Capital Assets	26
Capital Contributions	27
Deferred Outflows and Inflows of Resources	27
Customer Deposits	29
Compensated Absences	29
Revenue Bonds & Commercial Paper	29
Self-Insurance	29
Derivative Instrument	29
Estimates	29
Reclassifications	29
B. City Ordinance No. 75686	30
Funds Flow	30
Payments to the City's General Fund	30
Reuse Contract	30
Pledged Revenues	30
No Free Service	30
C. Cash and Investments	30
D. Accounts Receivable	38
E. Capital Assets	39
F. Other Liabilities	41
G. Derivative Instrument	42
H. Long-Term Debt	45
Revenue Bonds	45
Commercial Paper Program	49
Other Debt Matters	52
I. Contingencies and Commitments	52
J. Pension and Retirement Plans	58
K. Other Post-Employment Benefits	75
L. Asset Retirement Obligations	81
M. Subsequent Events	82

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: On April 30, 1992, the San Antonio City Council approved Ordinance No. 75686, which provided for the consolidation of all city owned utilities related to water including the water, wastewater, and water reuse systems as SAWS. Management and control of SAWS is vested in the SAWS Board consisting of the Mayor of San Antonio and six members who are appointed by the San Antonio City Council. In addition to appointing members of the Board, the City Council must approve all changes in SAWS rates, disposition of real property and any debt issued by SAWS.

SAWS has been defined in City Ordinance No. 75686 as all properties, facilities, and plants currently owned, operated and maintained by the City of San Antonio, Texas and/or the Board, relating to the supply, storage, treatment, transmission and distribution of treated potable water, and chilled water and the collection, treatment and reuse of wastewater, together with all future extensions, improvements, purchases, repairs, replacements and additions thereto, and any other projects and programs of SAWS.

The City currently manages a stormwater system. The City has not incorporated the stormwater system within SAWS; however, SAWS administers certain aspects of the stormwater program on behalf of the City, including billing and providing certain technical services, for a fee. SAWS has agreements with the City (for stormwater billings) and other entities to provide third party billings.

The fiduciary financial statements include three fiduciary funds related to SAWS employee benefit plans: the San Antonio Water System Retirement Plan (SAWSRP), the District Special Project Retirement Income Plan (DSPRP) and the San Antonio Water System Retiree Health Trust (SAWS OPEB Plan). All three plans are governed by the Board which may amend plan provisions, and which is responsible for the management of plan assets. SAWSRP and DSPRP are single-employer pension plans and are tax-qualified plans under Section 401(a) of the Internal Revenue Code. SAWS OPEB Plan assets are held in a trust established under the provisions of the Internal Revenue Code of 1986 Section 115.

SAWS has no component units, however, the operations of SAWS as reported herewith are included as a discretely presented component unit of the City.

Basis of Accounting: The financial statements of SAWS are prepared using the accrual basis of accounting with the economic resources measurement focus as prescribed by the Governmental Accounting Standards Board (GASB). SAWS operates as a proprietary fund and applies all applicable GASB pronouncements and presents its financial statements in accordance with the GASB Codification of Governmental Accounting and Financial Reporting Standards. Under this approach, all assets, deferred outflows of resources, liabilities and deferred inflows of resources of SAWS are reported in the statement of net position, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

NOTES TO FINANCIAL STATEMENTS

The fiduciary fund financial statements are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefit payments and plan expenses are recognized when due and payable in accordance with the terms of the plan.

During the year, SAWS implemented the following GASB Statements.

- GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This statement addresses the use of London Interbank Offered Rate (LIBOR) for various financial agreements and leases. SAWS has no agreements or leases covered by this statement as of December 31, 2021.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This statement was issued in October 2021 and codifies the replacement of the term Comprehensive Annual Financial Report with Annual Comprehensive Financial Report. This statement is effective for fiscal years ending after December 15, 2021, earlier application is encouraged.

The following additional GASB pronouncements will be implemented in the future. Once implemented, application of these standards may restate portions of these financial statements.

- GASB Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. SAWS will implement this Statement in 2022.
- GASB Statement No. 91, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. SAWS will implement this Statement in 2022.
- GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement includes changes to specific provisions involving GASB Statements No. 10, No. 31, No. 34, No. 48, No. 53, No. 62, No. 67, No. 68, No. 73, No. 74, No. 84, and No. 87. Paragraphs 4-5 covers the implementation date of GASB No. 87. SAWS will implement GASB No. 87 according to GASB No. 95

NOTES TO FINANCIAL STATEMENTS

discussed below. Paragraph 6 addresses intra-entity transfers covered by GASB No. 48, No. 67, No. 68, No. 74, and No. 75. SAWS financials are not impacted by this change. Paragraph 7 relates to assets accumulated for OPEB not in a trust and is not applicable to SAWS. Paragraphs 8-9 covers changes related to pension or OPEB plans not held in a trust covered by GASB No. 73, No. 74 and No. 84. SAWS is not impacted by this change. Paragraph 10 covers changes to GASB No. 69 and No. 83 involving accounting for AROs in a government acquisition. SAWS is not impacted by this change. Paragraph 11 covers certain changes to GASB No. 10 involving accounting for insurance recoveries. SAWS is not impacted by this change. Paragraph 12 covers changes to GASB No. 62 and No.72 relating to non-recurring fair value measurement of assets or liabilities. SAWS is not impacted by these changes. Paragraph 13 requires a change in terminology for derivative instruments as defined in GASB No. 31, No. 53 and No. 62. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. SAWS will implement this Statement in 2022.

- GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. SAWS will implement this Statement in 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. SAWS will implement this Statement in 2023.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This Statement was issued in June 2020 and certain requirements of paragraph 4 and 5 as it applies to defined contribution pension, defined contribution OPEB, and other benefit plans became effective immediately. SAWS has no plans covered by the requirements of these paragraphs. The remaining requirements are effective for fiscal years beginning after June 15, 2021. SAWS will implement these remaining requirements in 2022.

Recognition of Revenues: Revenues are recognized as goods or services are provided. Customers' meters are read and bills are prepared monthly based on billing cycles. SAWS uses historical information to estimate and record earned revenue not yet billed.

Revenue and Expense Classification: Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of SAWS are charges to customers for water supply, water delivery, wastewater, and chilled water services. Operating expenses include costs of service,

NOTES TO FINANCIAL STATEMENTS

administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Pensions: For purposes of measuring Net Pension Liability/(Asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the SAWSRP, TMRS and DSPRP plans and additions to/from the SAWSRP, TMRS and DSPRP fiduciary net position have been determined using the same basis as they are reported by SAWSRP, TMRS and DSPRP. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the Net OPEB Liability, deferred outflows of resources and deferred inflows of resources related to SAWS OPEB, and SAWS OPEB expense, information about the fiduciary net position of the SAWS OPEB plan and additions to/from the SAWS OPEB fiduciary net position have been determined using the same basis as they are reported by the SAWS OPEB plan. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Annual Budget: Approximately sixty days prior to the beginning of each fiscal year, an annual budget is presented to the Board for consideration. This budget is prepared on an accrual basis and serves as a tool in controlling and administering the management and operation of the organization. The annual budget reflects an estimate of gross revenues and disposition of these revenues in accordance with the flow of funds required by City Ordinance No. 75686 (See Note B). Once the annual budget has been approved by the Board, the budget is submitted to City Council for review and consultation.

Restricted Resources: When an expenditure is made for purposes for which both restricted and unrestricted resources are available, it is SAWS policy to choose the appropriate resource based on the availability of resources and funding goals established by management for those expenditures.

Cash Equivalents: SAWS considers investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Investments: City Ordinance No. 75686, SAWS' Investment Policy and Texas state law allow SAWS to invest in direct obligations of the United States or its agencies and instrumentalities. Other allowable investments include direct obligations of the State of Texas or its agencies and instrumentalities; secured certificates of deposit issued by depository institutions that have their main office or a branch office in the State of Texas; defined bankers acceptances and commercial paper; collateralized direct repurchase agreements, reverse repurchase agreements; no-load money market mutual funds; investment pools; municipal bonds; and other types of secured or guaranteed investments. These investments are subject to market risk, interest rate risk, and credit risk which may affect the

NOTES TO FINANCIAL STATEMENTS

value at which these investments are recorded. Under the provisions of GASB Statement No. 31, money market investments, including US Treasury and agency obligations, with a remaining maturity at time of purchase of one year or less are reported at amortized cost. All other investments are reported at fair value.

Accounts Receivable: Accounts receivable are recorded at the billed amounts plus an estimate of unbilled revenue receivable. The allowance for uncollectible accounts is management's best estimate of the amount of probable credit losses based on account delinquencies and historical write-off experience. Account balances are written off against the allowance when it is probable the receivable will not be recovered. SAWS wrote off account balances totaling \$6.3 million in 2021 and \$4.8 million in 2020. A provision to increase the allowance for uncollectible accounts is recorded as an offset to operating revenue. Beginning in March 2020 as a result of COVID-19, management increased the provision to account for the suspension of service disconnections and late fees for non-payment. This practice continued through October 2021. The provision recorded to offset revenues was \$24.0 million in 2021 and \$23.7 million in 2020. In addition, SAWS recorded customer adjustments totaling \$0.3 million in 2021 and \$0.8 million in 2020.

Other Current Assets: Other current assets include inventory, prepaid expenses, and interest receivable. Inventories are valued at lower of cost or market using the weighted average cost method. Inventories (net) totaled \$6.3 million at December 31, 2021 and \$5.8 million at December 31, 2020. Prepaid expenses totaled \$7.5 million at December 31, 2021 and \$7.1 million at December 31, 2020. Interest receivable totaled \$2.8 million at December 31, 2021 and \$2.0 million at December 31, 2020.

Restricted Assets: Assets restricted by City Ordinance No. 75686, which incorporates the bond indentures, to pay current liabilities are reported as current assets in the Statement of Net Position, regardless of their relative liquidity. Assets restricted for the acquisition of capital assets or to pay noncurrent liabilities are reported as noncurrent assets in the Statement of Net Position. A net pension asset or net OPEB asset is also reported as restricted noncurrent assets in the Statement of Net Position.

Capital Assets: Assets in service are capitalized when the unit cost is greater than or equal to \$5,000. Utility plant additions are recorded at cost, which includes materials, labor and direct internal costs during construction. Included in capital assets are intangible assets, which consist of purchased water rights and land easements, costs associated with acquiring additional Certificates of Convenience and Necessity (CCN) related to new service areas and development costs for internally generated computer software. Assets acquired through capital leases are recorded as assets in Utility Plant in Service and the lease contracts recorded as liabilities in Contract and Leases Payable using the present value of lease payments and any other non-executory costs. Assets acquired through contributions, such as those from developers, are recorded at estimated acquisition value at date of donation. Maintenance, repairs, and minor renewals are charged to operating expense, while major plant replacements are capitalized.

NOTES TO FINANCIAL STATEMENTS

Capital assets are depreciated on the straight-line method. This method is applied to all individual assets except distribution and collection mains and intangible assets. Groups of mains are depreciated on the straight-line method over an estimated average useful life of 50 years. Mains are included in the Distribution and transmission system asset category and the Collection system category. Intangible assets not considered to have indefinite useful lives are amortized over their estimated useful life. Capital assets are tested for impairment when a significant unexpected decline in its service utility occurs. The following table shows an estimated range of useful lives used in providing for depreciation of capital assets:

Structures and improvements	25 - 50	years
Pumping and purification equipment	10 - 50	years
Distribution and transmission system	17.5 - 50	years
Collection system	50	years
Treatment facilities	25	years
Equipment and machinery	5 - 20	years
Furniture and fixtures	3 - 10	years
Computer equipment	5	years
Software	3 - 10	years
Intangible assets (definite useful life)	20	years

Capital Contributions: Capital Contributions consist of plant contributions from developers, capital recovery fees, and contributions in aid of construction and/or grant proceeds received from governmental agencies for facility expansion. Capital Contributions are recognized in the Statement of Revenues, Expenses, and Changes in Net Position, after non-operating revenues (expenses), when eligibility requirements are met.

Capital recovery fees are charged to customers to connect to the water or wastewater system. By Texas law, these fees are to be used for capital expenditures that expand infrastructure capacity or to reimburse SAWS for the cost associated with existing excess infrastructure capacity. In certain instances, infrastructure that facilitates expansion of SAWS' service capacity is contributed by developers. In these instances, SAWS records the donated infrastructure as plant contributions and may abate future capital recovery fees due from the developer equal to a portion of the acquisition value of the infrastructure contributed. SAWS abated future capital recovery fees of \$6.4 million in 2021 and \$5.7 million in 2020. These abatements are conditional based on the type of development and in certain instances, time requirements and geographic restrictions.

Deferred Outflows and Inflows of Resources: In addition to assets, liabilities, and net position, the Statement of Net Position includes separate sections for deferred outflows and inflows of resources. A deferred outflow of resources represents a consumption of net position that applies to a future period(s) and therefore, will not be recognized as an outflow of resources until the applicable future period. A deferred inflow of resources is an acquisition of net position that is applicable to future reporting period(s) and therefore, will not be recognized as an inflow of resources until the applicable future period.

NOTES TO FINANCIAL STATEMENTS

Deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized to interest expense over the shorter of the life of the refunded or refunding debt using the interest method.

Deferred outflows – unamortized asset retirement obligations (ARO) result from unamortized asset retirement obligation costs. This amount is deferred and amortized to depreciation and amortization expense based on the ARO's remaining useful life.

Deferred outflows – pension and *Deferred inflows – pension* result from contributions made by SAWS to its defined benefit pension plans after the measurement date of Net Pension Liability as well as changes in the Net Pension Liability not yet reflected in pension expense. Changes in the Net Pension Liability not yet reflected in pension expense include differences between projected and actual earnings on pension plan investments, expected and actual experience with regard to economic or demographic factors and changes in assumptions about future economic or demographic factors. Differences between projected and actual earnings are recognized in pension expense over a closed five-year period. Other changes are recognized in pension expense using a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees participating in the plans.

Deferred outflows – OPEB and *Deferred inflows – OPEB* result from contributions made by SAWS to its OPEB plan after the measurement date of Net OPEB Liability as well as changes in the Net OPEB Liability not yet reflected in OPEB expense. Changes in the Net OPEB Liability not yet reflected in OPEB expense include differences between projected and actual earnings on OPEB plan investments, expected and actual experience with regard to economic or demographic factors and changes in assumptions about future economic or demographic factors. Differences between projected and actual earnings are recognized in OPEB expense over a closed five-year period. Other changes are recognized in OPEB expense using a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees participating in the plans.

SAWS is a party to an interest rate swap agreement which serves to hedge interest rates on a portion of SAWS' variable rate debt. The agreement qualifies as a derivative instrument and meets the requirements of an effective hedge in accordance with GASB Statements No. 53 and 64. As a result, hedge accounting is used to account for the changes in the fair value of the swap agreement. *Accumulated decrease in fair value of hedging derivative* represents the change in the fair value of the interest rate swap that has not been recognized in the Statement of Revenues, Expenses and Changes in Net Position due to the use of hedge accounting. For more information about this derivative instrument see Note G.

NOTES TO FINANCIAL STATEMENTS

Customer Deposits: SAWS collects an advance deposit from new customers to secure payment of the customer's final bill. The deposit is refundable once the customer has demonstrated an acceptable payment history of no more than two late payments within the first twelve-month period. SAWS may collect an additional deposit for customers whose service has been turned off for non-payment and need to restore service.

Compensated Absences: It is SAWS' policy to accrue earned but unused employee vacation pay as well as the employer portion of Social Security taxes and required employer pension contributions related to the accrued vacation pay. For 2021, the total vacation paid in the current year was used as the estimated amount to be due within one year. For 2020, the estimated amount to be due within one year was the average of total vacation paid in 2020 and 2019. Sick leave is not accrued as a terminating employee is not paid for accumulated sick leave.

Revenue Bonds & Commercial Paper: SAWS issues revenue bonds to finance capital improvement projects, refund outstanding bonds to reduce future debt service payments, and pay the cost of issuance. All SAWS' revenue bonds are secured by a lien on and pledge of net revenues of the system. Additionally, certain SAWS' bonds are further secured by the maintenance of a reserve fund established for the benefit of the bondholders. SAWS maintains a commercial paper program that is used to provide funds for the interim financing of a portion of its capital improvements.

Self-Insurance: SAWS is self-insured for a portion of workers' compensation, employee's health, employer's liability, public officials' liability, property damage and certain elements of general liability. A liability has been recorded for the estimated amount of eventual loss, which will be incurred on claims arising prior to the end of the period including incurred but not reported claims.

Derivative Instrument: As noted above, SAWS is a party to an interest rate swap agreement that qualifies as a derivative instrument. Additionally, mutual fund investments held by SAWS fiduciary funds may use derivatives as part of their investment strategy. These mutual funds are comingled pools, rather than individual securities.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications: Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTES TO FINANCIAL STATEMENTS

NOTE B - CITY ORDINANCE NO. 75686

Funds Flow: City Ordinance No. 75686 requires that SAWS' gross revenues be applied in sequence to: (1) System Fund for payment of current maintenance and operating expenses including a reserve equal to two months of budgeted maintenance and operating expenses for the current fiscal year; (2) Debt Service Fund requirements of Senior Lien Obligations; (3) Reserve Fund requirements of Senior Lien Obligations; (4) Interest and Sinking Fund and Reserve Fund requirements of Junior Lien Obligations; (5) Interest and Sinking Fund and Reserve Fund requirements of Subordinate Lien Obligations; (6) Payment of amounts required on Inferior Lien Obligations, and (7) Transfers to the City's General Fund and to the Renewal and Replacement Fund.

Payments to the City's General Fund: City Ordinance No. 75686 requires SAWS to make payments to the City each month after making all other payments required by the City Ordinance. The amount of the payment is determined by City Council from time to time and cannot exceed 5% of Gross Revenues. Gross Revenues consist of all revenue with respect to the operation and ownership of SAWS with the exception of capital contributions, payments received under the CPS Energy contract, the federal subsidy of interest on Build America Bonds and earnings on funds deposited in the Project Fund and Reserve Fund until the Reserve Fund contains the required reserve amount. In October 2019, SAWS payment to the City was increased from 2.7% to 4.0% of Gross Revenues. Payments to the City are reported as non-operating expense in the Statement of Revenues, Expenses and Changes in Net Position.

Reuse Contract: SAWS has a contract with CPS Energy, the city owned electricity and gas utility, for the provision of reuse water. According to the City Ordinance, the revenues derived from the contract have been restricted in use to only reuse activities and are excluded from gross revenue for purposes of calculating any payments to the City's General Fund.

Pledged Revenues: Net Revenues of SAWS have been pledged to the payment and security of its debt obligations. Net Revenues are defined by the City Ordinance as SAWS' Gross Revenues after deducting operating expenses before depreciation.

No Free Service: The City Ordinance also provides for no free services except for municipal fire-fighting purposes.

NOTE C – CASH AND INVESTMENTS

San Antonio Water System

The following is a reconciliation of cash and investments reported in the Statements of Net Position to deposits and investments disclosed in this note for December 31, 2021 and 2020.

NOTES TO FINANCIAL STATEMENTS

<i>(amounts in thousands)</i>	December 31,	
	2021	2020
Reported in Statements of Net Position:		
Cash and Cash Equivalents:		
Unrestricted	\$ 165,654	\$ 438,504
Restricted - current	76,126	82,578
Restricted - noncurrent	185,208	296,925
Total cash and cash equivalents	<u>426,988</u>	<u>818,007</u>
Investments:		
Unrestricted	373,994	71,845
Restricted - current	127,901	129,926
Restricted - noncurrent	451,377	196,748
Total investments	<u>953,272</u>	<u>398,519</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 1,380,260</u>	<u>\$ 1,216,526</u>
Reported amounts in note for:		
Deposits	\$ 44,059	\$ 10,638
Investments	1,336,201	1,205,888
Total Deposits and Investments	<u>\$ 1,380,260</u>	<u>\$ 1,216,526</u>

Deposits: As of December 31, 2021, SAWS' funds are deposited in demand accounts at JP Morgan Chase, SAWS' general depository bank. As required by state law, all SAWS' deposits are fully collateralized and/or are covered by federal depository insurance. At December 31, 2021 and 2020, the collateral pledged was a letter of credit issued by the Federal Home Loan Bank of Cincinnati, under SAWS' name so SAWS incurred no custodial credit risk. At December 31, 2021, the bank balance of SAWS' demand accounts was \$42,509,000 and the reported amount was \$44,059,000, which included \$18,000 of cash on hand. At December 31, 2020, the bank balance of SAWS' demand accounts was \$7,511,000 and the reported amount was \$10,638,000, which included \$18,000 of cash on hand.

Investments: As of December 31, 2021, and 2020, investments include securities issued by the United States government and its agencies and instrumentalities, municipal securities, money market funds and investment pools. As of December 31, 2021, securities purchased are held in custody by Bank of New York Mellon and registered as securities of SAWS. Money Market Funds are managed by Fidelity and Morgan Stanley and are invested in securities issued by the U.S. government or by U.S. agencies. Funds in investment pools are invested in TexPool Prime, Texas Class, Texas Fixed Income Trust and Texas TERM. Investment pools may invest in commercial paper and certificates of deposit, as well as obligations of the U.S. government or its agencies and instrumentalities, and repurchase agreements as allowed under the Public Funds Investment Act (PFIA). All investments in money market funds and investment pools are reported at amortized cost. Amortized cost approximates fair value for these investments.

NOTES TO FINANCIAL STATEMENTS

The following tables provide information related to SAWS investments at December 31, 2021 and 2020.

December 31, 2021 <i>(dollars in thousands)</i>					
Investment Type	Reported	Fair Value	Allocation	Credit Rating	Weighted
	Value		Based on Fair		Average
			Value		Maturity
					(in days)
U.S. Treasury Securities	\$ 300,700	\$ 300,700	22%	AA+	579
U.S. Agency Notes	358,534	358,534	27%	AA+	884
Municipal Bonds	246,530	246,530	18%	AAA to AA-	691
Money Market Funds					
Fidelity Institutional MMF	36,507	36,507	3%	AAAm	1
Morgan Stanley	17,522	17,522	1%	AAAm	1
Texas Class Investment Pool	63,489	63,489	5%	AAAm	1
Texpool Prime Local Government Pool	57,431	57,431	4%	AAAm	1
Texas FIT Cash Pool	207,980	207,980	16%	AAAf	1
Texas Term Investment Pool	47,508	47,508	4%	AAAf	145
Total Investments	<u>\$ 1,336,201</u>	<u>\$ 1,336,201</u>	<u>100%</u>		<u>501</u>

December 31, 2020 <i>(dollars in thousands)</i>					
Investment Type	Reported	Fair Value	Allocation	Credit Rating	Weighted
	Value		Based on Fair		Average
			Value		Maturity
					(in days)
U.S. Treasury Securities	\$ 76,984	\$ 76,984	6%	AA+	272
U.S. Agency Notes	162,854	162,854	14%	AA+	578
Municipal Bonds	148,681	148,681	12%	AAA to AA-	657
Money Market Funds					
Fidelity Institutional MMF	52,314	52,314	4%	AAAm	1
Morgan Stanley	21,238	21,238	2%	AAAm	1
Texas Class Investment Pool	497,209	497,209	41%	AAAm	1
Texpool Prime Local Government Pool	223,157	223,157	19%	AAAm	1
Texas FIT Cash Pool	13,451	13,451	1%	AAAm	1
Texas Term Investment Pool	10,000	10,000	1%	AAAm	90
Total Investments	<u>\$ 1,205,888</u>	<u>\$ 1,205,888</u>	<u>100%</u>		<u>177</u>

Interest Rate Risk: Interest rate risk is the risk that a change in market interest rates of fixed income securities will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses due to rising interest rates, SAWS' investment policy limits its investments maturities to no more than five years. At December 31, 2021 the longest remaining maturity for any investment was approximately four years with approximately 46% of the investment portfolio maturing in less than one year. At December 31, 2020, the longest remaining maturity for any investment was approximately three and half years with 80% of the investment portfolio maturing in less than one year.

NOTES TO FINANCIAL STATEMENTS

Credit Risk: Credit risk is the risk that an issuer of financial securities will not fulfill its obligations to the holder of the obligation. In accordance with its investment policies, SAWS manages exposure to credit risk by limiting its investments in long-term obligations of other states and cities to those with a credit rating of “A” or better. As of December 31, 2021 and 2020, the lowest rated municipal security held was “AA-”. Additionally, any short-term investments require a rating of at least “A-1” or “P-1”.

Concentration of Credit Risk: Concentration of credit risk for investments is the risk of loss attributable to the magnitude of an investment in a single issuer. SAWS’ investment policy does not limit the amount it may invest in U.S. Treasury securities, government-guaranteed securities, or government-sponsored entity securities. However, in order to manage its exposure to concentration of credit risk, the investment policy does limit the amount that can be invested in any one government-sponsored issuer to no more than 50% of the total investment portfolio, and no more than 30% of the total investment portfolio in any non-government issuer unless it is fully collateralized, excluding investment pools and money market funds.

As of December 31, 2021, and 2020, the percentage of the investment portfolio for government-sponsored issuers was as follows:

	December 31,	
	2021	2020
Federal Home Loan Bank	18%	2%

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a financial institution failure, SAWS’ deposits or collateral securities may not be returned to it. For SAWS, this risk is completely mitigated by (1) insurance coverage provided by the custodian that protects against loss of cash or securities held in custody and (2) collateral in the form of letters of credit issued by the Federal Home Loan Bank of Cincinnati over the Federal Deposit Insurance Corporation limit. Texas public fund accounts are collateralized at 100%.

Fair Value Measurement: SAWS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The following tables summarize SAWS investments by the fair value hierarchy as of December 31, 2021 and 2020.

NOTES TO FINANCIAL STATEMENTS

<i>(amounts in thousands)</i>	December 31,	Fair Value Measurements Using		
	2021	Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasury Securities	\$ 300,700	\$ 300,700	\$ -	\$ -
U.S. Agency Notes	358,534	-	358,534	-
Municipal Bonds	246,530	-	246,530	-
Texas Term Investment Pool	47,508	-	47,508	-
Total investments measured at fair value	<u>\$ 953,272</u>	<u>\$ 300,700</u>	<u>\$ 652,572</u>	<u>\$ -</u>

<i>(amounts in thousands)</i>	December 31,	Fair Value Measurements Using		
	2020	Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasury Securities	\$ 76,984	\$ 76,984	\$ -	\$ -
U.S. Agency Notes	162,854	-	162,854	-
Municipal Bonds	148,681	-	148,681	-
Texas Term Investment Pool	10,000	-	10,000	-
Total investments measured at fair value	<u>\$ 398,519</u>	<u>\$ 76,984</u>	<u>\$ 321,535</u>	<u>\$ -</u>

Securities classified in Level 2 of the fair value hierarchy are valued using interest rate curves and credit spreads applied to the terms of the debt instruments (maturity and coupon interest) and consider the counterparty rating.

Restricted Cash and Investments: Cash and investments are restricted for a variety of purposes based on the requirements set forth in City Ordinance No. 75686, state law or SAWS policy. The following table summarizes both current and noncurrent restricted cash and investments by purpose at December 31, 2021 and 2020.

<i>(amounts in thousands)</i>	December 31,	
	2021	2020
Restricted for:		
Operations	\$ 75,675	\$ 72,664
Debt Service	81,790	91,239
Debt Service Reserve	32,401	40,773
Construction - accrued liabilities	46,562	48,602
Construction - capital recovery fees	243,927	211,917
Construction - bond proceeds	360,257	240,982
Total Restricted Cash & Investments	<u>\$ 840,612</u>	<u>\$ 706,177</u>

The requirements of City Ordinance No. 75686 stipulate that SAWS must accumulate and maintain a reserve equal to 100% of the maximum annual debt service requirements for senior lien obligations. Additional City ordinances require SAWS to maintain a debt service reserve equal to the average annual debt service on all junior lien obligations secured by a reserve fund. Not all SAWS junior lien obligations require the security of a debt service reserve. Increases in the required reserve amount may be deposited into a reserve account over a five-year period. Ordinance

NOTES TO FINANCIAL STATEMENTS

No. 75686 allows for SAWS to provide surety policies equal to all or part of the required reserve. SAWS may use bond proceeds to make the required deposits related to new debt issued. Debt service reserve deposits are required to be maintained until a) the revenue bonds mature, b) the surety policy provider's credit ratings improve to the minimum ratings required under SAWS bond ordinance, or c) new surety policies are provided that meet the requirements of the bond ordinance.

The following table summarizes the cash and investments restricted for Debt Service Reserve at December 31, 2021 and 2020 based on the allocation of the funds between junior lien and senior lien bond requirements.

<i>(amounts in thousands)</i>	December 31,	
	2021	2020
Restricted for Junior Lien Bonds	\$ 13,487	\$ 15,167
Restricted for Senior Lien Bonds	18,914	25,606
Total Cash & Investments - Debt Service Reserve	<u>\$ 32,401</u>	<u>\$ 40,773</u>

Funds restricted for construction include amounts needed to pay accrued construction liabilities, collected but unspent capital recovery fees and unspent bond proceeds. Funds restricted for accrued construction liabilities and unspent bond proceeds are completely offset by related liabilities. By state law, capital recovery fees are restricted for the construction of the infrastructure upon which the calculation of the fee is based.

San Antonio Water System Fiduciary Funds

The fiduciary financial statements include three fiduciary funds related to SAWS employee benefit plans: the San Antonio Water System Retirement Plan (SAWSRP), the District Special Project Retirement Income Plan (DSPRP) and the San Antonio Water System Retiree Health Trust (SAWS OPEB Trust).

In 2020, SAWS established an investment policy for the SAWSRP and DSPRP fiduciary funds. It is the policy of the SAWSRP and DSPRP to invest 20% to 55% of its assets in fixed income securities, 40% to 70% of its assets in equity securities and 0% to 15% of its assets in real assets. The SAWSRP and DSPRP utilize an investment manager to make recommendations as to the appropriate target portfolio weightings among major asset classes. Additionally, the investment manager has full discretionary authority to buy, hold, and sell investments subject to the guidelines as defined in the SAWSRSP and DSPRP investment policies.

In 2012, SAWS established the SAWS OPEB Plan for the exclusive purpose of funding health and life benefits provided to eligible retirees and their dependents. It is the policy of SAWS OPEB Plan to invest 49% to 67% of its assets in equity securities, 28% to 50% in fixed income securities, 1% to 5% in real assets and 0% to 5% in cash. SAWS OPEB Plan utilizes an investment manager to make recommendations as to the appropriate target portfolio weightings among major asset classes. Additionally, the investment manager has full discretionary authority to buy, hold, and sell investments subject to the guidelines as defined in SAWS OPEB Plan's investment policy.

NOTES TO FINANCIAL STATEMENTS

The following tables summarize fiduciary fund investments by plan and in total at December 31, 2021 and 2020.

December 31, 2021 (dollars in thousands)					
Investment Type	SAWSRP	DSPRP	SAWS OPEB Plan	Total All Plans	Allocation Based on Fair Value
Collective, Pooled & Mutual Funds:					
Domestic Equity	\$ 113,136	\$ 3,826	\$ 55,726	\$ 172,688	38.0%
International Equity	52,963	1,582	17,702	72,247	15.9%
Domestic Debt	121,862	507	47,946	170,315	37.5%
Real Estate	20,356	-	-	20,356	4.5%
Balanced/Asset Allocation	16,356	-	-	16,356	3.6%
Money Market Mutual Funds	-	-	146	146	0.0%
Standard Insurance Company:					
Guaranteed Long-term Fund	-	2,560	-	2,560	0.6%
Total Investments	\$ 324,673	\$ 8,475	\$ 121,520	\$ 454,668	100.0%

December 31, 2020 (dollars in thousands)					
Investment Type	SAWSRP	DSPRP	SAWS OPEB Plan	Total All Plans	Allocation Based on Fair Value
Collective, Pooled & Mutual Funds:					
Domestic Equity	\$ 102,113	\$ 3,502	\$ 47,670	\$ 153,285	38.4%
International Equity	48,492	1,484	15,352	65,328	16.4%
Domestic Debt	108,445	443	41,248	150,136	37.6%
Real Estate	16,571	-	-	16,571	4.1%
Balanced/Asset Allocation	11,936	-	-	11,936	3.0%
Money Market Mutual Funds	-	-	67	67	0.0%
Standard Insurance Company:					
Guaranteed Long-term Fund	-	2,207	-	2,207	0.6%
Total Investments	\$ 287,557	\$ 7,636	\$ 104,337	\$ 399,530	100.0%

The Standard Insurance Company Guaranteed Long-term Fund is reported at contract value as of December 31, 2021 and 2020, and money market mutual funds are reported at amortized cost, which approximates fair value. Money market funds are reported as Cash and Cash Equivalents in the Statements of Fiduciary Net Position.

Fair Value: SAWS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Pricing for Level 1 inputs are provided by a pricing service as of the measurement date using pricing from exchanges. Pricing for Level 2 inputs are provided by various sources such as issuer, investment managers or fund accountants.

NOTES TO FINANCIAL STATEMENTS

The following tables summarize fiduciary fund investments by the fair value hierarchy as of December 31, 2021 and 2020.

<i>(dollars in thousands)</i>	December	Fair Value Measurement Using		
		2021	Level 1	Level 2
Investment Type				
Collective and Pooled Funds				
Domestic Equity	\$ 172,688	\$ 116,275	\$ 56,413	\$ -
International Equity	72,247	60,561	11,686	-
Domestic Debt	170,315	139,938	30,377	-
Real Estate	20,356	20,356	-	-
Balanced/Asset Allocation	16,356	16,356	-	-
Total Investments	<u>\$ 451,962</u>	<u>\$ 353,486</u>	<u>\$ 98,476</u>	<u>\$ -</u>

<i>(dollars in thousands)</i>	December	Fair Value Measurement Using		
		2020	Level 1	Level 2
Investment Type				
Collective and Pooled Funds				
Domestic Equity	\$ 153,285	\$ 104,724	\$ 48,561	\$ -
International Equity	65,328	55,145	10,183	-
Domestic Debt	150,136	123,985	26,151	-
Real Estate	16,571	16,571	-	-
Balanced/Asset Allocation	11,936	11,936	-	-
Total Investments	<u>\$ 397,256</u>	<u>\$ 312,361</u>	<u>\$ 84,895</u>	<u>\$ -</u>

Fiduciary Fund investments are not subject to the Public Funds Investment Act. The investments are subject to the following risks:

Credit Risk: The individual investments held by the Collective, Pooled and Mutual funds at December 31, 2021 and December 31, 2020 were not rated. The Standard Insurance Company Guaranteed Long-term Fund had a rating of A by S&P Global Ratings at December 31, 2021 and A- at December 31, 2020.

Concentration of Credit Risk: As of December 31, 2021, and 2020, more than 99% of fiduciary fund investments were in collective, pooled and mutual funds. The following funds exceeded 5% of fiduciary net position:

NOTES TO FINANCIAL STATEMENTS

	December 31, <u>2021</u>
Principal Core Plus Bond Separate Account-Z	22.71%
Principal LargeCap S&P 500 Index Separate Account-Z	13.06%
Principal Diversified International Separate Account-Z	6.87%
Principal MidCap S&P 400 Index SA-Z	6.86%

	December 31, <u>2020</u>
Principal Core Plus Bond Separate Account-Z	23.00%
Principal LargeCap S&P 500 Index Separate Account-Z	13.21%
Principal Diversified International Separate Account-Z	7.14%
Principal SmallCap S&P 600 Index Separate Account-Z	5.80%

Interest Rate Risk: The effective duration of the Domestic Debt funds was 5.7 years at December 31, 2021 and 5.6 years at December 31, 2020. The Standard Insurance Company Guaranteed Long-term Fund had an effective duration of 6.2 years at December 31, 2021 and 5.6 years at December 31, 2020.

NOTE D – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at December 31, 2021 and 2020:

<i>(amounts in thousands)</i>	<u>2021</u>	<u>2020</u>
Current:		
Receivable from customers	\$ 90,666	\$ 72,251
Unbilled revenue	37,699	39,587
Receivable from insurance claims & governmental agencies	808	1,622
Less: Allowance for doubtful accounts	<u>(43,870)</u>	<u>(25,885)</u>
Total accounts receivable	<u>\$ 85,303</u>	<u>\$ 87,575</u>

Remainder of this page is intentionally left blank

NOTES TO FINANCIAL STATEMENTS

NOTE E – CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2021 is as follows:

<i>(amounts in thousands)</i>	December 31, 2020	Increases	Transfers	Decreases	December 31, 2021
Capital assets, not being depreciated:					
Land	\$ 162,438	\$ -	\$ 6,830	\$ 246	\$ 169,022
Water rights purchased	248,881	-	-	-	248,881
Other intangible assets	370	-	-	-	370
Construction in progress	521,627	474,037	(390,436)	1,407	603,821
Total capital assets, not being depreciated/amortized	933,316	474,037	(383,606)	1,653	1,022,094
Capital assets, being depreciated					
Structures and improvements	1,002,070	394	58,808	1,770	1,059,502
Pumping and purification equipment	279,218	461	1,351	-	281,030
Distribution and transmission system	3,610,086	-	138,633	8,674	3,740,045
Treatment facilities	2,800,410	-	167,975	16,194	2,952,191
Equipment and machinery	477,239	7,802	16,839	13,347	488,533
Furniture and fixtures	6,595	-	-	4	6,591
Computer equipment	29,706	1,333	-	527	30,512
Software	55,607	80	-	121	55,566
Other intangible assets	1,354	-	-	-	1,354
Total capital assets being depreciated/amortized	8,262,285	10,070	383,606	40,637	8,615,324
Less accumulated depreciation					
Structures and improvements	(276,667)	(28,011)	-	(561)	(304,117)
Pumping and purification equipment	(94,744)	(9,128)	-	-	(103,872)
Distribution and transmission system	(872,534)	(70,716)	-	(8,674)	(934,576)
Treatment facilities	(863,401)	(56,474)	-	(10,686)	(909,189)
Equipment and machinery	(179,076)	(28,071)	-	(13,190)	(193,957)
Furniture and fixtures	(6,294)	(70)	-	(4)	(6,360)
Computer equipment	(21,409)	(2,066)	-	(519)	(22,956)
Software	(40,464)	(4,213)	-	(121)	(44,556)
Other intangible assets	(719)	(68)	-	-	(787)
Total accumulated depreciation	(2,355,308)	(198,817)	-	(33,755)	(2,520,370)
Total capital assets, being depreciated/amortized	5,906,977	(188,747)	383,606	6,882	6,094,954
Capital assets, net	\$ 6,840,293	\$ 285,290	\$ -	\$ 8,535	\$ 7,117,048

NOTES TO FINANCIAL STATEMENTS

A summary of capital asset activity for the year ended December 31, 2020 is as follows:

<i>(amounts in thousands)</i>	December 31, 2019	Increases	Transfers	Decreases	December 31, 2020
Capital assets, not being depreciated:					
Land	\$ 115,007	\$ 46,814	\$ 652	\$ 35	\$ 162,438
Water rights purchased	248,881	-	-	-	248,881
Other intangible assets	370	-	-	-	370
Construction in progress	673,633	438,393	(590,044)	355	521,627
Total capital assets, not being depreciated/amortized	1,037,891	485,207	(589,392)	390	933,316
Capital assets, being depreciated					
Structures and improvements	856,587	124,288	25,965	4,770	1,002,070
Pumping and purification equipment	254,787	21,694	2,783	46	279,218
Distribution and transmission system	2,685,097	638,687	298,417	12,115	3,610,086
Treatment facilities	2,595,741	-	220,012	15,343	2,800,410
Equipment and machinery	339,294	104,220	39,703	5,978	477,239
Furniture and fixtures	6,595	-	-	-	6,595
Computer equipment	24,461	5,245	-	-	29,706
Software	52,443	652	2,512	-	55,607
Other intangible assets	1,354	-	-	-	1,354
Total capital assets being depreciated/amortized	6,816,359	894,786	589,392	38,252	8,262,285
Less accumulated depreciation					
Structures and improvements	(253,586)	(27,254)	-	(4,173)	(276,667)
Pumping and purification equipment	(86,088)	(8,702)	-	(46)	(94,744)
Distribution and transmission system	(818,161)	(66,303)	-	(11,930)	(872,534)
Treatment facilities	(825,893)	(52,851)	-	(15,343)	(863,401)
Equipment and machinery	(158,820)	(26,126)	-	(5,870)	(179,076)
Furniture and fixtures	(6,223)	(71)	-	-	(6,294)
Computer equipment	(19,229)	(2,180)	-	-	(21,409)
Software	(36,172)	(4,292)	-	-	(40,464)
Other intangible assets	(651)	(68)	-	-	(719)
Total accumulated depreciation	(2,204,823)	(187,847)	-	(37,362)	(2,355,308)
Total capital assets, being depreciated/amortized	4,611,536	706,939	589,392	890	5,906,977
Capital assets, net	\$ 5,649,427	\$ 1,192,146	\$ -	\$ 1,280	\$ 6,840,293

Asset Impairment: SAWS periodically reviews its capital assets for possible impairment. As part of SAWS' capital improvement program, SAWS incurs costs to design capital improvement projects. These costs are included in capital assets as Construction in Progress. Periodically the actual construction of these projects may not occur due to changes in plans. Once it has been determined that construction will not proceed, any capitalized costs are charged off to operating expenses. Design and project costs written off totaled \$1.4 million in 2021 and \$0.4 million in 2020.

SAWS owns a water treatment plant in southwest Bexar County to treat water supplied from Medina Lake and the Medina River. During the height of the 2011 - 2014 drought, Medina Lake water levels were greatly diminished leading to poor water quality. As a result, the treatment plant was idled from April 2013 through August 2015. Due to heavy rainfall during the summer of 2015, lake levels increased to a peak of nearly 80% of capacity. SAWS

NOTES TO FINANCIAL STATEMENTS

restarted the treatment plant on September 1, 2015 and treated approximately 500 acre-feet of Medina River water. Water quality concerns persisted, and SAWS elected to idle the treatment plant again in October 2015. Additional investments in the treatment process may be required in order to eliminate these water quality concerns in the future. Current available water supplies are expected to be sufficient to meet customers' demand in the foreseeable future without utilizing the Medina supplies. The book value of the treatment plant at December 31, 2021 was \$10.5 million. SAWS is continuing to depreciate the treatment plant and management does not currently believe the plant has been permanently impaired.

NOTE F – OTHER LIABILITIES

Accrued Vacation Payable: SAWS records an accrual for vacation payable for all full-time employees and pays unused vacation hours available at the end of employment with the final paycheck. Changes in the liability amount for 2021 and 2020 were as follows:

	<i>(amounts in thousands)</i>				
	Balance at Beginning of Year	Current-Year Accruals	Payments	Balance at End of Year	Estimated Due Within One Year
Year Ended					
December 31, 2021	\$ 13,197	\$ 6,485	\$ (6,148)	\$ 13,534	\$ 6,148
Year Ended					
December 31, 2020	10,873	6,928	(4,604)	13,197	5,247

Risk Management

Health Care Benefits: SAWS provides health care benefits to eligible employees and retirees through a self-insured plan that includes medical, prescription drug and dental benefits. The payment of claims associated with these benefits is handled by third party administrators. Plan participants contribute a portion of the cost of providing these benefits through payroll deductions or monthly premiums, annual deductibles and other co-payments. SAWS was self-insured for the first \$500,000 of medical claims per person during 2020 and 2021.

Other Risks: SAWS is exposed to various risks of financial loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. SAWS is self-administered and self-insured for the first \$2,000,000 of each workers' compensation and general liability claim and is fully self-insured for automobile liability. Claims that exceed the self-insured retention limit for workers' compensation and general liability are covered through SAWS' comprehensive commercial insurance program (CCIP). Additionally, under the CCIP, SAWS maintains deductible programs for public officials and employment practices liability, fiduciary liability, pollution legal liability, drone liability, cyber liability and crime with varying deductibles. Property coverage is on a replacement cost basis with a deductible of \$250,000 per occurrence. Settled claims during the last three years have not exceeded the insurance coverage in any year.

NOTES TO FINANCIAL STATEMENTS

The claims liability for health care benefits and other risks, including incurred but not reported claims, is based on the estimated ultimate cost of settling the claims. Changes in the liability amount for the last three fiscal years were as follows:

	<i>(amounts in thousands)</i>				
	Balance at Beginning of Year	Current-Year Accruals	Payments	Balance at End of Year	Estimated Due Within One Year
Year Ended December 31, 2021	\$ 8,205	\$ 24,234	\$ (23,618)	\$ 8,821	\$ 8,821
Year Ended December 31, 2020	8,312	23,627	(23,734)	8,205	8,205
Year Ended December 31, 2019	8,197	22,398	(22,283)	8,312	8,312

NOTE G – DERIVATIVE INSTRUMENT

In 2003, SAWS entered into an interest rate swap agreement in connection with its City of San Antonio, Texas, Water System Subordinate Lien Revenue and Refunding Bonds, Series 2003-A and 2003-B (the “Series 2003 Bonds”) issued in a variable interest rate mode. The Series 2003 Bonds were issued to provide funds for SAWS’ capital improvements program and to refund certain outstanding commercial paper notes.

Objective of the Interest Rate Swap: The swap was used to hedge interest rates on the Series 2003 Bonds to a synthetic fixed rate that produced a lower interest rate than a traditional long-term fixed rate bond issued at that time. In August 2008, SAWS used commercial paper notes to redeem \$110,615,000 of the \$111,615,000 outstanding principal of the Series 2003 Bonds due to unfavorable market conditions relating to the ratings downgrade of the 2003 Bond insurer, MBIA Insurance Corporation (MBIA). In 2009, SAWS redeemed the remaining \$1 million of the Series 2003 Bonds through the issuance of additional commercial paper. The interest rate swap agreement was not terminated upon the redemption of the Series 2003 Bonds and instead serves as an off-market hedge for that portion of the commercial paper notes outstanding, which pertain to the redemption of the Series 2003 Bonds. SAWS currently intends to maintain a portion of its outstanding commercial paper in amounts matching the notional amounts of the swap. SAWS did not recognize any economic gain or loss as a result of this refunding since the debt service requirements of the commercial paper notes are expected to closely match the debt service requirements of the refunded debt. Commercial paper notes totaling \$68,820,000 at December 31, 2021 and \$73,060,000 at December 31, 2020 were hedged by the interest rate swap agreement.

Terms: The swap agreement contains scheduled reductions to the outstanding notional amounts that are expected to follow the original scheduled reductions of the Series 2003 Bonds. The Series 2003 Bonds were issued on March 27, 2003, with a principal amount of \$122,500,000. The swap agreement matures on May 1, 2033. At the time the swap was entered into, the counterparty was Bear Stearns Financial Products, Inc. (Bear Stearns FPI), with the index

NOTES TO FINANCIAL STATEMENTS

for the variable rate leg of the swap being the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index.

In 2008, JPMorgan Chase & Co. announced its acquisition of The Bear Stearns Companies Inc., the parent of Bear Stearns FPI. JPMorgan Chase & Co. guaranteed the trading obligations of the Bear Stearns Companies Inc. and its subsidiaries. Effective June 16, 2009, the swap agreement was amended between SAWS, JPMorgan Chase & Co, and MBIA to provide for JPMorgan Chase Bank N.A. (JP Morgan Chase) to become the swap counterparty and allow for the remainder of outstanding Series 2003 Bonds to be redeemed, while maintaining the swap agreement as an obligation to all parties. The amendment provides for the conditional release of MBIA's swap insurance policy upon the occurrence of certain future events.

The combination of commercial paper notes and a floating-to-fixed swap creates a synthetic fixed-rate of 4.18%. The synthetic fixed-rate protects against the potential of rising interest rates.

Fair Value: The swap had an approximate fair value of negative \$12,545,000 at December 31, 2021 and negative \$17,522,000 at December 31, 2020. This value is based on Level 2 inputs in the fair value hierarchy using the zero-coupon valuation method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

The swap agreement meets the criteria of an effective hedge under GASB Statement No. 53 and therefore qualifies for hedge accounting treatment. Since the fair value is negative, the fair value is recorded as a non-current liability. Changes in the swap's fair value are recorded as a deferred outflow of resources and included on the Statement of Net Position. At the time the Series 2003 Bonds were redeemed in 2008, the fair value of the swap was negative \$6.2 million. The deferred outflow at the time of redemption was included in the carrying value of the Series 2003 Bonds and resulted in a loss on redemption of \$6.2 million. This loss is included in the deferred charge on bond refunding on the Statement of Net Position and is being amortized over the remaining life of the Series 2003 Bonds. The unamortized deferred charge on bond refunding related to the swap was \$2,188,000 at December 31, 2021 and \$2,508,000 at December 31, 2020.

Credit Risk: SAWS was not exposed to credit risk on its outstanding swap at December 31, 2021 and 2020 because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, SAWS would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, JPMorgan Chase was rated Aa2 by Moody's Investors Service, A+ by S&P Global Ratings, and AA by Fitch Ratings as of December 31, 2021, and Aa2 by Moody's Investors Service, A+ by S&P Global Ratings, and AA by Fitch Ratings as of December 31, 2020. The amended swap agreement contains a credit support annex which will become effective upon the release of MBIA from the swap insurance policy. Collateralization would be required by either party should the fair value of the swap reach applicable thresholds as stated in the amended swap agreement.

NOTES TO FINANCIAL STATEMENTS

Basis Risk: SAWS is exposed to basis risk to the extent that the interest payments on its hedged commercial paper notes do not match the variable-rate payments received on the associated swap. SAWS attempts to mitigate this risk by (a) matching the outstanding hedged commercial paper notes associated with the redemption of the variable-rate debt to the notional amount and amortization schedule of the swap and (b) selecting an index for the variable-rate leg of the swap that is reasonably expected to closely match the interest rate on the hedged commercial paper notes.

Termination Risk: SAWS may terminate the swap at any time for any reason. JPMorgan Chase may terminate the swap if SAWS fails to perform under the terms of the agreement. SAWS' ongoing payment obligations under the swap are insured as provided for in the swap amendment and JPMorgan Chase cannot terminate as long as the insurer does not fail to perform. Also, if at the time of the termination the swap has a negative fair value, SAWS would be liable to the counterparty for a payment equal to the swap's fair value.

Market-access Risk: SAWS is subject to market-access risk as the variable-rate debt hedged by the swap consists of commercial paper notes. At December 31, 2021, \$68,820,000 of outstanding commercial paper with current maturities of approximately 18 days was hedged by the interest rate swap. At December 31, 2020, \$73,060,000 of outstanding commercial paper with current maturities of approximately 34 days was hedged by the interest rate swap. As previously noted, SAWS intends to reissue the commercial paper notes in amounts matching the notional amounts of the swap.

Swap Payments and Associated Debt: As of December 31, 2021, debt service requirements of the hedged commercial paper notes and net swap payments, assuming current interest rates remain the same, are as detailed below. As rates vary, variable-rate interest payments and net swap payments will vary. Principal payments assume that commercial paper notes will be repaid in accordance with the amortization schedule of the swap.

Pay-Fixed, Receive-Variable Interest Rate Swap Estimated Debt Service Requirements of Variable-Rate Debt Outstanding and Net Swap Payments <i>(amounts in thousands)</i>					
Year	Principal	Interest Paid on Debt	Interest Rate Swap, Net	Total	
2022	\$ 4,435	\$ 66	\$ 2,687	\$ 7,188	
2023	4,640	62	2,501	7,203	
2024	4,850	57	2,305	7,212	
2025	5,070	52	2,101	7,223	
2026	5,305	47	1,889	7,241	
2027 - 2031	30,355	145	5,890	36,390	
2032 - 2033	14,165	12	488	14,665	
Total	<u>\$ 68,820</u>	<u>\$ 441</u>	<u>\$ 17,861</u>	<u>\$ 87,122</u>	

NOTES TO FINANCIAL STATEMENTS

NOTE H – LONG TERM DEBT

REVENUE BONDS

On May 15, 2021, SAWS deposited \$33,890,000 from available cash on hand to the paying agent for the redemption of \$21,055,000 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2011 and \$12,835,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2011. The redemption of these bonds reduced future debt service by approximately \$38,393,000 between 2022 and 2031.

On July 13, 2021, SAWS issued \$274,375,000 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2021A (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) finance capital improvement projects, (ii) refund \$13,570,000 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2011A (Series 2011A), and (iii) pay the costs of issuance. The refunding of the Series 2011A bonds reduced future debt service by approximately \$3,131,000 and resulted in an economic gain of approximately \$2,033,000. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On November 1, 2021, SAWS remarketed \$98,420,000 City of San Antonio, Texas Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2013F Bonds (No Reserve Fund) into a Fixed Rate Mode for a period of five years, ending October 31, 2026. The coupon rate for these bonds is 1.00% with a yield of 0.82%. The proceeds from the sale of the bonds were used to (i) pay the \$98,795,000 principal of the maturing bonds, and (ii) pay the cost of issuance. There was no economic gain or loss on this transaction. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

Senior lien water system revenue bonds outstanding as of December 31, 2021 consist of the Series 2009B, Series 2010B, Series 2012, and Series 2012A, outstanding in the amount of \$280,565,000 and as of December 31, 2020 consist of the Series 2009B, Series 2010B, Series 2011, Series 2012, and Series 2012A, outstanding in the amount of \$321,950,000. Senior lien revenue bonds are collateralized by a senior lien and pledge of the gross revenues of SAWS after deducting and paying the current expenses of operations and maintenance of SAWS and maintaining a two-month operating reserve for such expenses. Interest rates on senior lien bonds range from 3.50% to 5.92%, exclusive of any federal interest subsidy on the Series 2009B and 2010B Build America Bonds.

The junior lien water system revenue bonds are composed of two categories of debt: fixed rate debt and variable rate debt. The junior lien fixed rate debt is similar to the senior lien bonds, as they have fixed interest rates for the life of the bonds. The junior lien variable rate bonds have interest rates that are periodically reset throughout the life of the bonds. An additional component of the fixed rate junior lien debt is direct placement debt with the Texas Water Development Board (TWDB). Direct placement debt with TWDB is offered at subsidized interest rates for qualified water, wastewater and water supply projects. All the junior lien water system revenue bonds are collateralized by a junior lien and pledge of the gross revenues of SAWS after deducting the current expenses of

NOTES TO FINANCIAL STATEMENTS

operations and maintenance of SAWS, maintaining a two-month operating reserve for such expenses, and paying debt service on senior lien obligations.

As of December 31, 2021, direct placement bonds with TWDB consist of junior lien Series 2012, Series 2013A, Series 2013C, Series 2013D, Series 2014C, Series 2014D, Series 2015A, Series 2016D, Series 2016E, Series 2018B, Series 2019B, Series 2020B, and Series 2020D in an outstanding amount of \$315,555,000. Interest rates on the TWDB junior lien fixed rate bonds range from 0.00% to 3.39%.

As of December 31, 2021, the remaining junior lien fixed rate revenue bonds consist of Series 2012 (No Reserve Fund), Series 2013B (No Reserve Fund), Series 2013E (No Reserve Fund), Series 2014A (No Reserve Fund), Series 2015B (No Reserve Fund), Series 2016A (No Reserve Fund), Taxable Series 2016B, Series 2016C (No Reserve Fund), Series 2017A (No Reserve Fund), Series 2018A (No Reserve Fund), Series 2019C (No Reserve Fund), Series 2020A (No Reserve Fund), Series 2020C (No Reserve Fund) and Series 2021A (No Reserve Fund) is outstanding in the amount of \$1,947,250,000. Interest rates on the junior lien fixed rate bonds range from 2.00% to 5.00%.

The junior lien variable rate bonds, comprised of the Series 2013F (No Reserve Fund) (Series 2013F Bonds), the Series 2014B (No Reserve Fund) (Series 2014B Bonds) and the Series 2019A (No Reserve Fund) (Series 2019A Bonds), are outstanding in the amount of \$364,490,000 at December 31, 2021 and \$364,865,000 at December 31, 2020. The Series 2013F Bonds are tax-exempt variable rate notes initially issued in a SIFMA Index Mode, with the interest rate reset weekly, through the initial interest period which expired October 31, 2016, at a par amount of \$100,000,000. On November 1, 2016, SAWS remarketed \$98,795,000 in Series 2013F Bonds into a five-year fixed term mode ending October 31, 2021, and on November 1, 2021, SAWS remarketed \$98,420,000 in Series 2013F Bonds into another five-year fixed term mode ending October 31, 2026. The Series 2013F Bonds bear interest at 1.00% with a yield of 0.82%. The Series 2014B Bonds are tax-exempt variable rate notes initially issued in a SIFMA Index Mode, with the interest rate reset weekly, through the initial interest period expiring October 31, 2017. On November 1, 2017, SAWS remarketed \$99,590,000 in Series 2014B Bonds into a five-year fixed term mode that ends October 31, 2022. The Series 2014B Bonds bear interest at 2.00% with a yield of 1.80%. The Series 2019A Bonds are tax-exempt variable rate notes initially issued in the term mode through April 30, 2024, at an interest rate of 2.625% with a yield of 2.45% at a par amount of \$166,480,000.

Upon conclusion of an interest period, SAWS is permitted to change the mode for all or any portion of the junior lien variable interest bonds (the Bonds) to a different mode or to a SIFMA Index Mode of a different duration. The Bonds are subject to a mandatory tender without right of retention at the conclusion of the interest period. The Bonds are not subject to the benefit of a liquidity facility provided by a third party. Accordingly, a failure to remarket the Bonds at the end of an interest period will result in the rescission of the notice of mandatory tender with respect to the Bonds and SAWS has no obligation to purchase the Bonds at such time. The occurrence of a failed remarketing will not result in an event of default under the ordinance. Until SAWS redeems or remarkets the Bonds

NOTES TO FINANCIAL STATEMENTS

that had a failed remarketing, the Bonds shall bear interest at the stepped rate of 7.0% for the Series 2013F Bonds and Series 2014B Bonds, and 8.0% for the Series 2019A Bonds.

On February 19, 2020, SAWS issued \$276,815,000 City of San Antonio, Texas Water System Revenue and Refunding Bonds, Series 2020A (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) refund \$13,080,000 of the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2010A, (ii) refund \$119,125,000 of the City of San Antonio, Texas Water System Revenue Bonds, Series 2011A, (iii) refund \$93,000,000 of the City of San Antonio, Texas Water System Tax-Exempt Commercial Paper, (iv) provide funding for capital improvement projects, and (v) pay the cost of issuance. The refunding reduced total future debt service payments by approximately \$47.5 million and resulted in an economic gain of \$32.2 million. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On March 18, 2020, SAWS issued \$25,285,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2020B through the Texas Water Development Board. The bonds were sold under the Clean Water State Revolving Fund Program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board Program, and (ii) pay the cost of issuance. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On August 11, 2020, SAWS issued \$153,390,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2020C (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) finance capital improvement projects, and (ii) pay the cost of issuance. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On November 15, 2020, SAWS deposited \$23,585,000 from available cash on hand to the paying agent to redeem the remaining par amount of the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2009A. The redemption of these bonds will reduce future debt service by approximately \$26.4 million between 2021 and 2029.

On December 3, 2020, SAWS issued \$11,805,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2020D through the Texas Water Development Board. The bonds were sold under the Drinking Water State Revolving Fund Program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board Program, and (ii) pay the cost of issuance. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020, direct placement bonds with TWDB consist of Junior Lien Series 2011, Series 2011A, Series 2012, Series 2013A, Series 2013C, Series 2013D, Series 2014C, Series 2014D, Series 2015A, Series 2016D, Series 2016E, Series 2018B, Series 2019B, Series 2020B, and Series 2020D in an outstanding amount of \$357,145,000. Interest rates on the junior lien fixed rate bonds range from 0.00% to 3.90%.

As of December 31, 2020, the remaining junior lien fixed rate revenue bonds consist of Series 2012 (No Reserve Fund), Series 2013B (No Reserve Fund), Series 2013E (No Reserve Fund), Series 2014A (No Reserve Fund), Series 2015B (No Reserve Fund), Series 2016A (No Reserve Fund), Taxable Series 2016B, Series 2016C (No Reserve Fund), Series 2017A (No Reserve Fund), Series 2018A (No Reserve Fund), Series 2019C (No Reserve Fund), Series 2020A (No Reserve Fund) and Series 2020C (No Reserve Fund) is outstanding in the amount of \$1,727,620,000. Interest rates on the junior lien fixed rate bonds range from 2.00% to 5.00%.

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time as payment of the calculated liability is due. A liability is recorded once payment appears to be probable. As of December 31, 2021, and December 31, 2020, SAWS has no arbitrage rebate liability associated with any outstanding bonds.

The following tables summarize revenue bond transactions for the years ended December 31, 2021, and 2020.

	Balance January 1, 2021	Additions	Reductions/ Amortization	Balance December 31, 2021	Due Within One Year
Revenue Bonds	\$ 2,414,435	\$ 372,795	\$ 194,925	\$ 2,592,305	\$ 67,315
Direct Placement Bonds	357,145	-	41,590	315,555	13,595
Unamortized premium	263,255	67,676	31,043	299,888	
Unamortized discount	(790)	-	(43)	(747)	
Total Bonds Payable, Net	<u>\$ 3,034,045</u>	<u>\$ 440,471</u>	<u>\$ 267,515</u>	<u>\$ 3,207,001</u>	<u>\$ 80,910</u>

	Balance January 1, 2020	Additions	Reductions/ Amortization	Balance December 31, 2020	Due Within One Year
Revenue Bonds	\$ 2,173,085	\$ 430,205	\$ 188,855	\$ 2,414,435	\$ 75,075
Direct Placement Bonds	373,435	37,090	53,380	357,145	15,185
Unamortized premium	189,329	106,146	32,220	263,255	
Unamortized discount	(774)	(58)	(42)	(790)	
Total Bonds Payable, Net	<u>\$ 2,735,075</u>	<u>\$ 573,383</u>	<u>\$ 274,413</u>	<u>\$ 3,034,045</u>	<u>\$ 90,260</u>

NOTES TO FINANCIAL STATEMENTS

The following table shows the annual debt service requirements on SAWS' debt obligations for each of the next five years and then in five-year increments after that.

Year Ended December 31,	Annual Debt Service Requirements Revenue and Refunding Bonds (amounts in thousands)							
	Fixed Rate Bonds						Variable Rate Bonds	
	Revenue Bonds				Direct Placement Bonds		Revenue Bonds	
	Principal	Interest	Interest Rate Subsidy‡	Net Interest	Principal	Interest	Principal	Interest*
2022	\$ 67,315	\$ 103,189	\$ 1,908	\$ 101,281	\$ 13,595	\$ 4,795	\$ -	\$ 7,346
2023	64,600	101,363	1,908	99,455	13,710	4,681	-	8,342
2024	69,175	98,021	1,908	96,113	13,835	4,554	-	8,654
2025	74,220	94,584	1,875	92,709	13,980	4,408	-	8,966
2026	80,420	90,849	1,797	88,052	14,155	4,242	-	8,966
2027 - 2031	419,620	393,404	7,869	385,535	73,685	18,229	40,935	52,874
2032 - 2036	526,935	279,903	5,569	274,334	63,900	12,243	97,255	41,403
2037 - 2041	495,740	148,953	1,320	147,633	56,490	6,980	112,280	25,718
2042 - 2046	254,355	69,179	-	69,179	42,880	1,705	84,360	9,383
2047 - 2051	175,435	16,033	-	16,033	9,325	115	29,660	1,353
	<u>\$ 2,227,815</u>	<u>\$ 1,395,478</u>	<u>\$ 24,154</u>	<u>\$ 1,371,324</u>	<u>\$ 315,555</u>	<u>\$ 61,952</u>	<u>\$ 364,490</u>	<u>\$ 173,005</u>

‡ Federal interest rate subsidy on Build America Bonds is utilized to pay interest on those bonds but is reported as nonoperating revenue. The Balanced Budget and Emergency Deficit Control Act of 1985, as amended, reduced the BAB subsidy paid during the fiscal years 2021-2030 by 5.7%. The BAB subsidy to be received by SAWS is reduced by this amount for all future payments.

*The variable rate bonds are currently in a fixed rate Term Mode through October 31, 2022, April 30, 2024, and October 31, 2026. Interest listed above is based on a 1.00%, 2.00% and 2.625% fixed rate through the interest period, and a budgeted rate of 3.00% thereafter.

COMMERCIAL PAPER PROGRAM

SAWS maintains a commercial paper program that is used to provide funds for the interim financing of a portion of its capital improvements. The City has authorized the commercial paper program in an amount of \$500 million. Notes payable under the program cannot exceed maturities of 270 days.

The City has covenanted in the ordinance authorizing the commercial paper program (Note Ordinance) the issuance of City of San Antonio, Texas Water System Commercial Paper Notes, Series A (Series A Notes), the issuance of City of San Antonio, Texas Water System Commercial Paper Notes, Series B (Series B Notes), and City of San Antonio, Texas Water System Commercial Paper Notes, Series C (Series C Notes) and the maintenance at all times of credit facilities with banks or other financial institutions which would provide available borrowing capacity sufficient to pay the principal of the commercial paper program. The credit facility is maintained under the terms of a revolving credit agreement. The Note Ordinance also authorizes the ability to designate and issue subseries of notes. The Series A Notes are currently authorized as City of San Antonio, Texas Water System Commercial Paper Notes, Subseries A-1 (Subseries A-1 Notes) and City of San Antonio, Texas Water System Commercial Paper Notes, Subseries A-2 (Subseries A-2 Notes). The Subseries A-2 Notes are directly placed with JPMorgan Chase under a Note Purchase Agreement. The capacity under the Series C Notes is currently fully consumed by a direct placement note with Wells Fargo Bank, N.A. with a maturity date of July 1, 2022.

NOTES TO FINANCIAL STATEMENTS

The borrowings under the commercial paper program are equally and ratably secured by and are payable from (i) the proceeds from the sale of bonds or additional borrowing under the commercial paper program and (ii) borrowing under and pursuant to the revolving credit agreement. The capacity of the combined revolving credit and note purchase agreements is \$500 million with the Revolving Credit Agreement with JPMorgan Chase in the amount of \$400 million, supporting the Series A Notes expiring October 4, 2023; and the Revolving Credit Agreement with Wells Fargo Bank, N.A. in the amount of \$100 million, supporting the Series C Notes expiring January 5, 2024.

The issuance of commercial paper is further supported by the following agreements and related participants:

- Dealer Agreements with Goldman, Sachs & Co., J.P. Morgan Securities LLC., and Ramirez & Co., Inc.
- Issuing and Paying Agency Agreement with The Bank of New York Mellon Trust Company, N.A.

Commercial paper notes of \$234,020,000 are outstanding as of December 31, 2021, with \$132,020,000 outstanding under the Subseries A-1 Notes, \$2,000,000 outstanding under Subseries A-2 Notes, and \$100,000,000 outstanding under Series C Notes. Interest rates on the Subseries A-1 Notes outstanding at December 31, 2021 range from 0.09% to 0.15% and maturities range from 7 to 128 days. The interest rate on the Subseries A-2 Notes outstanding at December 31, 2021 is 1.378% with a maturity of 34 days. The interest rate on the Series C Notes outstanding at December 31, 2021 is 0.33% with a maturity of 269 days. All outstanding notes combined had an average rate of 0.256% and average 144 days to maturity. Commercial paper notes of \$218,260,000 are outstanding as of December 31, 2020, with \$116,260,000 outstanding under the Subseries A-1 Notes, \$2,000,000 outstanding under Subseries A-2 Notes, and \$100,000,000 outstanding under Series C Notes. Interest rates on the Subseries A-1 Notes outstanding at December 31, 2020 range from 0.14% to 0.18% and maturities range from 34 to 154 days. The interest rate on the Subseries A-2 Notes outstanding at December 31, 2020 is 1.422% with a maturity of 34 days. The interest rate on the Series C Notes outstanding at December 31, 2020 is 0.90% with a maturity of 268 days. All outstanding notes combined had an average rate of 0.50% and average 155 days to maturity. The direct placement revenue bonds and commercial paper notes of \$315,555,000 and \$102,000,000, respectively, contain events of default and/or termination provisions with possible finance-related consequences. SAWS management has evaluated the events of default and/or termination provisions with possible finance-related consequences and in the opinion of SAWS management, the likelihood is remote that these provisions will have a significant effect on SAWS' financial position or results of operations.

NOTES TO FINANCIAL STATEMENTS

The following tables summarize the outstanding and available balance of the commercial paper program for the years ended December 31, 2021 and December 31, 2020.

Year Ended December 31, 2021 <i>(amounts in thousands)</i>			
Issue Description	Authorized Amount	Amount Outstanding	Unissued Portion
Subseries A-1 Notes	\$ 398,000	\$ 132,020	\$ 265,980
Subseries A-2 Notes (Direct Placement)	2,000	2,000	-
Series B Notes	-	-	-
Series C Notes (Direct Placement)	100,000	100,000	-
Total	<u>\$ 500,000</u>	<u>\$ 234,020</u>	<u>\$ 265,980</u>

Year Ended December 31, 2020 <i>(amounts in thousands)</i>			
Issue Description	Authorized Amount	Amount Outstanding	Unissued Portion
Subseries A-1 Notes	\$ 398,000	\$ 116,260	\$ 281,740
Subseries A-2 Notes (Direct Placement)	2,000	2,000	-
Series B Notes	-	-	-
Series C Notes (Direct Placement)	100,000	100,000	-
Total	<u>\$ 500,000</u>	<u>\$ 218,260</u>	<u>\$ 281,740</u>

SAWS intends to reissue maturing commercial paper, in accordance with the refinancing terms of the revolving credit agreement, and ultimately refund such maturities with proceeds from the issuance of long-term revenue bonds. Consistent with this intent, and since SAWS has the available \$500 million revolving credit agreement described above, SAWS has classified nearly all outstanding commercial paper notes as long-term debt. In accordance with the amortization schedule of the interest rate swap agreement discussed in Note G, SAWS intends to redeem \$4,435,000 of commercial paper in 2022. Therefore, this portion of the commercial paper is classified as a current liability.

The following tables summarize transactions of the commercial paper program for the years ended December 31, 2021 and 2020.

Year Ended December 31, 2021 <i>(amounts in thousands)</i>					
Issue Description	Outstanding Notes at Beginning of Year	Notes Issued	Notes Retired	Outstanding Notes at End of Year	Payable Within One Year
Subseries A-1 Notes	\$ 116,260	\$ 20,000	\$ 4,240	\$ 132,020	\$ 4,435
Subseries A-2 Notes (Direct Placement)	2,000	-	-	2,000	-
Series B Notes	-	-	-	-	-
Series C Notes (Direct Placement)	100,000	-	-	100,000	-
Total	<u>\$ 218,260</u>	<u>\$ 20,000</u>	<u>\$ 4,240</u>	<u>\$ 234,020</u>	<u>\$ 4,435</u>

Year Ended December 31, 2020 <i>(amounts in thousands)</i>					
Issue Description	Outstanding Notes at Beginning of Year	Notes Issued	Notes Retired	Outstanding Notes at End of Year	Payable Within One Year
Subseries A-1 Notes	\$ 202,700	\$ 93,060	\$ 179,500	\$ 116,260	\$ 4,240
Subseries A-2 Notes (Direct Placement)	2,000	77,115	77,115	2,000	-
Series B Notes	77,115	-	77,115	-	-
Series C Notes (Direct Placement)	-	100,000	-	100,000	-
Total	<u>\$ 281,815</u>	<u>\$ 270,175</u>	<u>\$ 333,730</u>	<u>\$ 218,260</u>	<u>\$ 4,240</u>

NOTES TO FINANCIAL STATEMENTS

OTHER DEBT MATTERS

Debt Covenants: SAWS is required to comply with various provisions included in the ordinances which authorized the bond issuances. SAWS management believes it is in compliance with all significant provisions of the bond ordinances.

Under these bond ordinances, SAWS is required to establish and maintain rates and charges for services sufficient to produce Net Revenues 1.25x the annual debt service requirements on Senior Lien obligations (senior lien debt coverage ratio) and at least 1.00x the current year annual debt service on outstanding Junior Lien obligations. SAWS senior lien debt coverage ratio was 10.30x at December 31, 2021 and 9.68x at December 31, 2020. The current annual combined debt coverage ratio was 1.69x at December 31, 2021 and 2.11x at December 31, 2020.

In prior years, SAWS legally defeased revenue bonds by placing revenues or proceeds of new bond issues in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in SAWS' financial statements. At December 31, 2021, there were \$127.3 million of SAWS bonds outstanding that are considered legally defeased and \$2.2 million of the former Bexar Metropolitan Water Districts bonds outstanding considered legally defeased.

NOTE I - CONTINGENCIES AND COMMITMENTS

Water Agreements

As of December 31, 2021, SAWS has entered into various water leases to obtain rights to pump water from the Edwards Aquifer. The term of these agreements varies, with some expiring as early as 2022 and others continuing until 2027. The annual cost per acre foot ranges from \$100 to \$140. Under these various leases, SAWS paid \$3.2 million in 2021 and \$3.4 million 2020.

The future commitments under these leases are as follows:

<i>(dollars in thousands)</i>	2022	2023	2024	2025	2026	Thereafter
Edwards Aquifer - lease payments	\$ 2,986	\$ 1,597	\$ 496	\$ 496	\$ 496	\$ 148
Edwards Aquifer - acre feet leased	21,928	12,091	3,912	3,912	3,912	1,144

SAWS also has commitments to purchase water supplies under various contracts. All water provided under these contracts is subject to availability.

Under a contract with Guadalupe-Blanco River Authority (GBRA), SAWS will receive 4,000-acre feet of water annually through the end of the contract in 2037. Additionally, SAWS must purchase water not sold by GBRA to other third parties. The additional amount of water available in 2022 is estimated to be 2,500-acre feet and is projected to decline over the remaining term of the contract as the demand increases for other GBRA customers.

NOTES TO FINANCIAL STATEMENTS

The cost of the water escalates over time with projected prices ranging from \$1,062 per acre foot in 2022 to approximately \$1,407 per acre foot by 2037.

Under a contract with the Massah Development Corporation, SAWS has a minimum take or pay commitment to purchase 100 acre-feet per month or 1,200 acre-feet per year of raw water from the Lower Glen Rose/Cow Creek formations of the Trinity Aquifer in northern Bexar County at projected prices ranging from \$686 to \$750 per acre foot. This agreement expires in July 2025 and SAWS has a unilateral option to extend the contract for 10 years.

In 2012, SAWS entered into an agreement with Water Exploration Company, Ltd., (WECO) to purchase groundwater produced by WECO from the Trinity Aquifer. In connection with this agreement, two prior water purchase agreements between DSP and WECO were terminated. In 2018, Texas Water Supply Company assumed the assets of WECO, including this agreement between SAWS and WECO. The 2012 agreement has a term of 15 years, with two optional 5-year extensions. SAWS is obligated to purchase up to 17,000 acre-feet per year in monthly increments not to exceed 1,417 acre-feet if the water is available to be produced. SAWS only pays for delivered water meeting all state and federal drinking water standards. Pumping under this contract may not reduce the Trinity Aquifer below 600 feet Mean Sea Level at test wells on the tracts. The projected price to be paid per acre-foot of raw water ranges from \$1,105 in 2022 to \$1,281 by 2027.

In 2010, SAWS was granted a permit by the Gonzales County Underground Water Conservation District (District) to produce 11,688-acre feet of water from the Carrizo Aquifer in Gonzales County. SAWS has entered into 23 separate agreements with landowners to produce water under that permit. These agreements remain in force indefinitely as long as SAWS continues to make payments in accordance with the terms of the agreements. SAWS makes payments to the landowners based on actual water produced. SAWS expects to produce the maximum water available under its permit in 2022 and projects payments to landowners will be \$1,307,000. These payments escalate annually based on the average of the increase in the Consumer Price Index and Producers Price Index.

In 2011, SAWS entered into an agreement with the Schertz Seguin Local Government Corporation (SSLGC) to 1) treat water produced by SAWS under its permit with the District at SSLGC's treatment plant in Gonzales County and transport that water through SSLGC's existing transportation pipeline to a SAWS facility in Schertz, Texas and 2) purchase up to 5,000 acre feet of wholesale water annually from SSLGC. As part of this agreement, SSLGC agreed to expand its treatment facilities to handle the volume of water supplied by SAWS. SSLGC issued contract revenue bonds in 2012 to finance the expansion. SAWS is unconditionally obligated to make monthly payments to SSLGC beginning in December 2014 equal to 1/12th the annual debt service payment owed by SSLGC on the contract revenue bonds regardless of the amount of water actually provided by SAWS to SSLGC for treatment and transportation. In addition to the payment made to SSLGC for the expansion of the treatment plant, SAWS makes payments to SSLGC for treating and transporting the SAWS produced water.

NOTES TO FINANCIAL STATEMENTS

The initial term of the agreement with SSLGC expires in 2050 and is automatically renewed for successive terms of 5 years unless SAWS chooses to cancel the contract upon the expiration of any term. The projected price paid to SSLGC to treat and transport water provided by SAWS is projected to be \$531 per acre foot in 2022 and peaks at \$683 per acre foot in 2041 and ends at \$655 per acre foot in 2050. This projected price through 2041 includes the debt service associated with the expansion of SSLGC’s treatment plant. Payments for any wholesale water purchased from SSLGC are based on SSLGC’s operating water rates. The 2022 price also includes the cost of surplus water from SSLGC, which contractually continues to be made available in subsequent years.

Under a contract with Bexar-Medina-Atascosa Counties W.C.I.D. No. 1 (BMA), SAWS has a take or pay commitment to purchase 19,974 acre feet of untreated water annually from Medina Lake. If BMA is unable to deliver water to SAWS, BMA issues a credit for the undelivered water, which can be used to offset payments due to BMA during the next calendar year. The price of the water is based on the rate charged by GBRA for raw water. GBRA’s rate for raw water as of December 31, 2021 was \$157 per acre foot. The agreement has been amended several times with the current agreement ending in 2049.

Under a contract with Canyon Regional Water Authority (CRWA), SAWS is required to make certain contractually required minimum payments each year to fund capital and operating expenses of CRWA. Additionally, SAWS makes payments based on the number of acre feet of water SAWS commits to take in a given year. SAWS currently has access to 6,300 acre feet annually from 2022 through 2047 with an average cost ranging from \$958 to \$1,425 per acre foot.

Total payments under these water purchase agreements were \$35.3 million in 2021 and \$31.4 million in 2020. A summary of all estimated future payments under all of these agreements is provided in the following table. The estimated fixed water payments consist of the take or pay commitments under the agreements. The estimated variable water payments will be made only if water is made available to SAWS. The estimates assume price escalations but do not assume the extension of any water purchase agreement. As with any estimate, the actual amounts paid could differ materially.

<i>(dollars in thousands)</i>							
	2022	2023	2024	2025	2026	Thereafter	
Purchased water payments - fixed	\$ 23,382	\$ 23,680	\$ 24,042	\$ 24,316	\$ 24,342	\$ 543,287	
Acre feet purchased - fixed	42,507	42,507	42,507	41,907	41,307	900,505	
Purchased water payments - variable	\$ 14,551	\$ 14,808	\$ 15,078	\$ 14,983	\$ 14,871	\$ 23,955	
Acre feet purchased - variable	13,756	13,532	13,405	12,830	12,257	19,421	

In October 2014, the City Council adopted an ordinance, approving the execution of a Water Transmission and Purchase Agreement (Agreement) between the City, acting by and through SAWS, and Vista Ridge LLC (Project Company), pursuant to which the Project Company has committed to make available to SAWS, and SAWS has

NOTES TO FINANCIAL STATEMENTS

agreed to pay for, up to 50,000 acre-feet of potable water (Project Water) per year for an initial period of 30 years plus a limited extension period (up to 20 years) under certain circumstances (hereinafter referred to as the operational phase). The execution of the Agreement represents a significant diversification of the City's water sources, as SAWS projects that Project Water, if delivered at the maximum contractual amount, will account for approximately 20% of SAWS' current annual usage.

Pursuant to the terms of the Agreement, SAWS will pay costs arising under the Agreement, as a maintenance and operating expense of SAWS from a flow of funds perspective (see Note B), only for Project Water made available at the connection point (which payment will also include the costs of operating and maintaining the Vista Ridge Pipeline Project as described below. SAWS will have no obligation to pay for any debt issued by the Project Company, and any such debt will be non-recourse to SAWS.

On May 17, 2016, SAWS exercised its contractual right to fix the Capital and Raw Groundwater Unit Price under the Agreement based on the methodology provided for therein. This action served to lock in the price of the Project Water component of SAWS annual payment requirement at \$1,606 per acre foot for the entire 30-year term (and any extension of that term) of the Agreement.

In addition to the Capital and Raw Groundwater Unit Price, SAWS will pay operations and maintenance costs deemed to be compensable by an independent budget panel as a direct pass through under the Agreement as well as electricity costs. Finally, SAWS is responsible for compensating the Project Company for any major repairs and replacement costs, which may arise and are deemed to be compensable by the budget panel.

The project achieved financial close in November 2016, the construction phase of the project is now complete, and delivery of Project Water commenced April 15, 2020. Vista Ridge LLC has constructed well fields to withdraw water from the Carrizo and Simsboro aquifers in Bureson County, Texas pursuant to currently held long-term leases with landowners and constructed a 142-mile pipeline from this well field to northern Bexar County. The pipeline has been connected to the SAWS distribution system at the Agua Vista Station, the delivery point in northern Bexar County, which will treat the Project Water for distribution into the SAWS system.

The start of water delivery initiated the 30-year operational phase, during which period SAWS is obligated to pay for Project Water (up to 50,000 acre-feet annually) made available by the Project Company. A total of \$102.4 million was spent in 2021 to make contractually required payments for water made available, provide for the operations and maintenance of the pipeline, support the operation of the new Agua Vista Station and provide for the utility expenses associated with the pipeline and the Agua Vista Station.

Between April and July 2020, to ensure safe and successful integration of a new water source into the SAWS distribution system, SAWS integrated roughly half of the water made available to it and built-up credits for water

NOTES TO FINANCIAL STATEMENTS

that was made available but that had not yet been received. Under the terms of the Agreement, SAWS will receive the benefit of these credits in future years.

At the end of the operational phase, ownership of the Project will be transferred to SAWS at no cost. SAWS has also entered into a separate agreement with Blue Water Vista Ridge, LLC, the lessee of the Project Water, to continue to acquire up to 50,000 acre-feet annually of untreated groundwater, for an additional 30-year period upon the termination of the Agreement and transfer of the Project to SAWS. The cost of such water at the end of the Agreement will be tied to prevailing Edwards Aquifer leases.

Because all Project assets will transfer to SAWS at the end of the Agreement, SAWS recorded the capital assets and a contract capital lease liability equal to the acquisition value of the Project Company infrastructure of approximately \$929.3 million in 2020. During 2021, SAWS recorded depreciation of \$24.0 million associated with these assets, while reducing the contract capital lease liability through the debt service portion of payments to be made under the contract to \$903.7 million as of December 31, 2021. The following table is a schedule of interest and principal payments for each of the next five years and then in five-year increments thereafter.

Year Ended December 31,	<i>(Amounts in thousands)</i>		
	Principal	Interest	Total
2022	\$ 16,339	\$ 45,120	\$ 61,459
2023	17,014	44,445	61,459
2024	17,769	43,858	61,627
2025	18,459	43,000	61,459
2026	19,231	42,228	61,459
2027-2031	109,156	198,308	307,463
2032-2036	135,256	172,375	307,632
2037-2041	169,755	137,709	307,463
2042-2046	218,505	88,958	307,463
2047-2050	182,220	20,174	202,394
Total	<u>\$ 903,705</u>	<u>\$ 836,174</u>	<u>\$ 1,739,879</u>

SAWS has the right to terminate the Agreement at any time by purchasing the Project for the aggregate amount of the outstanding Project Company debt, contract breakage costs and return of and return on equity contributions. SAWS also has the obligation to purchase the Project assets in similar fashion in the event of a SAWS default under the Agreement. The termination payment as of December 31, 2021, was estimated to be approximately \$1.1 billion. SAWS also maintains the option to assume rather than pay off the outstanding Project Company debt. Under either scenario, SAWS purchasing of the Project would result in the recording of additional liabilities totaling approximately \$200.0 million.

Other Contingencies and Commitments

During 2020, SAWS entered into capital lease agreements for fleet vehicles. The term of each vehicle lease is 5 years. Payments are based on the current market value of the vehicle less a residual value. A 4.5% interest rate was used to calculate the payment. A service charge of \$250 per vehicle is due at the end of each lease. In 2020, SAWS

NOTES TO FINANCIAL STATEMENTS

recorded a \$402,000 capital lease liability associated with these leases, which includes the present value of all future payments and the service charge due at the end of the lease. During 2021, SAWS recorded depreciation of \$73,000 associated with these assets, while reducing the capital lease liability through the debt service portion of payments to be made under the agreement to \$296,000 as of December 31, 2021.

Year Ended	<i>(Amounts in thousands)</i>		
December 31,	Principal	Interest	Total
2022	\$ 76	\$ 12	\$ 88
2023	80	8	88
2024	83	5	88
2025	57	1	58
Total	<u>\$ 296</u>	<u>\$ 26</u>	<u>\$ 322</u>

SAWS is also committed under various contracts for completion of construction or acquisition of utility plant totaling approximately \$623.6 million as of December 31, 2021. Funding of this amount will come from excess revenues, contributions from developers, restricted assets, and available commercial paper capacity.

In March 2007, SAWS was orally notified by Region 6 of the United States Environmental Protection Agency (EPA) of alleged failures to comply with the Clean Water Act due to the occurrence of sanitary sewer overflows (SSOs). The EPA subsequently referred the matter to the United States Department of Justice (DOJ) for enforcement action. SAWS engaged in settlement negotiations with the EPA and the DOJ to resolve the allegations. In June 2013, the Board approved a Consent Decree between SAWS and the United States of America and the State of Texas to resolve this enforcement action. During the 10 to 12-year term of the Consent Decree, SAWS estimated the cost to perform the operating and maintenance requirements of the Consent Decree to be approximately \$250 million. SAWS estimates that capital expenditures associated with the requirements of the Consent Decree could range from \$1.2 billion to \$1.3 billion. As with any estimate, the actual amounts incurred could differ materially.

Through December 31, 2021, capital expenditures related to the Consent Decree totaled approximately \$953 million, which includes certain work which was previously planned prior to entry into the Consent Decree. Since entry into the Consent Decree, SAWS has performed its obligations under the terms of the Consent Decree and management believes SAWS is in material compliance with such terms, conditions and requirements. Since 2010, SAWS has seen a significant reduction in annual SSOs, from 538 in 2010 to 152 in 2020 and 228 in 2021.

SAWS operated the Mitchell Lake Site Wastewater Treatment Facility (Mitchell Lake) pursuant to a Texas Pollutant Discharge Elimination Permit (Permit) issued by the Texas Commission on Environmental Quality under a delegation of authority from the EPA. In October 2015, the EPA notified SAWS that SAWS violated the effluent discharge limitations provided in that Permit as a result of discharges occurring during significant rainfall events.

On August 18, 2016, SAWS received an Administrative Order from the EPA that alleged SAWS violated the Permit by failing to meet effluent limits, as required by the Permit. Mitchell Lake is not a standard brick and mortar wastewater treatment facility. Instead, Mitchell Lake is a unique and environmentally sensitive natural facility that

NOTES TO FINANCIAL STATEMENTS

has become a wildlife refuge and an active destination attraction within the City. Mitchell Lake and adjacent wetlands cover approximately 600 acres and provide an essential habitat where migrating birds can rest and feed. Discharges from Mitchell Lake only occur after significant rainfall events. The intermittent nature of the discharges after rainfall makes traditional treatment options impractical.

Upon receiving the Administrative Order, SAWS began working with consulting experts and conducted preliminary feasibility evaluations of a potential solution that has two major components: (a) modifications to the existing dam with the construction of a new spillway and (b) constructing treatment wetlands of approximately 83 acres below Mitchell Lake.

By letter dated February 28, 2019, the EPA delivered a second Administrative Order to SAWS that includes a Schedule of Activities, which requires completion of the wetlands project by September 30, 2024. To inform the design and operation of a full-scale constructed wetlands, SAWS commenced a pilot wetlands study in 2019 of approximately 1.3 acres. Operations began in the summer of 2019 and after a one-year operation period, a final report was produced in December of 2020. This report adequately documented the efficacy of using constructed wetlands to comply with permitted water quality requirements. SAWS had previously purchased a 283-acre tract of land, a portion of which has been determined to be surplus to the needs of SAWS, and the balance of which is anticipated to be used to implement the downstream wetlands project. Negotiations are ongoing for the acquisition of an additional 234-acre tract that will be necessary for the implementation of the downstream wetlands project. At this time, projected costs for the constructed wetlands project are estimated to be \$72.0 million. To date, no monetary penalties have been assessed, although the EPA reserves all rights to seek any appropriate remedies.

In 2020, SAWS partnered with the U.S. Army Corps of Engineers (USACE) on an Aquatic Ecosystem Restoration Feasibility Study for Mitchell Lake. The study identified potential future projects for restoring lost and/or degraded ecological functions in several areas adjacent to Mitchell Lake. SAWS cost-share portion of funding for the study was \$520,000.

In 2021, engineering design commenced for the dam modifications, new spillway and constructed wetlands. Construction is currently scheduled to commence in 2022. At the direction of EPA, SAWS explored the conversion of Mitchell Lake from its long-held classification as a wastewater treatment facility to a new classification as a Best Management Practice in a Municipal Separate Storm Sewer System (MS4) permit held jointly by SAWS and the City of San Antonio. The new permit was issued by the Texas Commission on Environment Quality (TCEQ) on December 17, 2021.

NOTE J - PENSION AND RETIREMENT PLANS

SAWS' pension program includes benefits provided by the Texas Municipal Retirement System (TMRS), the San Antonio Water System Retirement Plan (SAWSRP) and the District Special Project Retirement Income Plan (DSPRP).

NOTES TO FINANCIAL STATEMENTS

Texas Municipal Retirement System

SAWS participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (TMRS Board). Although the Governor, with the advice and consent of the Senate, appoints the TMRS Board, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

TMRS provides retirement benefits to eligible SAWS employees. At retirement, the benefit is calculated as if the sum of the employee's contribution, with interest, and the SAWS financed monetary credits with interest were used to purchase an annuity. Members choose to receive their benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions that have been adopted by SAWS are within the options available in the governing state statutes of TMRS. Plan provisions for SAWS for the 2020 and 2019 plan years were as follows:

Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, any/20
Updated Service Credit	100% Repeating
Annuity increase (to retirees)	70% of CPI Repeating

Total number of SAWS participants in TMRS as of the last two actuarial valuation dates is summarized below:

	December 31,	
	2020	2019
Active employees	1,767	1,716
Retirees and beneficiaries currently receiving benefits	1,326	1,299
Inactive members	754	740
Total	<u>3,847</u>	<u>3,755</u>

Under the state law governing TMRS, SAWS' contribution rate is determined annually by the actuary using the Entry Age Normal (EAN) cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Eligible SAWS employees are required to contribute 3% of their annual gross earnings. The employer required contribution rates for SAWS were 3.74% and 3.64% in calendar years 2021 and 2020, respectively. SAWS'

NOTES TO FINANCIAL STATEMENTS

contributions to TMRS totaled \$4,450,000 and \$4,440,000 for the years ended December 31, 2021 and 2020, respectively. These contributions equaled the required contributions.

SAWS Net Pension Liability for the TMRS plan as of December 31, 2021 and 2020 was measured as of December 31, 2020 and 2019, respectively. The Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of the measurement date.

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the mortality study performed in 2013, with factors based on a unisex blend of the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment for males and females. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The December 31, 2019 valuation included the following actuarial assumptions:

Annual inflation	2.50%
Overall payroll growth	2.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

NOTES TO FINANCIAL STATEMENTS

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013.

For fiscal years 2021 and 2020, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the valuation focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

Fiscal years 2021 and 2020 had the following target allocations and best estimates of real rates of return for each major asset class. The Long-term Expected Real Rate of Return amounts do not include inflation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	30.0%	5.30%
Non-Core Fixed Income	20.0%	4.14%
Core Fixed Income	10.0%	1.25%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	<u>100.0%</u>	

NOTES TO FINANCIAL STATEMENTS

The discount rate of 6.75% was used to measure the Total Pension Liability in the December 31, 2021 and 2020 actuarial valuations. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the TMRS pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The following table summarizes the changes in the TMRS Net Pension Liability for the year ended December 31, 2021 and 2020 based on the measurement date of December 31, 2020 and 2019, respectively.

	Changes in Net Pension Liability - TMRS					
	2021			2020		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)	
Balances at January 1,	\$ 230,895	\$ 211,848	\$ 19,047	\$ 219,174	\$ 185,268	\$ 33,906
Changes for the year:						
Service Cost	6,233	-	6,233	5,733	-	5,733
Interest	15,448	-	15,448	14,670	-	14,670
Differences between expected and actual experience	(189)	-	(189)	499	-	499
Changes in assumptions	-	-	-	211	-	211
Contributions - employer	-	4,440	(4,440)	-	4,095	(4,095)
Contributions - employee	-	3,660	(3,660)	-	3,412	(3,412)
Net investment income	-	16,073	(16,073)	-	28,632	(28,632)
Benefit payments	(10,294)	(10,294)	-	(9,392)	(9,392)	-
Administrative expense	-	(104)	104	-	(162)	162
Other charges	-	(4)	4	-	(5)	5
Net Changes	11,198	13,771	(2,573)	11,721	26,580	(14,859)
Balances at December 31, *	<u>\$ 242,093</u>	<u>\$ 225,619</u>	<u>\$ 16,474</u>	<u>\$ 230,895</u>	<u>\$ 211,848</u>	<u>\$ 19,047</u>

*Based on measurement date of December 31, 2020 and December 31, 2019 respectively

The following table presents the Net Pension Liability for the TMRS plan as of December 31, 2021 and December 31, 2020 calculated using the discount rate of 6.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	TMRS Net Pension Liability/(Asset) (\$ in thousands)		
	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
December 31, 2021	\$ 47,908	\$ 16,474	\$ (9,657)
December 31, 2020	\$ 49,003	\$ 19,047	\$ (5,856)

NOTES TO FINANCIAL STATEMENTS

San Antonio Water System Retirement Plan

The San Antonio Water System Retirement Plan (SAWSRP) is a single-employer pension plan, which serves as a supplement to SAWS' other retirement benefits. The plan has both a defined benefit and a defined contribution component. SAWS has delegated to Principal Financial Group the authority to manage plan assets and administer the payment of benefits under the plan.

The financial information for SAWSRP is reported in the SAWS Fiduciary Funds financial statements. SAWSRP does not issue stand-alone financial statements. A summary of the plan's financial statements for the years ended December 31, 2021 and 2020 is presented in the following tables.

San Antonio Water System Retirement Plan Net Position Restricted for Pension Benefits (amounts in thousands)						
	December 31, 2021			December 31, 2020		
	Defined Benefit	Defined Contribution	Total	Defined Benefit	Defined Contribution	Total
Assets						
Investments	\$ 307,118	\$ 17,555	\$ 324,673	\$ 274,885	\$ 12,672	\$ 287,557
Total Assets	307,118	17,555	324,673	274,885	12,672	287,557
Liabilities	-	-	-	-	-	-
Net position restricted for pension benefits	\$ 307,118	\$ 17,555	\$ 324,673	\$ 274,885	\$ 12,672	\$ 287,557

San Antonio Water System Retirement Plan Changes in Net Position Restricted for Pension Benefits (amounts in thousands) For the years ended						
	December 31, 2021			December 31, 2020		
	Defined Benefit	Defined Contribution	Total	Defined Benefit	Defined Contribution	Total
Additions						
Employer Contributions	\$ 6,136	\$ 1,814	\$ 7,950	\$ 9,131	\$ 1,729	\$ 10,860
Employee Contributions	2,219	1,576	3,795	2,095	1,381	3,476
Investment Income	34,841	2,228	37,069	31,582	1,792	33,374
Total additions	43,196	5,618	48,814	42,808	4,902	47,710
Deductions						
Pension payments/distributions	10,669	683	11,352	10,090	307	10,397
Administrative Expenses	294	52	346	294	35	329
	10,963	735	11,698	10,384	342	10,726
Increase in net position	32,233	4,883	37,116	32,424	4,560	36,984
Net position restricted for pension benefits - beginning	274,885	12,672	287,557	242,461	8,112	250,573
Net position restricted for pension benefits - ending	\$ 307,118	\$ 17,555	\$ 324,673	\$ 274,885	\$ 12,672	\$ 287,557

NOTES TO FINANCIAL STATEMENTS

Defined Benefit Component: Eligible employees hired prior to June 1, 2014, participate in the defined benefit component of the plan. Eligible employees vest in this plan after the completion of five years of service.

Covered employees are eligible to retire upon attaining the normal retirement age of 65. An employee may elect early retirement, with reduced benefits, upon attainment of (i) 20 years of vesting service regardless of age or (ii) five years of vesting service and at least age 60. An employee is automatically 100% vested upon attainment of age 65 or upon becoming totally and permanently disabled.

The normal retirement benefit is based upon two factors, average compensation and years of vesting service. Average Compensation is defined as the monthly average of total compensation received for the three consecutive years ending December 31, out of the last ten compensation years prior to normal retirement date which gives the highest average. The normal retirement benefit under SAWSRP is equal to the following:

1. 1.20% of the Average Compensation, times years of credited service not in excess of 25 years, plus
2. 0.75% of the Average Compensation, times years of credited service in excess of 25 years but not in excess of 35 years, plus
3. 0.375% of the Average Compensation, times years of credited service in excess of 35 years.

Upon retirement, an employee must select from one of eight alternative payment plans. Each payment plan provides for monthly payments as long as the retired employee lives. The options available address how plan benefits are to be distributed to the designated beneficiary of the retired employee. The program also provides disability benefits.

Participants in the defined benefit component of the SAWSRP as of the last two actuarial valuation dates is summarized below:

	January 1,	
	<u>2021</u>	<u>2020</u>
Active employees	975	1,034
Retirees and beneficiaries currently receiving benefits	1,145	1,107
Inactive members	<u>558</u>	<u>552</u>
Total	<u><u>2,678</u></u>	<u><u>2,693</u></u>

The funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when they are due. Contribution requirements are established and may be amended by SAWS Board of Trustees. The actuarially determined contributions for 2021 and 2020 were determined using the employer normal cost method. The actuarially determined contribution is the estimated amount necessary to finance the cost of benefits earned by participating employees during the year, with an additional amount to finance any unfunded accrued liability. Prior to 2015, active members made no contributions to the plan and all obligations with respect

NOTES TO FINANCIAL STATEMENTS

to the defined benefit feature of the plan were paid solely by SAWS. On January 1, 2015, active members began sharing in the cost of providing benefits under the plan by contributing 3% of their compensation.

The Net Pension Liability/(Asset) for the defined benefit component of the SAWSRP as of December 31, 2021 and 2020 was measured as of January 1, 2021 and 2020, respectively. The Total Pension Liability used to calculate the Net Pension Liability/(Asset) was determined by an actuarial valuation as of that date performed as of the measurement date.

The January 1, 2021 and 2020 valuations included the following actuarial assumptions:

Annual Inflation	2.25%
Rate of Return on Investments	6.25%

Expected salary increases are composed of salary inflation, real wage growth and merit increases reflecting SAWS' salary increase philosophies along with more recent experience of plan participants.

Mortality rates for the January 1, 2021 and January 1, 2020 valuation were based on PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates that were issued by the Society of Actuaries (SOA). PubG-2010 is the baseline mortality rate table underlying the SOA Pub-2010 experience study published in January 2019. The January 1, 2021 valuation was based on MP-2020, the most recent MI scale published in October 2020. The January 1, 2020 valuation was based on the MP-2019 published in October 2019.

For the 2021 and 2020 valuations, the expected long-term return on plan assets assumption was developed as a weighted average rate based on target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) May 2020. The capital market assumptions were developed with a primary focus on forward-looking valuation models, interest rates, risk-premium, and long-term performance patterns of the applicable asset classes. Due to the long-term nature of pension obligations, the investment horizon for the CMA 2020 is 20 years.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table. The Long-term Expected Real Rate of Return amounts do not include inflation.

NOTES TO FINANCIAL STATEMENTS

The target investment allocations in effect at January 1, 2021 and January 1, 2020 were:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Total Return	34.0%	2.9%
US Equity - Large Cap	19.0%	5.1%
International Equity	10.0%	3.9%
US Mid Cap Equity	10.0%	7.4%
International Small/Mid Equity	7.0%	6.4%
US Small Cap Equity	7.0%	5.8%
Real Estate	7.0%	6.8%
High Yield Bond	6.0%	4.7%
Total	<u>100.0%</u>	

The discount rate used to measure the Total Pension Liability at December 31, 2021 and December 31, 2020 was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions will be made based on actuarial determined amounts. Based on that assumption, the SAWSRP defined benefit component's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Remainder of this page is intentionally left blank

NOTES TO FINANCIAL STATEMENTS

The following table summarizes the changes in the SAWSRP Net Pension Liability/(Asset) for the year ended December 31, 2021 and 2020 based on the measurement date of January 1, 2021 and January 1, 2020, respectively.

	Changes in Net Pension Liability/(Asset) - SAWSRP					
	(\$ in thousands)					
	2021			2020		
	Increase (Decrease)			Increase (Decrease)		
Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)	Pension Liability	Fiduciary Net Position	Net Pension Liability	
(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)	
Balances at January 1,	\$ 261,816	\$ 242,461	\$ 19,355	\$ 249,262	\$ 201,747	\$ 47,515
Changes for the year:						
Service Cost	5,187	-	5,187	5,464	-	5,464
Interest	16,403	-	16,403	16,282	-	16,282
Differences between expected and actual experience	(66)	-	(66)	1,700	-	1,700
Changes in assumptions	(1,063)	-	(1,063)	(1,534)	-	(1,534)
Contributions - employer	-	9,131	(9,131)	-	9,131	(9,131)
Contributions - employee	-	2,095	(2,095)	-	2,529	(2,529)
Net investment income	-	31,582	(31,582)	-	38,721	(38,721)
Benefit payments	(10,090)	(10,090)	-	(9,358)	(9,358)	-
Administrative expense	-	(294)	294	-	(309)	309
Net Changes	10,371	32,424	(22,053)	12,554	40,714	(28,160)
Balances at December 31,*	\$ 272,187	\$ 274,885	\$ (2,698)	\$ 261,816	\$ 242,461	\$ 19,355

*Based on measurement date of January 1, 2021 and January 1, 2020 respectively

The following table presents the Net Pension Liability/(Asset) associated with the defined benefit component of the SAWSRP calculated at December 31, 2021 and December 31, 2020 using the discount rate of 6.25%, as well as what the Net Pension Liability/(Asset) would be if it were calculated using a discount rate of one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate.

	SAWSRP Net Pension Liability/(Asset) (\$ in thousands)		
	1% Decrease	Current Discount Rate	1% Increase
	5.25%	6.25%	7.25%
December 31, 2021	\$ 32,580	\$ (2,698)	\$ (31,986)
December 31, 2020	\$ 54,130	\$ 19,355	\$ (9,405)

Defined Contribution Component: Eligible employees hired on or after June 1, 2014 participate in the defined contribution component of the SAWSRP. SAWS contributes 4% of participant's compensation into an individual retirement account. Participants are required to contribute 3% of their compensation into their individual retirement account. Contributions under the defined contribution feature of the plan are made to participants' individual retirement accounts on a bi-weekly basis based on the participants' compensation during the period. An eligible employee totally vests in SAWS contributions to the individual retirement account after one year of service and immediately vests in the employee's contributions to the plan. The employee directs the investments in their individual retirement account. SAWS has no liability for losses under the defined contribution component of the SAWSRP but does have the usual fiduciary responsibilities of a plan sponsor.

NOTES TO FINANCIAL STATEMENTS

During the year ended December 31, 2021, SAWS made contributions to participants' individual retirement accounts totaling \$1,814,000, net of forfeitures of \$21,000 and employees contributed \$1,576,000. During the year ended December 31, 2020, SAWS made contributions to participants' individual retirement accounts totaling \$1,729,000, net of forfeitures of \$15,000 and employees contributed \$1,381,000.

District Special Project Retirement Income Plan

District Special Project Retirement Income Plan (DSPRP) is a single-employer defined benefit pension plan that covers all eligible employees. The plan was originally established by Bexar Metropolitan Water District (BexarMet) to provide pension benefits to its employees. In 2008, the BexarMet Board elected to freeze pension benefits and entry into the plan effective September 30, 2008. In 2012, BexarMet was dissolved and all its assets and liabilities were transferred to the San Antonio Water System District Special Project (DSP). The plan was renamed District Special Project Retirement Income Plan. In 2016, DSP was merged into SAWS and DSPRP is now governed by SAWS, which is authorized to establish and amend all plan provisions. SAWS has delegated the authority to manage plan assets and administer the payment of benefits under the plan to Standard Insurance Company.

The financial information for DSPRP is reported in the SAWS Fiduciary Funds financial statements. DSPRP does not issue stand-alone financial statements. A summary of the plan's financial statements for the years ended December 31, 2021 and 2020 is presented in the following tables.

Remainder of this page is intentionally left blank

NOTES TO FINANCIAL STATEMENTS

District Special Project Retirement Income Plan
Net Position Restricted for Pension Benefits
(amounts in thousands)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Assets		
Investments	<u>\$ 8,475</u>	<u>\$ 7,636</u>
Total Assets	8,475	7,636
Liabilities	<u>-</u>	<u>-</u>
Net position restricted for pension benefits	<u>\$ 8,475</u>	<u>\$ 7,636</u>

District Special Project Retirement Income Plan
Changes in Net Position Restricted for Pension Benefits
(amounts in thousands)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Additions		
Employer Contributions	\$ 175	\$ 400
Investment Income (Loss)	<u>1,049</u>	<u>998</u>
Total additions	1,224	1,398
Deductions		
Pension payments/distributions	378	408
Administrative Expenses	<u>7</u>	<u>6</u>
	<u>385</u>	<u>414</u>
Increase/(Decrease) in net position	839	984
Net position restricted for pension benefits - beginning	<u>7,636</u>	<u>6,652</u>
Net position restricted for pension benefits - ending	<u>\$ 8,475</u>	<u>\$ 7,636</u>

Prior to freezing entry into the plan, employees were eligible to enter on May 1st or November 1st following the completion of 12 months of employment and attaining age 21. Participating employees accrued benefits if they worked at least 1,000 hours per plan year. Eligible employees vested in this plan after the completion of five years of service. Employees are 100% vested in any benefits derived from employee contributions regardless of years of service. A terminating participant who has completed five years of service is entitled to receive a vested benefit starting on his/her normal retirement date.

NOTES TO FINANCIAL STATEMENTS

The normal retirement benefit upon retirement is a percentage of average monthly earnings. Prior to March 1, 1996, the monthly benefit was 60% of average monthly earnings reduced proportionately for less than 15 years of service. Effective March 1, 1996, the monthly benefit was 40% of average monthly earnings reduced proportionately for less than 20 years of service. Prior to March 1, 1996, average monthly earnings were based on the monthly earnings during the five consecutive and complete calendar years that produced the highest average. After March 1, 1996, average monthly earnings are determined by the ten consecutive and complete calendar years after December 31, 1990, which produce the highest average. Upon retirement, retirees may choose from 3 different types of annuities or receive a single lump sum distribution.

Participants in DSPRP as of the last two actuarial valuation dates is summarized below:

	January 1,	
	2021	2020
Active employees	90	92
Retirees and beneficiaries currently receiving benefits	12	12
Inactive members	38	38
Total	<u>140</u>	<u>142</u>

The plan's funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits as they come due. Contribution requirements are established and may be amended by the Board. The unit credit method was used to calculate the actuarial determined contribution for 2021 and 2020. Under this method, the actual or expected accrued benefit of each participant is allocated to the year in which it accrues. The normal cost is the present value of benefits expected to accrue in the current year.

The Net Pension Liability/(Asset) for DSPRP as of December 31, 2021 and 2020 was measured as of January 1, 2021 and 2020, respectively. The Total Pension Liability used to calculate the Net Pension Liability/(Asset) was determined by an actuarial valuation as of that date performed as of the measurement date.

The January 1, 2021 and 2020 valuations included the following actuarial assumptions:

Annual Inflation	2.25%
Rate of Return on Investments	6.25%

For 2021 and 2020, mortality rates are based on the SOA RP-2014 table projected on a fully generational basis using mortality improvement scale MP-2018. Due to the limited size of this plan and the frozen nature of benefits under the plan, an experience study has not been done.

NOTES TO FINANCIAL STATEMENTS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the January 1, 2021 and January 1, 2020 valuations are summarized in the following table:

Asset Class	January 1, 2021		January 1, 2020	
	Target Allocation	Long-term	Target Allocation	Long-term
		Expected Real Rate of Return		Expected Real Rate of Return
Domestic Equity	36.0%	4.85%	55.0%	6.00%
Fixed Income	40.0%	1.40%	41.0%	1.00%
International Equity	17.0%	5.05%	3.0%	6.00%
Real Estate	7.0%	4.05%	0.0%	0.00%
Cash	0.0%	0.00%	1.0%	0.00%

The discount rate used to measure the total pension liability at December 31, 2021 and December 31, 2020 was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions will be made equal to the actuarially determined contributions. Based on those assumptions, the defined benefit component's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the defined benefit component's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Remainder of this page is intentionally left blank

NOTES TO FINANCIAL STATEMENTS

The following table summarizes the changes in the DSPRP Net Pension Liability for the year ended December 31, 2021 and 2020 based on the measurement date of January 1, 2021 and 2020 respectively.

	Changes in Net Pension Liability/(Asset) - DSPRP					
	(\$ in thousands)					
	2021			2020		
	Increase (Decrease)			Increase (Decrease)		
Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)	
(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)	
Balances at January 1,	\$ 6,149	\$ 6,652	\$ (503)	\$ 6,110	\$ 5,539	\$ 571
Changes for the year:						
Service Cost	241	-	241	245	-	245
Interest	409	-	409	371	-	371
Differences between expected and actual experience	375	-	375	(466)	-	(466)
Changes in assumptions	-	-	-	219	-	219
Contributions - employer	-	400	(400)	-	400	(400)
Net investment income	-	998	(998)	-	1,049	(1,049)
Benefit payments	(408)	(408)	-	(330)	(330)	-
Administrative expense	-	(6)	6	-	(6)	6
Net Changes	617	984	(367)	39	1,113	(1,074)
Balances at December 31,*	\$ 6,766	\$ 7,636	\$ (870)	\$ 6,149	\$ 6,652	\$ (503)

*Based on measurement date of January 1, 2021 and January 1, 2020 respectively

The following table presents the DSPRP Net Pension Liability/(Asset) calculated at December 31, 2021 and December 31, 2020 using the discount rate of 6.25%, as well as what the Net Pension Liability/(Asset) would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate.

	DSPRP Net Pension Liability/ (Asset) (\$ in thousands)		
	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
December 31, 2021	\$ (372)	\$ (870)	\$ (1,296)
December 31, 2020	\$ (42)	\$ (503)	\$ (898)

Other Pension Disclosures

For the years ended December 31, 2021 and December 31, 2020, SAWS recognized pension expense under the TMRS, SAWSRP and DSPRP plans as follows:

NOTES TO FINANCIAL STATEMENTS

Pension Expense
(\$ in thousands)
Year-ended December 31,

	2021	2020
TMRS	\$ 1,766	\$ 4,989
SAWSRP - defined benefit	(476)	7,628
SAWSRP - defined contribution	1,814	1,729
DSPRP	(39)	109
	<u>\$ 3,065</u>	<u>\$ 14,455</u>

Amounts payable to the pension plans by SAWS for contributions totaled \$225,000 at December 31, 2021 and \$268,000 at December 31, 2020.

The following table summarizes the Deferred Outflows of Resources, Net Pension Liability/(Asset) and Deferred Inflows of Resources for each of the plans as reported in the Statement of Net Position for December 31, 2021 and 2020.

Plan	December 31, 2021			December 31, 2020		
	Deferred Outflows of Resources	Net Pension Liability / (Asset)	Deferred Inflows of Resources	Deferred Outflows of Resources	Net Pension Liability / (Asset)	Deferred Inflows of Resources
TMRS	\$ 4,933	\$ 16,474	\$ 6,153	\$ 5,151	\$ 19,047	\$ 6,482
SAWSRP	7,870	(2,698)	24,872	14,240	19,355	15,801
DSPRP	869	(870)	1,687	861	(503)	1,527
Total - All Plans	<u>\$ 13,672</u>	<u>\$ 12,906</u>	<u>\$ 32,712</u>	<u>\$ 20,252</u>	<u>\$ 37,899</u>	<u>\$ 23,810</u>

At December 31, 2021, Deferred Outflows of Resources and Deferred Inflows of Resources associated with SAWS pension plans related to the following sources:

	TMRS		SAWSRP		DSPRP		All Plans		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	
Contributions made after the measurement date	\$ 4,450	\$ -	\$ 6,136	\$ -	\$ 175	\$ -	\$ 10,761	\$ -	
Differences between expected and actual experience		366	148	850	58	424	899	1,640	1,105
Effects of changes in assumption		117	-	884	1,090	270		1,271	1,090
Net Difference between projected and actual earnings on pension plan investments		-	6,005	-	23,724	-	788	-	30,517
	<u>\$ 4,933</u>	<u>\$ 6,153</u>	<u>\$ 7,870</u>	<u>\$ 24,872</u>	<u>\$ 869</u>	<u>\$ 1,687</u>	<u>\$ 13,672</u>	<u>\$ 32,712</u>	

At December 31, 2020, Deferred Outflows of Resources and Deferred Inflows of Resources associated with SAWS pension plans related to the following sources:

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

	TMRS		SAWSRP		DSPRP		All Plans	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
(\$ in thousands)								
Contributions made after the measurement date	\$ 4,440	\$ -	\$ 9,131	\$ -	\$ 400	\$ -	\$ 13,971	\$ -
Differences between expected and actual experience	547	-	2,065	362	134	1,082	2,746	1,444
Effects of changes in assumption	164	-	3,044	995	327	-	3,535	995
Net Difference between projected and actual earnings on pension plan investments	-	6,482	-	14,444	-	445	-	21,371
	<u>\$ 5,151</u>	<u>\$ 6,482</u>	<u>\$ 14,240</u>	<u>\$ 15,801</u>	<u>\$ 861</u>	<u>\$ 1,527</u>	<u>\$ 20,252</u>	<u>\$ 23,810</u>

Contributions made after the measurement date of \$10,761,000 will be recognized as a reduction of the Net Pension Liability for the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	(\$ in thousands)			
	SAWSRP	TMRS	DSPRP	Combined
2022	\$ (7,122)	\$ (2,072)	\$ (292)	\$ (9,486)
2023	(4,356)	323	(206)	(4,239)
2024	(8,384)	(3,544)	(297)	(12,225)
2025	(3,276)	(377)	(174)	(3,827)
2026	-	-	(46)	(46)
Thereafter	-	-	22	22

The following table summarizes the components of the Net Pension Liability/(Asset) at December 31, 2021 and 2020 for the pension plans included in SAWS Fiduciary Fund Statements in accordance with GASB 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement 25*.

(\$ in thousands)	December 31, 2021 (a)		December 31, 2020	
	SAWSRP	DSPRP	SAWSRP	DSPRP
Total pension liability	\$ 285,924	\$ 6,956	\$ 272,187	\$ 6,766
Plan fiduciary net position	307,118	8,475	274,885	7,636
Net pension asset	<u>\$ (21,194)</u>	<u>\$ (1,519)</u>	<u>\$ (2,698)</u>	<u>\$ (870)</u>
Plan fiduciary net position as a percentage of the total pension liability	107.4%	121.8%	101.0%	112.9%

(a) Actuarial valuation performed at January 1, 2021 was rolled forward to December 31, 2021

Deferred Compensation Plans

In November 2019, SAWS consolidated its prior deferred compensation plans into one plan with Empower Retirement, who acts as an independent administrator of the plan. The plan complies with Section 457(b) of the Internal Revenue Code (Deferred Compensation Plans with Respect to Service for State and Local Governments). Employee participation is voluntary, and SAWS makes no contributions to this plan. Empower Retirement issues a publicly available financial report that includes financial information relating to participating entities. The report may be obtained at: <https://www.empower-retirement.com/about/financial-strength>.

NOTES TO FINANCIAL STATEMENTS

NOTE K – OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to providing pension benefits described in Note J, SAWS provides certain health care and life insurance benefits for eligible retirees, their spouses, and their dependents through San Antonio Water System Retiree Health Trust (SAWS OPEB Plan), a single-employer defined benefit plan administered by SAWS. The authority to establish and amend the SAWS OPEB Plan provisions is vested in the Board.

The financial information for SAWS OPEB Plan is reported in the fiduciary funds statements. SAWS OPEB Plan does not issue stand-alone financial statements. A summary of the plan's financial statements for the years ended December 31, 2021 and 2020 is presented in the following tables.

San Antonio Water System Retiree Health Plan
Net Position Restricted for Post Employment Benefits
(amounts in thousands)

	December 31,	
	2021	2020
Assets		
Cash and cash equivalents	\$ 146	\$ 67
Investments	121,374	104,270
Total assets	121,520	104,337
Liabilities	-	-
Net position restricted for other post employment benefits	<u>\$ 121,520</u>	<u>\$ 104,337</u>

Changes in Net Position Restricted for Post Employment Benefits
For the year ended December 31,
(amounts in thousands)

	2021	2020
Additions		
Employer contributions	\$ 10,442	\$ 13,641
Investment income/(loss)	12,260	13,747
Total additions	22,702	27,388
Deductions		
Benefit payments	5,342	6,141
Administrative expenses	177	187
Total deductions	5,519	6,328
Increase in net position	17,183	21,060
Net position restricted for other post employment benefits - beginning	104,337	83,277
Net position restricted for other post employment benefits - ending	<u>\$ 121,520</u>	<u>\$ 104,337</u>

NOTES TO FINANCIAL STATEMENTS

By state law, any employee that retires under a SAWS retirement plan is eligible, at the time of retirement, to obtain health insurance benefits similar to those offered to active SAWS employees. Retirees may also purchase coverage for their spouse and qualifying dependents at group rates partially subsidized by SAWS. Any plan participant eligible for Medicare is required to enroll in a Medicare Advantage Plan. No supplemental health benefits are provided to those participants enrolled in Medicare Advantage Plans. Employees hired after December 31, 2013 will not be eligible for any subsidized medical benefits upon retirement from SAWS.

Participants in the SAWS OPEB Plan as of January 1, 2021 and 2020 consisted of the following:

	January 1,	
	2021	2020
Active Employees	957	1,012
Retired Employees	801	820
Total	<u>1,758</u>	<u>1,832</u>

The contribution requirements of plan participants are established and may be amended by the Board. Contributions made by retirees for health insurance benefits vary based on retirement date, years of service and the health care options selected. Plan participants made contributions toward plan benefits totaling \$1,840,000 in 2021 and \$1,811,000 in 2020.

SAWS contributions to the plan are also established by the Board. Prior to 2012, SAWS only funded the shortfall between annual benefit payments and retiree contributions (“current benefit payments”). In March 2012, SAWS established a trust for the purpose of prefunding future benefit payments for eligible retirees and their dependents. In addition to making contributions to the trust, SAWS has continued to fund current benefit payments outside of the trust. SAWS intends to fund current benefit payments as well as make annual contributions to the trust in accordance with a plan that, at a minimum, fully funds the actuarially determined annual required contributions for these benefits thereby improving the funded status of the SAWS OPEB Plan over a period of time.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between SAWS and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment,

NOTES TO FINANCIAL STATEMENTS

mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The following table summarizes the actuarial methods and assumptions used in the most recent actuarial valuations for the SAWS OPEB Plan.

Actuarial Methods and Assumptions

Actuarial Valuation Date	January 1, 2021	January 1, 2020
Actuarial Value of Assets	Market Value	Market Value
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Remaining Amortization Method	13 Years - Closed	14 Years - Closed
Actuarial Assumptions		
Investment Rate of Return	6.25%	6.25%
Inflation Rate	2.50%	2.50%
Healthcare Cost Trend:		
Initial*	6.00%/-2.00%	4.70%
Ultimate	4.04%	4.04%

*Pre-65 initial trend is 6.00%. Post 65 trend is -2.00%.

Mortality rates for the January 1, 2021 valuation were based PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement rates that were issued by the SOA. PubG-2010 is the baseline mortality rate table underlying the SOA Pub-2010 experience study published in January 2019. The mortality improvement scale is based on MP-2020 published in October 2020.

Mortality rates for the January 1, 2020 valuation were based PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement rates that were issued by the SOA. PubG-2010 is the baseline mortality rate table underlying the SOA Pub-2010 experience study published in January 2019. The mortality improvement scale is based on MP-2019 published in October 2019.

Remainder of this page is intentionally left blank

NOTES TO FINANCIAL STATEMENTS

The following table summarizes the changes in Net OPEB Liability at December 31, 2021 and December 31, 2020.

Changes in Net OPEB Liability - SAWS OPEB Plan
(\$ in thousands)

	2021			2020		
	Increase (Decrease)			Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at January 1,	\$ 124,276	\$ 83,277	\$ 40,999	\$ 141,379	\$ 62,688	\$ 78,691
Changes for the year:						
Service Cost	1,750	-	1,750	1,913	-	1,913
Interest	7,688	-	7,688	9,112	-	9,112
Differences between expected and actual experience	(8,867)	-	(8,867)	(18,580)	-	(18,580)
Changes in assumptions	2,089	-	2,089	(3,237)	-	(3,237)
Contributions - employer	-	13,641	(13,641)	-	13,811	(13,811)
Net investment income	-	13,747	(13,747)	-	13,264	(13,264)
Benefit payments	(6,141)	(6,141)	-	(6,311)	(6,311)	-
Administrative expense	-	(187)	187	-	(175)	175
Net Changes	(3,481)	21,060	(24,541)	(17,103)	20,589	(37,692)
Balances at December 31,*	\$ 120,795	\$ 104,337	\$ 16,458	\$ 124,276	\$ 83,277	\$ 40,999

*Based on measurement date of January 1, 2021 and January 1, 2020 respectively

The following table presents the change in the SAWS OPEB Plan Net OPEB Liability calculated at December 31, 2021 and 2020 assuming healthcare cost trends decrease or increase by one percentage point from the assumptions used in Total OPEB liability.

(\$ in thousands)

	1% Decrease	Current Assumptions	1% Increase
December 31, 2021	\$ 7,630	\$ 16,458	\$ 27,032
December 31, 2020	\$ 31,478	\$ 40,999	\$ 52,465

Remainder of this page is intentionally left blank

NOTES TO FINANCIAL STATEMENTS

The target allocation and best estimates of arithmetic real rates of return for each major asset class for January 1, 2021 and January 1, 2020 are summarized in the following table. The Long-term Expected Real Rate of Return amounts do not include inflation.

Asset Class	January 1, 2021		January 1, 2020	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income - Core Bond	37.0%	1.46%	38.0%	1.36%
Domestic Equity - Large Cap	30.4%	6.54%	36.0%	6.32%
Foreign Equity - Developed International	11.3%	5.93%	12.3%	6.41%
Domestic Equity - Small Cap	6.4%	8.06%	9.0%	8.03%
Domestic Equity - Mid Cap	6.3%	7.36%	0.0%	0.00%
Foreign Equity - Emerging Markets	3.1%	8.28%	2.7%	9.21%
Fixed Income - High Yield	3.0%	4.46%	0.0%	0.00%
Real Estate	2.5%	6.14%	0.0%	0.00%
Cash	0.0%	0.00%	2.0%	0.00%
Total	100.0%		100.0%	

The discount rate used to measure the Total OPEB Liability at December 31, 2021 and December 31, 2020 was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions will be made equal to the actuarially determined contributions. Based on those assumptions, the defined benefit component's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the defined benefit component's investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

The following table presents the SAWS OPEB Plan Net OPEB Liability calculated at December 31, 2021 and December 31, 2020 using the current discount rate of 6.25%, as well as what the Net OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate.

	(\$ in thousands)		
	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
December 31, 2021	\$ 30,909	\$ 16,458	\$ 4,443
December 31, 2020	\$ 56,084	\$ 40,999	\$ 28,506

SAWS recognized (\$7,521,000) in OPEB expense for the fiscal year ended December 31, 2021 based on a measurement date of December 31, 2020 and (\$1,806,000) in OPEB expense for the fiscal year ended December 31, 2020 based on a measurement date of December 31, 2019.

NOTES TO FINANCIAL STATEMENTS

The following table summarizes Deferred Outflows of Resources and Deferred Inflows of Resources associated with the SAWS OPEB Plan at December 31, 2021 and December 31, 2020 from the following sources.

(\$ in thousands)	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 10,442	\$ -	\$ 13,641	\$ -
Differences between expected and actual experience	-	21,371	-	21,791
Effects of changes in assumption	2,376	1,957	1,409	2,689
Net Difference between projected and actual earnings on OPEB plan investments	-	9,951	-	4,453
	<u>\$ 12,818</u>	<u>\$ 33,279</u>	<u>\$ 15,050</u>	<u>\$ 28,933</u>

Contributions made after the measurement date of \$10,442,000 will be recognized as a reduction of the Net OPEB Liability for the year ending December 31, 2022. Other amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended December 31,	(\$ in thousands)
2022	\$ (10,978)
2023	(7,733)
2024	(9,173)
2025	(3,019)
Thereafter	-

The components of the Net OPEB Liability for the SAWS OPEB Plan at December 31, 2021 and 2020 were as follows:

(\$ in thousands)	December 31,	
	2021(a)	2020
Total OPEB liability	\$ 122,075	\$ 120,795
Plan fiduciary net position	121,520	104,337
Net OPEB liability	<u>\$ 555</u>	<u>\$ 16,458</u>
Plan fiduciary net position as a percentage of the total OPEB liability	99.5%	86.4%

(a) Actuarial valuation performed at January 1, 2021 was rolled forward to December 31, 2021

NOTES TO FINANCIAL STATEMENTS

NOTE L – ASSET RETIREMENT OBLIGATIONS (AROs)

SAWS adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, effective January 1, 2019. SAWS accounts for Asset Retirement Obligations (AROs) by recognizing the total obligation as a liability based on the best estimate of the current value of expenditures expected to be incurred once the assets are retired. The statement requires the effects of inflation or deflation on the ARO liability be adjusted annually. In addition to the ARO liability, SAWS has recorded associated outflows of resources that are being amortized over the remaining useful life of the respective asset groups. The total liability for AROs was \$36,191,000 at December 31, 2021 and \$35,942,000 at December 31, 2020. The following asset groups have been included in the ARO liability reflected in the Statements of Net Position.

Wastewater Treatment Plants (WTPs) – SAWS operates four WTPs in its service area. These plants are the Steven M. Clouse WTP, Leon Creek WTP, Medio Creek WTP and Mitchell Lake WTP. SAWS operates the Mitchell Lake WTP but the plant no longer receives wastewater flows. Due to the environmentally sensitive nature and ongoing wetlands project at the plant, the remaining life and the cost to retire the assets at Mitchell Lake WTP are not reasonably estimable and are not included in the ARO liability. The average remaining useful life of the other WTPs is 48 years. TCEQ requires that a WTP be decommissioned once no longer in service. The cost for decommissioning the other three plants was \$34,778,000 at December 31, 2021 and \$33,933,000 at December 31, 2020. The cost was determined using data from various 2006 contracts relating to the decommissioning of the Salado Creek WTP. The cost included a 10% design allowance. The data from the contracts was inflated to 2021 and 2020 dollars, respectively.

Underground Storage Tanks (USTs) – SAWS maintains 11 USTs, with an average remaining useful life of 1 year, across its service area for servicing fleet vehicles. Texas State Law, 30 Texas Administrative Code Chapter 334, requires that USTs be removed from the ground when they are no longer in use. The cost to remove these USTs from the ground is estimated to be \$917,000 at December 31, 2021 and \$1,513,000 at December 31, 2020. The cost was determined using data from a 2020 contract to remove two USTs at the Van Dyke Service Center. The cost includes a 10% design allowance. There were two USTs removed in 2021.

Desalination Injection Wells – SAWS currently has two injection wells in use with the desalination process. In connection with desalination injection well permits obtained by SAWS from TCEQ, SAWS has an obligation to plug the injection wells once the wells are no longer in service. These wells became operational in 2016 and have a remaining useful life of 44 years based on SAWS experience with other wells throughout the system. The cost to plug these wells was estimated to be \$496,000 at December 31, 2021 and December 31, 2020. Data from past contracts for well plugging from 2012 to 2018 was used to determine the costs to plug the various wells currently in service. The contract data was inflated to 2021 and 2020 dollars, respectively. The cost includes a 10% design allowance.

NOTES TO FINANCIAL STATEMENTS

The following table summarizes the ARO activity for 2021 and 2020.

	<i>(amounts in thousands)</i>				
	AROs Beginning of Year	Increases to AROs	AROs Retired	AROs at End of Year	AROs Due Within One Year
Year Ended December 31, 2021	<u>\$ 35,942</u>	<u>\$ 490</u>	<u>\$ 241</u>	<u>\$ 36,191</u>	<u>\$ -</u>
Year Ended December 31, 2020	<u>\$ 35,084</u>	<u>\$ 978</u>	<u>\$ 120</u>	<u>\$ 35,942</u>	<u>\$ -</u>

NOTE M – Subsequent Events

On February 15, 2022, SAWS issued \$77,785,000 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series, 2022A (No Reserve Fund). The proceeds of the sale of these bonds were used to (i) refund \$105,280,000 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series, 2012A (Series 2012A), and (ii) pay the cost of issuance. The refunding of the Series 2012A bonds reduced future debt service by approximately \$41,437,000 and resulted in an economic gain of approximately \$30,275,000. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On November 18, 2021, the City Council approved the allocation of \$10 million in funds from the City’s American Rescue Plan Act (ARPA) funds to provide bill assistance to certain qualifying SAWS customers. To be eligible for this assistance, a customer must be classified as a residential customer residing within the City limits. The customer must self-attest to a COVID-19 related financial hardship and may need to provide documentation to support that their current annual income falls below 125% of the Federal Poverty Level. ARPA assistance will only be available for past due balances associated with charges during the period of March 1, 2020 and September 30, 2021. Qualifying customers with income above 125% of the Federal Poverty Level can receive up to \$700 in assistance, while customers with incomes below 125% of the Federal Poverty Level have no limit on the assistance that can be applied to their past due balances. SAWS anticipates that \$10 million in ARPA assistance could be provided to between 15,000 and 30,000 customers based on the eligibility criteria. SAWS will be responsible for processing customers’ applications and will have until September 30, 2022 to distribute the funds, unless the deadline is extended by the City. The funding agreement with the City of San Antonio should be finalized in early January 2022.

On June 8, 2021, the Governor signed Senate Bill 3 (SB3) to address issues that arose during the 2021 Winter Storm Uri Event. The new law requires weather emergency preparedness and the identification of critical public utilities facilities, including in the natural gas supply chain and electric utilities.

NOTES TO FINANCIAL STATEMENTS

The new law also creates Section 13.1394 of the Texas Water Code that requires water utilities to ensure the emergency operations of its water system during a power outage that lasts longer than 24 hours at a minimum water pressure of 20 pounds per square inch, or at a water pressure level approved by TCEQ, as soon as safe and practicable following the occurrence of a natural disaster. This section also requires that a water utility adopt and submit an emergency preparedness plan to TCEQ for its approval that includes a timeline for implementing the plan. The submitted plan must provide for one, or a combination, of fourteen options and approaches to provide service as required by this section. The options provided include but are not limited to backup or on-site power generation; designation of the water system as a critical load facility or redundant, isolated or dedicated electrical feeds; the ability to provide water through artesian pressure; redundant interconnectivity between pressure zones; and any other alternative determined by TCEQ to be acceptable.

Water utilities are required to submit their emergency preparedness plan to TCEQ by March 1, 2022. SAWS submitted its emergency preparedness plan to TCEQ in accordance with the March 1, 2022 deadline. Implementation of emergency plans must begin by the later of July 1, 2022, or upon final approval by the TCEQ. A utility may submit a written request for an extension not to exceed 90 days. SAWS has begun assessing its response to ensure timely compliance with the new law and has included approximately \$25 million in the 2022 Capital Improvements Plan to address its emergency preparedness, with more than \$100 million of additional resiliency related capital improvements planned during the years 2023 to 2026.

SB3 also created Section 13.151 of the Texas Water Code (Section 13.151) that addresses billing for services provided during an extreme weather emergency. Section 13.151 defines an “extreme weather emergency” as a period when the previous day’s highest temperature did not exceed 28 degrees Fahrenheit, and the temperature is predicted to remain at or below that level for the next 24 hours according to the nearest National Weather Service reports. In these circumstances a retail public utility that operates under a certificate of public convenience and necessity (CCN) is prohibited from imposing late fees or disconnecting service for nonpayment of bills that are due during an extreme weather emergency until after the emergency is over and is required to work with customers that request to establish a payment schedule for unpaid bills that are due during the extreme weather emergency. A violation of Section 13.151 is subject to a civil penalty of not less than \$100 nor more than \$50,000 for each violation.

On October 12, 2019, the EPA published proposed revisions to the “Lead and Copper Rule” under the Safe Drinking Water Act. The proposed revisions create a new trigger level for lead of 10 parts per billion that will require water sampling and other analyses to be conducted. The current level of 15 parts per billion will remain in place for other actions. Aside from introducing new extensive water sampling and analysis protocols, mandatory testing at schools and childcare facilities are also being introduced into the Lead and Copper Rule. Public water systems with test results exceeding the trigger level are required to work with the State to develop a program to replace service lines that contain lead in its distribution system. The proposed regulation also requires an inventory of any lead service lines in both the water system’s distribution system and in customer systems. On June 16, 2021, the EPA

NOTES TO FINANCIAL STATEMENTS

issued an update that stated that it would continue to review the Lead and Copper Rule, comments and other collected information as well as continue stakeholder engagement and further delayed the effective date for the Lead and Copper Rule to December 16, 2021, and the compliance date to October 16, 2024.

After completion of the stakeholder engagement process, and a review of the proposed Lead and Copper Rule, the EPA announced on December 16, 2021, that the Lead and Copper Rule should take effect as it is currently drafted, with the exception of the requirement to begin testing schools and childcare facilities, which will not be required until October 2024. Additionally, the EPA announced that it will develop a new proposed rulemaking to strengthen key elements of the Lead and Copper Rule. The EPA anticipates finalizing the forthcoming Lead and Copper Rule Improvements prior to October 16, 2024. The EPA has committed to issuing new guidance for the Lead and Copper Rule to include guidance on developing lead service line inventories, best practices, case studies and templates. It is premature to speculate on the financial impact of the Lead and Copper Rule until the EPA issues its guidance regarding best practices and required processes. Additional analysis will be necessary when the Lead and Copper Rule Improvements are finalized in October 2024 to assess potential changes to the action and trigger levels in the current Lead and Copper Rule, and a possible requirement to identify and replace all lead service in the public water system.

*This Page
Intentionally Left Blank*

REQUIRED SUPPLEMENTAL INFORMATION



REQUIRED SUPPLEMENTAL INFORMATION

Texas Municipal Retirement System - San Antonio Water System
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)
(\$ in thousands)

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service Cost	\$ 6,233	\$ 5,733	\$ 5,551	\$ 5,332	\$ 4,979	\$ 4,810	\$ 4,379
Interest	15,448	14,670	13,952	13,268	12,623	12,480	11,960
Differences between expected and actual experience	(189)	499	240	54	29	(1,311)	(1,717)
Changes of assumptions	-	211	-	-	-	433	-
Benefit payments	(10,294)	(9,392)	(8,960)	(8,332)	(8,186)	(7,337)	(7,461)
Net change in pension liability	11,198	11,721	10,783	10,322	9,445	9,075	7,161
Total pension liability at beginning of year	230,895	219,174	208,391	198,069	188,624	179,549	172,388
Total pension liability at end of year (a)	\$ 242,093	\$ 230,895	\$ 219,174	\$ 208,391	\$ 198,069	\$ 188,624	\$ 179,549
Plan fiduciary net position							
Contributions - Employer	\$ 4,440	\$ 4,095	\$ 4,059	\$ 3,852	\$ 3,609	\$ 3,953	\$ 3,721
Contributions - Employee	3,660	3,412	3,291	3,149	2,935	2,892	2,722
Net investment income	16,073	28,632	(5,773)	23,639	10,909	239	8,818
Benefit payments	(10,294)	(9,392)	(8,960)	(8,332)	(8,186)	(7,337)	(7,461)
Administrative expenses	(104)	(162)	(111)	(123)	(123)	(146)	(92)
Other	(4)	(5)	(6)	(6)	(7)	(7)	(8)
Net change in plan fiduciary net position	13,771	26,580	(7,500)	22,179	9,137	(406)	7,700
Plan fiduciary net position at beginning of year	211,848	185,268	192,768	170,589	161,452	161,858	154,158
Plan fiduciary net position at end of year (b)	\$ 225,619	\$ 211,848	\$ 185,268	\$ 192,768	\$ 170,589	\$ 161,452	\$ 161,858
Net pension liability (a) - (b)	\$ 16,474	\$ 19,047	\$ 33,906	\$ 15,623	\$ 27,480	\$ 27,172	\$ 17,691
Plan fiduciary net position as a percentage of the total pension liability	93.2%	91.8%	84.5%	92.5%	86.1%	85.6%	90.1%
Covered payroll	\$ 121,984	\$ 113,750	\$ 109,703	\$ 104,960	\$ 97,818	\$ 96,389	\$ 90,721
Net pension liability as a percentage of total covered payroll	13.5%	16.7%	30.9%	14.9%	28.1%	28.2%	19.5%

Notes to Schedule:

Changes of assumptions: In 2015, the long term rate of return was reduced from 7% to 6.75%. In 2015, mortality rates were updated to reflect updated historical data.

Other: GASB 68 requires 10 years of data to be provided in the Schedule of Contributions. As SAWS adopted GASB 68 in 2014, only 7 years of data is available. A full 10 years of data will be presented by 2024.

REQUIRED SUPPLEMENTAL INFORMATION

Texas Municipal Retirement System - San Antonio Water System
Schedule of Contributions (Unaudited)
(\$ in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 4,450	\$ 4,440	\$ 4,095	\$ 4,059	\$ 3,852	\$ 3,609	\$ 3,672	\$ 3,721
Contributions in relation to the actuarially determined contribution	4,450	4,440	4,095	4,059	3,852	3,609	3,953	3,721
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ (281)</u>	<u>\$ -</u>					
Covered payroll	\$ 118,972	\$ 121,984	\$ 113,749	\$ 109,703	\$ 104,960	\$ 97,818	\$ 96,389	\$ 90,721
Contributions as a percentage of covered payroll	3.74%	3.64%	3.60%	3.70%	3.67%	3.69%	4.10%	4.10%

Notes to Schedule:

Valuation date: Actuarially determined contributions are calculated as of December 31st and become effective 12 months later on January 1st.

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	For 2021, the remaining amortization period is 25 years. In 2015, the remaining amortization period was adjusted to 30 years from 23 years in 2014.
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	In 2015, the inflation rate was changed to 2.5% from 3.0% in 2014.
Salary increases	The assumption was 3.5% to 11.5% for 2021 and 2020, 3.5% to 10.5% for 2015 to 2019 and 3.5% to 12.0% in 2014. All percentages include inflation.
Investment rate of return	In 2015 the investment rate of return was lowered from 7.0% to 6.75%.
Retirement age	Experience-based table of rates that are specific to SAWS plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other: GASB 68 requires 10 years of data to be provided in the Schedule of Contributions. As SAWS adopted GASB 68 in 2014, only 7 years of data is available. A full 10 years of data will be presented by 2023.

REQUIRED SUPPLEMENTAL INFORMATION

San Antonio Water System Retirement Plan - Defined Benefit Component Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited) (\$ in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service Cost	\$ 5,036	\$ 5,187	\$ 5,464	\$ 5,629	\$ 5,859	\$ 5,724	\$ 5,004	\$ 5,204
Interest	17,026	16,403	16,282	15,101	14,354	13,680	12,596	11,709
Changes of benefit terms	-	-	-	-	-	-	4,339	-
Differences between expected and actual experience	2,344	(66)	1,700	1,926	(1,394)	712	555	(622)
Changes of assumptions	-	(1,063)	(1,534)	4,653	1,152	5,532	(405)	2,771
Benefit payments	(10,669)	(10,090)	(9,358)	(8,615)	(7,974)	(7,283)	(6,318)	(5,796)
Net change in pension liability	13,737	10,371	12,554	18,694	11,997	18,365	15,771	13,266
Total pension liability at beginning of year	272,187	261,816	249,262	230,568	218,571	200,206	184,435	171,169
Total pension liability at end of year (a)	\$ 285,924	\$ 272,187	\$ 261,816	\$ 249,262	\$ 230,568	\$ 218,571	\$ 200,206	\$ 184,435
Plan fiduciary net position								
Contributions - Employer	\$ 6,136	\$ 9,131	\$ 9,131	\$ 2,434	\$ 7,982	\$ 7,367	\$ 7,890	\$ 10,339
Contributions - Employee	2,219	2,095	2,528	7,923	2,484	2,533	2,357	-
Net investment income / (loss)	34,841	31,582	38,722	(7,767)	30,741	6,971	1,215	15,695
Benefit payments	(10,669)	(10,090)	(9,358)	(8,615)	(7,974)	(7,283)	(6,318)	(5,796)
Administrative expenses	(294)	(294)	(309)	(360)	(380)	(195)	(17)	-
Net change in plan fiduciary net position	32,233	32,424	40,714	(6,385)	32,853	9,393	5,127	20,238
Plan fiduciary net position at beginning of year	274,885	242,461	201,747	208,132	175,279	165,886	160,759	140,521
Plan fiduciary net position at end of year (b)	\$ 307,118	\$ 274,885	\$ 242,461	\$ 201,747	\$ 208,132	\$ 175,279	\$ 165,886	\$ 160,759
Net pension liability/(asset) (a) - (b)	\$ (21,194)	\$ (2,698)	\$ 19,355	\$ 47,515	\$ 22,436	\$ 43,292	\$ 34,320	\$ 23,676
Plan fiduciary net position as a percentage of the total pension liability	107.4%	101.0%	92.6%	80.9%	90.3%	80.2%	82.9%	87.2%
Covered payroll	\$ 75,822	\$ 74,643	\$ 76,320	\$ 78,348	\$ 79,417	\$ 83,493	\$ 85,299	\$ 83,812
Net pension liability as a percentage of total covered payroll	-28.0%	-3.6%	25.4%	60.6%	28.3%	51.9%	40.2%	28.2%

Notes to Schedule:

Current year calculation:

Total pension liability at December 31, 2021 is based on a rollforward of the January 1, 2021 actuarial valuation.

Benefit Changes:

In 2015, the normal form of distribution changed and a mandatory employee contribution of 3% was instituted. Effective June 1, 2014, the defined benefit plan was frozen to new entrants.

Changes of assumptions:

In 2020, retirement age assumptions were changed to reflect more recent experience. In 2019, the mortality assumption was updated to the public retirement plans mortality tables published by the SOA. In 2021, 2020, 2019, 2018 and 2017, the mortality assumption was updated for the latest improvement scale. In 2020, the long term rate of return was adjusted to 6.25%. In 2016, the long term rate of return was reduced to 6.5%. In 2015, mortality rates were updated to reflect historical data. In 2014, the long term rate of return was reduced to 6.75%.

Other:

No changes to plan or assumptions for 2021. GASB 68 requires 10 years of data to be provided. As SAWS adopted GASB 68 in 2014, only 8 years of data is available. A full 10 years of data will be available by 2023.

REQUIRED SUPPLEMENTAL INFORMATION

San Antonio Water System Retirement Plan - Defined Benefit Component Schedule of Contributions (Unaudited) (*\$ in thousands*)

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 6,136	\$ 7,723	\$ 9,131	\$ 7,923	\$ 7,982	\$ 7,367	\$ 7,890	\$ 10,339
Contributions in relation to the actuarially determined contribution	6,136	9,131	9,131	7,923	7,982	7,367	7,890	10,339
Contribution deficiency/(excess)	\$ -	\$ (1,408)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 75,822	\$ 74,643	\$ 76,320	\$ 78,348	\$ 79,417	\$ 83,493	\$ 85,299	\$ 83,812
Contributions as a percentage of covered payroll	8.1%	12.2%	12.0%	10.1%	10.1%	8.8%	9.2%	12.3%

Notes to Schedule:

Valuation date: Actuarially determined contributions are determined as of January 1st of the year in which the contributions are made.

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry Age Normal
Remaining amortization period	Unfunded Liability at December 31, 2013 of \$40,551,000 is being amortized over a 15 fixed year period. The annual impact of experience gains/losses, plan amendments and changes in plan assumptions are amortized over 10 years.
Amortization Method	Equal annual installments
Asset valuation method	4 year smoothed market
Inflation	In 2019, rate was changed to 2.25%. In 2017, the rate was changed to 2%, previously it was 2.25%
Salary increases	In 2021, changed to a new table based on management philosophies and more recent experience of plan participants.
Retirement age - active	In 2020, changed to a table of rates starting at age 45 and ending at age 70. In 2015, expected retirement ages were adjusted to reflect actual experience from 2011-2013. Previously, the retirement age was based on experience from 2011-2012.
Retirement age - inactive	In 2020, changed from 100% at age 62 to a table of rates starting at age 60 and ending at age 65.
Investment rate of return	In 2020, the rate was changed to 6.25%. In 2017, the rate was changed from 6.75% to 6.5%, net of pension expense, including inflation. In 2014, the rate was changed from 7.0% to 6.75%.
Mortality Table	In 2021, the improvement scale was changed to MP-2020. In 2020, the improvement scale was changed to MP-2019. In 2019, the mortality assumption was updated to the public retirement plans mortality tables published by the SOA. In 2018 and 2017, the mortality assumption was updated for the latest improvement scale. In 2016, the mortality table was changed to use adjusted RP-2014 mortality with scale MP-2016 based on data published by the SOA in 2015. Previously, the IRS Prescribed Generational Mortality table was used.

Other: No changes to methods or assumptions for 2021. GASB 68 requires 10 years of data to be provided. As SAWS adopted GASB 68 in 2014, only 8 years of data is available. A full 10 years of data will be available by 2023.

San Antonio Water System Retirement Plan - Defined Benefit Component Schedule of Investment Returns (Unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	12.68%	12.98%	19.10%	-3.71%	17.37%	4.21%	0.76%	11.34%

REQUIRED SUPPLEMENTAL INFORMATION

District Special Project Retirement Income Plan
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)
(\$ in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 209	\$ 241	\$ 245	\$ 257	\$ 108	\$ 71	\$ 124	\$ 123
Interest	421	409	371	388	424	418	446	424
Benefit payments	(378)	(408)	(330)	(485)	(776)	(324)	(261)	(230)
Changes in assumptions	-	-	219	6	15	224		
Difference between expected and actual experience	(62)	375	(466)	(622)	101	(381)	18	153
Net change in Total Pension Liability	190	617	39	(456)	(128)	8	327	470
Total Pension Liability - beginning	6,766	6,149	6,110	6,566	6,694	6,686	6,359	5,889
Total Pension Liability - ending (a)	\$ 6,956	\$ 6,766	\$ 6,149	\$ 6,110	\$ 6,566	\$ 6,694	\$ 6,686	\$ 6,359
Fiduciary Net Position								
Employer contributions	\$ 175	\$ 400	\$ 400	\$ 400	\$ 315	\$ 280	\$ 308	\$ 414
Net investment income / (loss)	1,049	998	1,049	(75)	764	306	18	394
Benefit payments	(378)	(408)	(330)	(485)	(776)	(324)	(261)	(230)
Administrative expenses	(7)	(6)	(6)	(7)	(7)	(8)	(6)	(11)
Net change in Fiduciary Net Position	839	984	1,113	(167)	296	254	59	567
Fiduciary Net Position - beginning	7,636	6,652	5,539	5,706	5,410	5,156	5,097	4,530
Fiduciary Net Position - ending (b)	\$ 8,475	\$ 7,636	\$ 6,652	\$ 5,539	\$ 5,706	\$ 5,410	\$ 5,156	\$ 5,097
Net Pension Liability (Asset) (a) - (b)	\$ (1,519)	\$ (870)	\$ (503)	\$ 571	\$ 860	\$ 1,284	\$ 1,530	\$ 1,262
Plan Fiduciary Net Position as a percentage of the								
Total Pension Liability	121.8%	112.9%	108.2%	90.7%	86.9%	80.8%	77.1%	80.2%
Covered payroll (frozen plan)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net Pension Liability as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes to schedule:

The plan was frozen in 2008. Therefore, current & future wages have no impact on Net Pension Liability.

Total pension liability at December 31, 2021 is based on a rollforward of the January 1, 2021 actuarial valuation.

Changes in assumptions: In 2020, the interest rate was changed to 6.25%. In 2019, the mortality projection scale was updated to MP-2018. In 2018, the mortality projection scale was based on MP-2017. In 2017, the mortality table was changed from 1994 GAR projected to 2002 to the RP-2014 table using the MP-2016 improvement scale. In 2017, the interest rate of return was modified from 7% to 6.5%.

Other: No changes to the plan or assumptions for 2021. GASB 68 requires 10 years of data to be provided in the Schedule of Contributions. As SAWS adopted GASB 68 in 2014, only 8 years of data is available. A full 10 years of data will be presented by 2023.

REQUIRED SUPPLEMENTAL INFORMATION

**District Special Project Retirement Income Plan
Schedule of Contributions (Unaudited)**
(\$ in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 138	\$ 290	\$ 388	\$ 247	\$ 315	\$ 279	\$ 274	\$ 307
Contributions in relation to the actuarially determined contribution	175	400	400	400	315	280	308	414
Contribution deficiency/(excess)	\$ (37)	\$ (110)	\$ (12)	\$ (153)	\$ -	\$ (1)	\$ (34)	\$ (107)
Covered payroll (frozen plan)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes to Schedule:

Valuation date: Actuarially determined contributions are determined as of January 1 of the year in which the contributions are made.

Methods and assumptions used to determine contributions:

Actuarial cost method	Unit Credit
Amortization method	Rolling level amortization over a declining period
Remaining amortization period	6 years (2021), 7 years (2020), 8 years (2019), 9 years (2018), 10 years(2017), 11 years(2016), 12 years(2015), 13 years (2014)
Asset valuation method	Fair value with smoothing
Inflation	In 2020, the inflation rate was changed to 2.25%. In 2019, the inflation rate was changed to 2.5%. In 2015, the inflation rate was changed to 2.75%. Previously, 2% was used.
Salary increase	Earned benefits frozen in 2008
Investment rate of return	In 2020, the rate was changed to 6.25% In 2017, the rate was changed to 6.5%. Previously, 7.0%, net of pension plan investment expense, including inflation was used.
Retirement age	Normal retirement age - the earlier of (a) age 65 or (b) the "rule of 90" where the participant's age and years of service added together equal 90 or greater.
Mortality	In 2019, the mortality projection scale was updated to MP-2018. In 2018, the mortality projection scale was based on MP-2017. In 2017, the table was changed to the RP-2014 table using mortality improvement scale MP-2016. Previously,1994 GAR projected to 2002 was used.

Other: No changes to the plan or assumptions for 2021. GASB 68 requires 10 years of data to be provided in the Schedule of Contributions. As SAWS adopted GASB 68 in 2014, only 8 years of data is available. A full 10 years of data will be presented by 2023.

**District Special Project Retirement Income Plan
Schedule of Investment Returns (Unaudited)**

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	13.93%	15.03%	18.83%	-1.32%	14.76%	5.98%	0.29%	8.55%

REQUIRED SUPPLEMENTAL INFORMATION

San Antonio Water System Other Post Employment Benefit Plan Schedule of Changes in Net OPEB Liability and Related Ratios (Unaudited)

	(\$ in thousands)				
	2021	2020	2019	2018	2017
Total OPEB liability					
Service Cost	\$ 1,712	\$ 1,750	\$ 1,913	\$ 2,220	\$ 2,428
Interest	7,492	7,688	9,112	9,429	9,221
Differences between expected and actual experience	(2,582)	(8,867)	(18,580)	(11,970)	(3,358)
Changes of assumptions	-	2,089	(3,237)	2,817	(351)
Benefit payments	(5,342)	(6,141)	(6,311)	(7,808)	(6,209)
Net change in OPEB liability	1,280	(3,481)	(17,103)	(5,312)	1,731
Total OPEB liability at beginning of year	120,795	124,276	141,379	146,691	144,960
Total OPEB liability at end of year (a)	<u>\$ 122,075</u>	<u>\$ 120,795</u>	<u>\$ 124,276</u>	<u>\$ 141,379</u>	<u>\$ 146,691</u>
Plan fiduciary net position					
Contributions - Employer	\$ 10,442	\$ 13,641	\$ 13,811	\$ 15,308	\$ 13,709
Net investment income / (loss)	12,260	13,747	13,264	(3,164)	7,127
Benefit payments	(5,342)	(6,141)	(6,311)	(7,808)	(6,209)
Administrative expenses	(177)	(187)	(175)	(159)	(144)
Net change in plan fiduciary net position	17,183	21,060	20,589	4,177	14,483
Plan fiduciary net position at beginning of year	104,337	83,277	62,688	58,511	44,028
Plan fiduciary net position at end of year (b)	<u>\$ 121,520</u>	<u>\$ 104,337</u>	<u>\$ 83,277</u>	<u>\$ 62,688</u>	<u>\$ 58,511</u>
Net OPEB liability (a) - (b)	<u>\$ 555</u>	<u>\$ 16,458</u>	<u>\$ 40,999</u>	<u>\$ 78,691</u>	<u>\$ 88,180</u>
Plan fiduciary net position as a percentage of the total OPEB liability	99.5%	86.4%	67.0%	44.3%	39.9%
Covered employee payroll	\$ 65,898	\$ 67,557	\$ 68,894	\$ 78,348	\$ 79,417
Net OPEB liability as a percentage of total covered payroll	0.8%	24.4%	59.5%	100.4%	111.0%

Notes to Schedule:

(a) Total OPEB liability at December 31, 2021 is based on a rollforward of the January 1, 2021 actuarial valuation.

Changes in assumptions: In 2021, the mortality table was updated to MP-2020. Healthcare trend rate assumption updated to 2021 SOA Long-Run Medical Trend model and the post 65 initial trend rate set to -2.0%. In 2020, the investment rate of return was changed from 6.5% to 6.25%. In 2019, health care cost trends ultimate rate was changed to 3.94% in 2075. In 2018, health care cost trends ultimate rate was changed to 3.84% in 2075. In 2019, the mortality table was changed to the public retirement plans mortality tables published by the SOA. The mortality table was updated for 2018 & 2017.

Other: GASB 74 requires 10 years of data to be provided in the Schedule of Contributions. As SAWS adopted GASB 74 in 2017, only 5 years of data is available. A full 10 years of data will be presented by 2026.

REQUIRED SUPPLEMENTAL INFORMATION

**San Antonio Water System Other Post Employment Benefit Plan
Schedule of Contributions (Unaudited)**

(\$ in thousands)

	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 3,706	\$ 6,339	\$ 10,407	\$ 11,392	\$ 11,416
Contributions in relation to the actuarially determined contribution	10,442	13,641	13,811	15,308	13,709
Contribution deficiency/(excess)	\$ (6,736)	\$ (7,302)	\$ (3,404)	\$ (3,916)	\$ (2,293)
Covered employee payroll	\$ 65,898	\$ 67,557	\$ 68,894	\$ 78,348	\$ 79,417
Contributions as a percentage of covered payroll	15.8%	20.2%	20.0%	19.5%	17.3%

Notes to Schedule:

Valuation date: Actuarially determined contributions are determined as of January 1 of the year in which the contributions are made.

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry Age Normal
Salary increases	Varies by age, ranging from 3.75% to 9.0%
Mortality Assumptions:	In 2021, the improvement table was changed to MP-2020. In 2020, the improvement table was changed to MP-2019. In 2019, the mortality tables were changed to the public retirement plans mortality tables published by the SOA. Previously, the RP-2014 mortality tables for Healthy Employee/Annuitant updated annually were used.
Inflation	2.5% for 2020. 2.4% for 2019. 2.5% was used for 2017 and 2018.
Salary increases	3.75% to 9.00%, varies by age.
<i>Healthcare cost trend rates:</i>	
Current Year	6.0% - Pre-65, -2.0% > 65
Ultimate trend rate	2020 & 2021 - 4.04%, 2019 - 3.94%, 2018 - 3.84%, 2017 - 4.14%
Ultimate year	2018, 2019, 2020 & 2021 - 2075, 2017 - 2074
Investment rate of return	In 2020, the investment rate of return was changed to 6.25% from 6.50%
Remaining amortization period	13 years

GASB 74 requires 10 years of data to be provided in the Schedule of Contributions. Since SAWS implemented GASB 74 in 2017, only 5 years of data is available. A full 10 years of data will be presented by 2026.

**San Antonio Water System Other Post Employment Benefit Plan
Schedule of Investment Returns (Unaudited)**

	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	11.51%	15.88%	19.96%	-5.11%	14.69%

*This Page
Intentionally Left Blank*

SUPPLEMENTAL SCHEDULES

SUPPLEMENTAL SCHEDULES

**San Antonio Water System
SCHEDULE OF REVENUES AND OTHER
FINANCIAL SOURCES AND THEIR DISPOSITION
(amounts in thousands)
For the years ended December 31,**

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
SOURCES OF FUNDS			
OPERATING REVENUES			
Water delivery system	\$ 215,484	\$ 223,076	\$ (7,592)
Water supply system	273,008	295,682	(22,674)
Wastewater system	280,014	266,265	13,749
Chilled water system	10,826	9,894	932
Total operating revenues	<u>779,332</u>	<u>794,917</u>	<u>(15,585)</u>
NONOPERATING REVENUES			
Interest earned and miscellaneous	8,024	16,215	(8,191)
Other financing sources (draw on equity)	-	-	-
Total nonoperating revenues	<u>8,024</u>	<u>16,215</u>	<u>(8,191)</u>
CAPITAL CONTRIBUTIONS			
Capital Recovery Fees	136,963	119,571	17,392
Contributions in Aid of Construction	1,441	3,205	(1,764)
Total capital contributions	<u>138,404</u>	<u>122,776</u>	<u>15,628</u>
TOTAL SOURCES OF FUNDS	<u>\$ 925,760</u>	<u>\$ 933,908</u>	<u>\$ (8,148)</u>
USES OF FUNDS			
OPERATION AND MAINTENANCE			
Salaries and fringe benefits	\$ 167,649	\$ 170,743	\$ 3,094
Contractual services	264,472	228,200	(36,272)
Materials and supplies	27,707	25,836	(1,871)
Other charges	7,492	7,103	(389)
Less: Costs capitalized to Construction in Progress	(31,244)	(29,921)	1,323
Total operation and maintenance	<u>436,076</u>	<u>401,961</u>	<u>(34,115)</u>
OPERATING RESERVE REQUIREMENT	3,011	14,256	11,245
DEBT REQUIREMENTS			
Interest costs	117,970	113,635	(4,335)
Retirement of bonds	87,408	93,362	5,954
Other debt expense	1,319	1,814	495
Total debt requirements	<u>206,697</u>	<u>208,811</u>	<u>2,114</u>
TRANSFER TO THE CITY'S GENERAL FUND	30,162	31,043	881
AMOUNT AVAILABLE FOR TRANSFER TO THE RENEWAL AND REPLACEMENT FUND:			
RESTRICTED	138,837	124,024	14,813
UNRESTRICTED	110,977	153,813	(42,836)
Total amount available for Renewal and Replacement Funds	<u>249,814</u>	<u>277,837</u>	<u>(28,023)</u>
TOTAL USES OF FUNDS	<u>\$ 925,760</u>	<u>\$ 933,908</u>	<u>\$ (8,148)</u>

The accompanying notes to the supplemental schedules is an integral part of this schedule.

SUPPLEMENTAL SCHEDULES

San Antonio Water System
SCHEDULE OF REVENUES AND THEIR DISPOSITION
COMPARED TO ANNUAL BUDGET
(amounts in thousands)
For the year ended December 31, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
SOURCES OF FUNDS			
OPERATING REVENUES			
Water delivery system	\$ 215,484	\$ 222,373	\$ (6,889)
Water supply system	273,008	293,346	(20,338)
Wastewater system	280,014	274,624	5,390
Chilled water system	10,826	10,415	411
Total operating revenues	<u>779,332</u>	<u>800,758</u>	<u>(21,426)</u>
NONOPERATING REVENUES			
Interest earned and miscellaneous	8,024	8,522	(498)
Other financing sources (draw on equity)	-	-	-
Total nonoperating revenues	<u>8,024</u>	<u>8,522</u>	<u>(498)</u>
CAPITAL CONTRIBUTIONS			
Capital Recovery Fees	136,963	100,075	36,888
Contributions in Aid of Construction	1,441	-	1,441
Total capital contributions	<u>138,404</u>	<u>100,075</u>	<u>38,329</u>
TOTAL SOURCES OF FUNDS	<u>\$ 925,760</u>	<u>\$ 909,355</u>	<u>\$ 16,405</u>
USES OF FUNDS			
OPERATION AND MAINTENANCE			
Salaries and fringe benefits	\$ 167,649	\$ 169,198	\$ 1,549
Contractual services	264,472	281,488	17,016
Materials and supplies	27,707	25,348	(2,359)
Other charges	7,492	9,934	2,442
Less: Costs capitalized to Construction in Progress	(31,244)	(31,920)	(676)
Total operation and maintenance	<u>436,076</u>	<u>454,048</u>	<u>17,972</u>
OPERATING RESERVE REQUIREMENT	3,011	1,405	(1,606)
DEBT REQUIREMENTS			
Interest costs	117,970	126,592	8,622
Retirement of bonds	87,408	94,451	7,043
Other debt expense	1,319	2,309	990
Total debt requirements	<u>206,697</u>	<u>223,352</u>	<u>16,655</u>
TRANSFER TO THE CITY'S GENERAL FUND	30,162	30,931	769
AMOUNT AVAILABLE FOR TRANSFER TO			
THE RENEWAL AND REPLACEMENT FUND:			
RESTRICTED	138,837	101,374	37,463
UNRESTRICTED	110,977	98,245	12,732
Total amount available for Renewal and Replacement Funds	<u>249,814</u>	<u>199,619</u>	<u>50,195</u>
TOTAL USES OF FUNDS	<u>\$ 925,760</u>	<u>\$ 909,355</u>	<u>\$ 16,405</u>

The accompanying notes to the supplemental schedules is an integral part of this schedule.

SUPPLEMENTAL SCHEDULES

San Antonio Water System
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSE BY ACCOUNT (SYSTEM FUND)
For the year ended December 31, 2021

Account Code	Classification	<i>(amounts in thousands)</i>			
		Actual	Budget	Variance (Over)/Under	%
SALARIES AND FRINGE BENEFITS					
511100	Salaries	\$ 109,049	\$ 110,427	\$ 1,378	1.3%
511140	Overtime Pay	7,503	5,888	(1,615)	-27.4%
511150	On-Call Pay	842	727	(115)	-15.8%
511160	Employee Insurance	19,450	18,959	(491)	-2.6%
511162	Retirement	22,966	23,126	160	0.7%
511164	Unused Sick Leave Buyback	22	70	48	68.6%
511166	Personal Leave Buyback	1,249	950	(299)	-31.5%
511168	Accrued Vacation Leave	1,368	1,500	132	8.8%
511170	Incentive Pay	100	51	(49)	-96.1%
511175	Other Post Employment Benefits	5,100	7,500	2,400	32.0%
	Total Salaries and Fringe Benefits	167,649	169,198	1,549	0.9%
CONTRACTUAL SERVICES					
511210	Operating Expense	1,747	1,596	(151)	-9.5%
511211	Rental of Facilities	232	246	14	5.7%
511212	Alarm and Security	1,781	2,189	408	18.6%
511214	Uniforms and Shoe Allowance	230	445	215	48.3%
511216	Catering Services	68	87	19	21.8%
511218	Project Agua Assistance	388	400	12	3.0%
511219	Program Rebates	2,140	3,519	1,379	39.2%
511220	Maintenance Expense	17,437	20,539	3,102	15.1%
511221	Street Cut Permit Admin Fee	528	841	313	37.2%
511222	Street Pavement Repair Fees	1,281	1,801	520	28.9%
511224	Auto and Equip. Maintenance Parts	2,149	1,563	(586)	-37.5%
511225	Damage Repair	232	125	(107)	-85.6%
511230	Equipment Rental Charges	399	394	(5)	-1.3%
511240	Travel	26	58	32	55.2%
511245	Training	438	518	80	15.4%
511247	Conferences	9	36	27	75.0%
511250	Memberships and Subscriptions	437	370	(67)	-18.1%
511260	Utilities	39,133	40,842	1,709	4.2%
511261	Water Options	38,490	42,072	3,582	8.5%
511262	Water Options & Purchases-Vista Ridge	91,360	92,846	1,486	1.6%
511265	Groundwater District Payments	23,008	24,255	1,247	5.1%
511270	Mail and Parcel Post	2,211	2,238	27	1.2%
511280	Telemetry Charges	2	3	1	33.3%
511310	Educational Assistance	69	77	8	10.4%
511312	Contractual Professional Services	26,817	28,689	1,872	6.5%
511313	Inspection and Assessment Fees	2,319	2,496	177	7.1%
511315	Temporary Employees	796	607	(189)	-31.1%
511316	Medical Services	66	136	70	51.5%
511317	Medical Testing-Covid 19	42	-	(42)	0.0%
511320	Legal Services	1,583	2,264	681	30.1%
511370	Communications	1,156	1,549	393	25.4%
511381	Software and Hardware Maintenance	7,898	8,687	789	9.1%
	Total Contractual Services	264,472	281,488	17,016	6.1%

SUPPLEMENTAL SCHEDULES

San Antonio Water System
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSE BY ACCOUNT (SYSTEM FUND)
For the year ended December 31, 2021

		<i>(amounts in thousands)</i>			
Account Code	Classification	Actual	Budget	Variance (Over)/Under	%
MATERIALS AND SUPPLIES					
511410	Small Tools	688	704	16	2.3%
511417	Copy and Printing Expense	3	17	14	82.4%
511420	Operating Materials	2,123	2,337	214	9.2%
511421	Heating Fuel	20	15	(5)	-33.3%
511422	Chemicals	9,832	9,705	(127)	-1.3%
511425	Education of School Children	5	20	15	75.0%
511426	Public Awareness - WQEE	-	-	-	0.0%
511427	Enforcement	-	-	-	0.0%
511430	Maintenance Materials	10,476	9,335	(1,141)	-12.2%
511435	Safety Materials and Supplies-Covid	66	-	(66)	0.0%
511440	Safety Materials and Supplies	1,417	872	(545)	-62.5%
511441	Inventory Variances	(76)	-	76	0.0%
511450	Tires and Tubes	593	550	(43)	-7.8%
511451	Motor Fuel and Lubricants	2,560	1,793	(767)	-42.8%
	Total Materials and Supplies	<u>27,707</u>	<u>25,348</u>	<u>(2,359)</u>	-9.3%
OTHER CHARGES					
511510	Judgments and Claim Settlements	(601)	650	1,251	192.5%
511511	AL/GL Claims - Cont. Liab.	284	330	46	13.9%
511520	Bank Charges	93	124	31	25.0%
511525	Cash Short/(Over)	1	-	(1)	0.0%
511530	Employee Relations	113	156	43	27.6%
511540	Retiree Insurance	5,326	6,324	998	15.8%
511570	Casualty Insurance	1,331	1,140	(191)	-16.8%
511580	Unemployment Compensation	17	80	63	78.8%
511590	Workers Comp Medical	929	1,130	201	17.8%
	Total Other Charges	<u>7,493</u>	<u>9,934</u>	<u>2,441</u>	24.6%
	Subtotal before Transfers	467,321	485,968	18,647	3.8%
511720	Capitalized Costs	<u>(31,244)</u>	<u>(31,920)</u>	<u>(676)</u>	2.1%
	Total Capitalized Costs	<u>(31,244)</u>	<u>(31,920)</u>	<u>(676)</u>	2.1%
	Total Operation and Maintenance	<u>\$ 436,077</u>	<u>\$ 454,048</u>	<u>\$ 17,971</u>	4.0%

The accompanying notes to the supplemental schedules is an integral part of this schedule.

**San Antonio Water System
Notes to Supplemental Schedules
For the years ended December 31, 2021 and 2020**

Note 1 - Basis for Presentation

The Schedule of Revenues and Other Financial Sources and Their Disposition, the Schedule of Revenues and Their Disposition Compared to Annual Budget and the Schedule of Operations and Maintenance Expense by Account (Supplemental Schedules) have all been prepared in accordance with City Ordinance No. 75686. City Ordinance No. 75686 requires that gross revenues of SAWS be applied in sequence to: (1) System Fund for payment of current maintenance and operating expenses including a two-month reserve amount based upon the budgeted amount of maintenance and operating expenses for the current Fiscal year; (2) Interest and Sinking Fund requirements of Senior Lien Obligations; (3) Reserve Fund requirements of Senior Lien Obligations; (4) Interest and Sinking Fund and Reserve Fund requirements of Junior Lien Obligations; (5) Interest and Sinking Fund and Reserve Fund requirements of Subordinate Lien Obligations; (6) Payment of amounts required on Inferior Lien Obligations, and (7) Transfers to the City's General Fund and to the Renewal and Replacement Fund. Further, City Ordinance No. 75686 stipulates that the annual budget shall reflect an estimate of Gross Revenues and an estimate of the disposition of these revenues in accordance with the funds flow requirements.

Note 2 – Reconciliation to Basic Financial Statements

City Ordinance No. 75686 defines operations and maintenance expenses as consisting of:

- the cost of all salaries, labor, material, repairs, and extensions necessary to maintain operation of the system,
- payments to pension, retirement, health, and other employee benefit plans,
- payments under contracts for the purchase of water supply, treatment of sewage, or other materials, goods or services for the system,
- payments to auditors, attorneys, and other consultants incurred in complying with the obligations of the system,
- payments made on or respect of obtaining and maintaining any credit facility, and
- any legal liability of the system arising out of the operation, maintenance, or condition of the system, but excluding any allowance for depreciation, property retirement, depletion, obsolescence, and any other not requiring an outlay of cash and any interest on any debt.

With regard to the following items, the requirements of City Ordinance No. 75686 are not consistent with generally accepted accounting principles and result in differences between amounts reported in the Basic Financial Statements for operations and maintenance costs and the amounts reported in the Supplemental Schedules.

SUPPLEMENTAL SCHEDULES

San Antonio Water System Notes to Supplemental Schedules For the years ended December 31, 2021 and 2020

- For rate-making purposes and Sources & Uses reporting, the Vista Ridge Capital and Raw Groundwater unit price payment is recorded as an operating expense under water options. However, to comply with GAAP based financial statements reflect the Vista Ridge infrastructure payment portion of this amount as a financed purchase and the water lease portion of this amount as an operating expense.
- SAWS provides certain pension, health care and life insurance benefits for employees upon retirement. The amounts reported for these benefits in the Supplemental Schedules are based on actual payments made for these benefits, including any contributions to trusts established to pre-fund these benefits. Expenses reported in the Basic Financial Statements related to these benefits are determined in accordance with generally accepted accounting principles as prescribed by GASB and may be greater or less than actual payments made by SAWS for these benefits in a given year.
- Periodically SAWS reviews its capital assets for possible impairment. Impaired assets are written down to their estimated fair value. As these write-offs do not require the outlay of cash, they do not meet the definition of operations and maintenance costs of SAWS in accordance with the City Ordinance No. 75686. As a result, this expense has been excluded from the Supplemental Schedules.

The operations and maintenance cost reported in the Supplemental Schedules reconciles to the Basic Financial Statements as follows:

	<i>(amounts in thousands)</i>	
	Year Ended December 31,	
	2021	2020
Operating and maintenance costs per Supplemental Schedules	\$ 436,077	\$ 401,961
Vista Ridge infrastructure payment	(60,815)	(43,683)
Non-cash benefit expense reduction	(27,474)	(16,693)
Non-cash write-off of asset impairments	1,407	355
Operating expenses before depreciation per Statement of Revenues, Expenses and Changes in Net Position	<u>\$ 349,195</u>	<u>\$ 341,940</u>

SUPPLEMENTAL SCHEDULES

San Antonio Water System
COMBINING STATEMENT OF FIDUCIARY NET POSITION
December 31, 2021
(amounts in thousands)

	San Antonio Water System Retirement Plan	San Antonio Water System Retiree Health Trust	District Special Project Retirement Income Plan	Combined Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 146	\$ -	\$ 146
Investments, at fair value				
Mutual funds - stock	166,099	73,428	5,408	244,935
Mutual funds - bonds	121,862	47,946	507	170,315
Other Investments	36,712	-	2,560	39,272
Total Investments	<u>324,673</u>	<u>121,374</u>	<u>8,475</u>	<u>454,522</u>
TOTAL ASSETS	324,673	121,520	8,475	454,668
LIABILITIES				
	-	-	-	-
NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS	<u>\$ 324,673</u>	<u>\$ 121,520</u>	<u>\$ 8,475</u>	<u>\$ 454,668</u>

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the year ended December 31, 2021
(amounts in thousands)

	San Antonio Water System Retirement Plan	San Antonio Water System Retiree Health Trust	District Special Project Retirement Income Plan	Combined Total
ADDITIONS				
Employer contributions	\$ 7,950	\$ 10,442	\$ 175	\$ 18,567
Participant contributions	3,795	-	-	3,795
Investment income/(loss)	37,069	12,260	1,049	50,378
Total additions	48,814	22,702	1,224	72,740
DEDUCTIONS				
Benefit payments	11,352	5,342	378	17,072
Administrative expenses	346	177	7	530
Total deductions	11,698	5,519	385	17,602
NET INCREASE/(DECREASE) IN NET POSITION	37,116	17,183	839	55,138
NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS - BEGINNING	<u>287,557</u>	<u>104,337</u>	<u>7,636</u>	<u>399,530</u>
NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS - ENDING	<u>\$ 324,673</u>	<u>\$ 121,520</u>	<u>\$ 8,475</u>	<u>\$ 454,668</u>

STATISTICAL SECTION

**San Antonio Water System
Statistical Section
Table of Contents**

This part of the SAWS comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about SAWS' overall financial health.

	Page
Financial Trends	
<i>These schedules contain trend information to help the reader understand how SAWS' financial performance and well-being have changed over time.</i>	
Schedule 1 Fund Net Position	101
Schedule 2 Change in Net Position	102
Schedule 3 Net Position	103
Revenue Capacity	
<i>These schedules contain information to help the reader assess SAWS' primary revenue sources.</i>	
Schedule 4 Water Production, Water Usage and Wastewater Treated	104
Schedule 5 Sales by Source	105
Schedule 6 Sales in Gallons	106
Schedule 7 Number of Customer Connections	106
Schedule 8 Residential Class Rates (Inside City Limits)	107
Schedule 9 Residential Class Rates (Outside City Limits)	108
Schedule 10 General Class Rates (Inside City Limits)	109
Schedule 11 General Class Rates (Outside City Limits)	110
Schedule 12 Wholesale Class Rates	111
Schedule 13 Irrigation Class Rates	112
Schedule 14 Other Fees	113
Schedule 15 Recycled Water Rates	114
Schedule 16 Impact Fees	115
Schedule 17 Ten Largest Customers - Water	116
Schedule 18 Ten Largest Customers - Wastewater	117
Schedule 19 Ten Largest Customers - Wholesale Wastewater	118
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of SAWS' current levels of outstanding debt and SAWS' ability to issue additional debt in the future.</i>	
Schedule 20 Ratios of Total Outstanding Debt by Type	119
Schedule 21 Pledged Revenue Coverage	120
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment in which SAWS' financial activities take place and to help make comparisons over time and with other water utilities.</i>	
Schedule 22 Demographic and Economic Statistics	121
Schedule 23 Principal Employers	122
Operating Information	
<i>These schedules contain information about SAWS' operations and resources to help the reader understand how SAWS' financial information relates to the services provided by SAWS and the activities it performs.</i>	
Schedule 24 Number of Employees by Functional Group	123
Schedule 25 Capital Assets	124
Map 1 Map of Water Service Area	125
Schedule 26 Operating and Capital Indicators - Water	126
Schedule 27 Monthly Residential Service Charges for Ten Major Texas Cities - Water	127
Map 2 Map of Wastewater Service Area	128
Schedule 28 Operating and Capital Indicators - Wastewater	129
Schedule 29 Monthly Residential Service Charges for Ten Major Texas Cities - Wastewater	130

Sources: Unless otherwise noted, information presented in these schedules was obtained from SAWS' comprehensive annual financial reports or internal information systems.

San Antonio Water System
Schedule 1 - Net Position
 (accrual basis of accounting)
 (amounts in thousands)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015 (a)	2014	2013	2012
Net Position										
Net investment in capital assets	\$ 3,182,373	\$ 2,966,647	\$ 2,758,354	\$ 2,353,841	\$ 2,217,283	\$ 2,106,957	\$ 1,939,292	\$ 1,730,265	\$ 1,661,644	\$ 1,602,507
Restricted for operating reserve	75,675	72,664	58,408	56,642	54,143	52,279	45,801	43,385	40,656	38,389
Restricted for debt service	66,283	74,095	67,380	64,086	59,719	60,396	56,775	47,123	39,710	34,254
Restricted for debt service reserve	16,984	17,938	23,122	54,702	56,364	56,016	62,716	66,665	62,560	58,681
Restricted for construction	243,927	211,917	163,313	209,204	188,227	150,198	168,968	140,937	101,212	83,968
Restricted for pension benefits	3,568	503	-	-	-	-	-	-	-	-
Unrestricted	473,874	419,457	359,938	367,220	278,542	187,503	126,352	137,207	118,285	116,179
Total Net Position	<u>\$ 4,062,684</u>	<u>\$ 3,763,221</u>	<u>\$ 3,430,515</u>	<u>\$ 3,105,695</u>	<u>\$ 2,854,278</u>	<u>\$ 2,613,349</u>	<u>\$ 2,399,904</u>	<u>\$ 2,165,582</u>	<u>\$ 2,024,067</u>	<u>\$ 1,933,978</u>

(a) Increase in amounts from 2014 to 2015 is partially due to the merger of SAWS and SAWS District Special Project effective January 1, 2015.

San Antonio Water System
Schedule 2 - Change in Net Position
(accrual basis of accounting)
(amounts in thousands)

	Fiscal Year									
	2021	2020 (a)	2019	2018	2017	2016	2015 (b)	2014	2013	2012
Operating revenues:										
Water delivery system	\$ 215,484	\$ 223,076	\$ 229,203	\$ 218,399	\$ 202,264	\$ 190,913	\$ 168,338	\$ 127,708	\$ 119,767	\$ 121,078
Water supply system	273,008	295,682	218,842	202,674	202,143	185,037	163,759	150,079	134,367	136,704
Wastewater system	280,014	266,265	274,519	259,124	250,977	234,966	213,833	210,704	195,584	168,368
Chilled water & steam system	10,826	9,894	10,615	10,849	11,368	11,541	11,102	11,152	12,621	12,378
	<u>779,332</u>	<u>794,917</u>	<u>733,179</u>	<u>691,046</u>	<u>666,752</u>	<u>622,457</u>	<u>557,032</u>	<u>499,643</u>	<u>462,339</u>	<u>438,528</u>
Operating expenses before depreciation:										
Salaries and fringe benefits	154,788	163,910	162,445	149,970	148,058	142,315	133,681	115,049	125,210	125,295
Contractual services	203,658	184,517	173,187	171,032	168,350	170,845	163,768	127,685	107,194	100,165
Materials and supplies	27,707	25,836	26,469	23,485	23,159	21,959	23,490	20,930	23,355	23,966
Other charges	(5,714)	(2,402)	6,726	11,718	11,150	12,702	8,129	12,355	20,423	21,790
Less: Costs capitalized to										
Construction in Progress	(31,244)	(29,921)	(30,743)	(31,612)	(32,275)	(32,426)	(37,822)	(30,964)	(31,834)	(33,640)
Operating expense before depreciation	<u>349,195</u>	<u>341,940</u>	<u>338,084</u>	<u>324,593</u>	<u>318,442</u>	<u>315,395</u>	<u>291,246</u>	<u>245,055</u>	<u>244,348</u>	<u>237,576</u>
Depreciation	199,332	188,872	157,225	155,549	152,072	142,856	141,259	123,111	111,375	103,034
Total operating expenses	<u>548,527</u>	<u>530,812</u>	<u>495,309</u>	<u>480,142</u>	<u>470,514</u>	<u>458,251</u>	<u>432,505</u>	<u>368,166</u>	<u>355,723</u>	<u>340,610</u>
Operating Income	230,805	264,105	237,870	210,904	196,238	164,206	124,527	131,477	106,616	97,918
Non-operating revenues/(expenses):										
Interest and miscellaneous	(1,654)	17,974	32,583	22,488	10,407	8,146	6,079	5,792	5,410	6,149
Interest expense on revenue bonds and commercial paper	(92,318)	(90,874)	(96,420)	(88,542)	(86,615)	(86,566)	(89,971)	(78,049)	(75,606)	(73,987)
Interest expense on contract payable	(45,930)	(32,947)	-	-	-	-	-	-	-	-
Debt issue costs/ Amortization of debt issuance costs	(2,293)	(3,667)	(2,627)	(1,711)	(1,385)	(4,716)	(3,831)	(2,914)	(4,112)	(3,835)
Other finance charges	(1,319)	(1,814)	(2,066)	(1,957)	(2,697)	(2,121)	(2,041)	(2,726)	(2,361)	(2,934)
Gain/(Loss) on defeased debt and bond retirement	326	1,556	(664)	-	-	-	-	-	-	-
Gain on sale of capital assets	2,376	777	886	924	951	3,087	4,674	23	1,075	430
Payments to City of San Antonio	(30,162)	(31,043)	(21,917)	(18,287)	(17,276)	(14,228)	(12,683)	(13,089)	(11,528)	(11,161)
Payments to other entities	(23)	(93)	(99)	(101)	(108)	(109)	(106)	(114)	(130)	(122)
Total non-operating expense	<u>(170,997)</u>	<u>(140,131)</u>	<u>(90,324)</u>	<u>(87,186)</u>	<u>(96,723)</u>	<u>(96,507)</u>	<u>(97,879)</u>	<u>(91,077)</u>	<u>(87,252)</u>	<u>(85,460)</u>
Increases (decreases) in net position, before capital contributions	59,808	123,974	147,546	123,718	99,515	67,699	26,648	40,400	19,364	12,458
Capital contributions										
Plant Contributions	101,251	85,955	73,375	59,761	60,643	73,889	71,967	49,081	32,891	44,787
Capital Recovery Fees	136,963	119,571	94,641	79,794	72,846	67,991	64,056	51,973	37,289	36,761
Contributions in Aid of Construction/Grant Revenue	1,441	3,206	9,258	6,435	7,925	3,866	-	61	545	237
Total contributions	<u>239,655</u>	<u>208,732</u>	<u>177,274</u>	<u>145,990</u>	<u>141,414</u>	<u>145,746</u>	<u>136,023</u>	<u>101,115</u>	<u>70,725</u>	<u>81,785</u>
Change in net position	\$ 299,463	\$ 332,706	\$ 324,820	\$ 269,708	\$ 240,929	\$ 213,445	\$ 162,671	\$ 141,515	\$ 90,089	\$ 94,243

(a) Based on the commencement of the operational phase of the Vista Ridge Pipeline Project, a contract payable and the associated interest expense were added to the financial statements in April 2020.

(b) Increase in amounts from 2014 to 2015 is partially due to the merger of SAWS and SAWS District Special Project effective January 1, 2015.

San Antonio Water System
Schedule 3 - Net Position in System
(accrual basis of accounting)
(amounts in thousands)

	Fiscal Year									
	2021	2020 (a)	2019	2018	2017	2016	2015 (b)	2014	2013	2012
Assets:										
Capital Assets, net of accumulated depreciation	\$ 7,117,048	\$ 6,840,293	\$ 5,649,427	\$ 5,266,084	\$ 5,051,777	\$ 4,886,091	\$ 4,647,786	\$ 4,089,478	\$ 3,964,000	\$ 3,771,228
Cash and Investments	1,380,260	1,216,526	949,290	1,025,791	924,958	928,593	853,417	819,232	689,483	517,876
Other Assets	105,519	102,946	89,317	83,770	87,530	80,976	81,889	79,478	75,998	71,241
Total Assets	8,602,827	8,159,765	6,688,034	6,375,645	6,064,265	5,895,660	5,583,092	4,988,188	4,729,481	4,360,345
Deferred Outflows of Resources										
Deferred Charge on Bond Refunding	22,005	26,681	35,076	42,048	48,055	54,317	30,103	29,086	30,943	30,561
Deferred Outflows - Pension & OPEB	26,490	35,302	60,446	33,411	33,428	28,115	16,083	-	-	-
Deferred Outflows - Asset Retirement Obligations	32,108	32,299	32,354	32,511	-	-	-	-	-	-
Accumulated Decrease in Fair Value of Hedging Derivatives	10,357	15,014	12,256	9,332	11,857	12,965	16,394	15,520	8,372	19,746
Total Deferred Outflows of Resources	90,960	109,296	140,132	117,302	93,340	95,397	62,580	44,606	39,315	50,307
Liabilities:										
Revenue Bonds Payable (net)	3,207,001	3,034,045	2,735,075	2,834,570	2,735,739	2,840,282	2,730,363	2,507,419	2,348,834	2,083,545
Contract and Leases Payable	904,000	918,958	-	-	-	-	-	-	-	-
Commercial Paper and Flexible Rate Notes	234,020	218,260	281,815	215,695	278,060	241,610	224,005	138,550	186,655	170,745
Other Liabilities	220,091	281,834	367,967	313,140	287,200	293,023	284,617	221,243	209,240	222,384
Total Liabilities	4,565,112	4,453,097	3,384,857	3,363,405	3,300,999	3,374,915	3,238,985	2,867,212	2,744,729	2,476,674
Deferred Inflows of Resources										
Deferred inflows - pension & OPEB	65,991	52,743	12,794	23,847	2,328	2,793	6,783	-	-	-
Net Position in System	\$ 4,062,684	\$ 3,763,221	\$ 3,430,515	\$ 3,105,695	\$ 2,854,278	\$ 2,613,349	\$ 2,399,904	\$ 2,165,582	\$ 2,024,067	\$ 1,933,978
Percentage Net Position in System	46.7%	45.5%	50.2%	47.8%	46.4%	43.6%	42.5%	43.0%	42.4%	43.8%

(a) Based on the commencement of the operational phase of the Vista Ridge Pipeline Project, the associated capital assets and contract payable were added to the financial statements in April 2020.

(b) Increase in amounts from 2014 to 2015 is partially due to the merger of SAWS and SAWS District Special Project effective January 1, 2015.

San Antonio Water System
Schedule 4 - Water Production, Water Usage and Wastewater Treated
(gallons in millions)
Unaudited

Fiscal Year	Gallons of Water Production (a)	Gallons of Water Usage	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated (b)	Total Direct Rate			
						Water		Sewer	
						Base Rate (c)	Usage Rate (d)	Base Rate (e)	Usage Rate (f)
2021 (h)	81,460	64,020	17,440	21.41%	52,435	\$ 13.03	\$ 30.38	\$ 14.59	\$ 17.11
2020	83,321	67,193	16,128	19.36%	49,891	13.03	30.38	14.59	17.11
2019	80,271	65,655	14,616	18.21%	50,142	13.02	23.92	14.59	17.11
2018	78,665	63,660	15,005	19.07%	50,775	12.97	23.34	13.51	15.84
2017	79,256	65,318	13,938	17.59%	50,945	11.82	22.09	13.04	15.29
2016	76,857	63,934	12,923	16.81%	49,282	10.90	21.18	12.35	14.48
2015 (g)	76,227	62,896	13,331	17.49%	48,563	7.75	19.73	12.75	14.04
2014	68,265	57,261	11,004	16.12%	50,689	7.49	18.98	11.99	13.20
2013	66,391	55,108	11,283	16.99%	50,076	7.31	17.81	11.54	12.71
2012	66,596	55,320	11,276	16.93%	49,055	7.31	17.95	9.92	10.91

- (a) Pumpage is total potable water production less Aquifer Storage and Recovery recharge. In 2020, includes water produced from the Vista Ridge Pipeline Project water, which commenced operations in April 2020.
- (b) Represents amounts billed to customers. Residential Class customers are billed based on water usage during a consecutive three month billing period from November through March. All other customer classes are billed for wastewater treatment based on actual water usage during each monthly billing period.
- (c) Rate shown is for 5/8" meters. See Schedule 8 for the rates of other meter sizes. Includes the State-Imposed TCEQ fee. See Schedule 13 for additional information.
- (d) Represents standard (non-seasonal) usage charge for monthly residential water usage of 7,092 gallons per month. Includes water supply and EAA fees.
- (e) Minimum service availability charge (includes charge for first 1,496 gallons). Includes the State-Imposed TCEQ fee.
- (f) Represents usage charge for a residential customer based on winter average water consumption of 5,668 gallons per month.
- (g) Amounts reflect the merger of SAWS and SAWS District Special Project effective January 1, 2015.
- (h) The increase in gallons of water unbilled is primarily due to the February Winter Storm Uri event, which resulted in significant leak adjustments.

San Antonio Water System
Schedule 5 - Sales by Source
(accrual basis of accounting)
(amounts in thousands)
Unaudited

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015 (a)	2014	2013	2012
Water Sales:										
Residential Class	\$126,128	\$133,959	\$127,488	\$123,006	\$113,070	\$100,982	\$95,068	\$74,062	\$71,536	\$72,620
General Class	68,747	65,955	69,326	67,412	60,977	63,781	56,041	37,878	35,099	35,504
Wholesale Class	993	804	808	744	801	767	432	3,233	1,640	1,255
Irrigation Class	23,012	26,153	26,631	21,304	21,915	20,239	13,113	11,011	10,893	11,164
Total Water	218,880	226,871	224,253	212,466	196,763	185,769	164,654	126,184	119,168	120,543
Water Supply Fees										
Residential Class	125,007	147,131	92,932	86,003	85,809	73,518	60,067	48,270	43,121	44,163
General Class	81,099	76,189	53,620	50,086	47,129	42,748	44,746	39,355	32,393	32,537
Wholesale Class	1,681	1,407	887	790	874	865	588	7,196	3,227	2,294
Irrigation Class	24,821	28,356	19,475	15,122	16,571	15,437	14,491	12,551	12,057	12,058
Total Water Supply Fees	232,608	253,083	166,914	152,001	150,383	132,568	119,892	107,372	90,798	91,052
EAA Pass-through fees (b)										
Residential Class	12,128	13,429	12,996	12,526	13,108	14,110	10,915	9,654	9,905	10,841
General Class	8,518	8,177	9,013	8,687	8,865	9,640	7,380	6,874	6,991	7,352
Wholesale Class	132	120	124	119	123	157	114	1,271	659	509
Irrigation Class	1,249	1,441	1,288	1,241	1,434	1,605	1,136	1,061	1,134	1,242
Total Pass-through fees	22,027	23,167	23,421	22,573	23,530	25,512	19,545	18,860	18,689	19,944
Conservation Fees:										
Residential Class	2,244	3,047	2,747	2,644	2,727	2,189	2,246	1,956	2,394	2,912
General Class	4,885	4,628	4,570	4,871	5,071	5,078	3,941	3,760	4,396	4,713
Irrigation Class	4,398	4,859	4,827	4,119	3,274	3,375	3,063	2,738	2,270	2,401
Total Conservation	11,527	12,534	12,144	11,634	11,072	10,642	9,250	8,454	9,060	10,026
Wastewater Sales:										
Residential Class	164,498	158,460	153,273	146,684	142,530	134,860	124,992	125,051	116,775	98,674
General Class	101,013	96,816	101,247	92,427	88,551	80,696	71,267	68,371	62,300	54,175
Wholesale Class	14,260	11,829	11,706	10,659	9,936	8,729	8,064	7,848	7,599	6,761
Surcharge	5,741	5,626	6,370	6,259	6,259	6,292	5,401	5,438	5,438	5,134
Total Wastewater	285,512	272,731	272,596	256,015	247,276	230,577	209,724	206,720	192,112	164,744
TCEQ Pass-through fees (c)										
Water customers	1,937	1,882	1,743	1,683	1,420	1,460	1,412	1,169	1,086	1,064
Wastewater customers	509	495	481	465	435	448	429	433	347	411
	2,446	2,377	2,224	2,148	1,855	1,908	1,841	1,602	1,433	1,475
Recycled Water Sales	6,351	6,694	6,094	5,568	5,651	5,691	5,097	5,086	5,161	5,074
Stormwater Fees	5,252	5,037	5,223	5,221	5,209	4,967	4,797	4,420	5,058	4,558
Chilled Water & Steam (d)	10,826	9,894	10,615	10,849	11,368	11,541	11,184	11,251	12,719	12,485
Miscellaneous Fees and Charges	7,899	6,225	15,545	17,415	17,505	17,641	16,769	13,860	12,787	12,427
Provision for Uncollectible Accounts	(23,996)	(23,696)	(5,849)	(4,844)	(3,860)	(4,359)	(5,721)	(4,166)	(4,646)	(3,800)
Total Operating Revenue	\$779,332	\$794,917	\$733,179	\$691,046	\$666,752	\$622,457	\$557,032	\$499,643	\$462,339	\$438,528

(a) Amounts reflect the merger of SAWS and SAWS District Special Project effective January 1, 2015.

(b) EAA pass-through fees are designed to recoup fees charged by the Edwards Aquifer Authority (EAA). The fee is charged based on water usage.

Any previous over or under recovery of fees is considered in determining the fees to be charged each year.

(c) TCEQ pass-through fees are designed to recoup fees charged by the Texas Commission on Environmental Quality (TCEQ). Fee is a per customer charge.

(d) Steam service was discontinued in June 2014.

San Antonio Water System
Schedule 6 - Sales in Gallons
(gallons billed, in millions)
Unaudited

	Fiscal Year									
	2021 (f)	2020	2019	2018	2017	2016	2015 (a)	2014	2013	2012
Water Sales (b):										
Residential Class	35,246	38,947	36,084	35,325	36,566	35,360	35,769	29,310	29,206	30,070
General Class	24,756	23,719	25,011	24,498	24,408	24,159	23,212	20,870	20,614	20,393
Wholesale Class	386	347	352	337	344	393	354	3,861	1,943	1,412
Irrigation Class	3,632	4,179	4,208	3,500	4,000	4,022	3,561	3,220	3,345	3,445
Total Water	64,020	67,193	65,655	63,660	65,318	63,934	62,896	57,261	55,108	55,320
Wastewater Sales:										
Residential Class	26,908	26,062	25,263	26,318	26,809	26,462	26,048	27,896	27,617	26,572
General Class	22,328	21,213	22,393	21,873	21,654	20,503	20,281	20,502	20,100	20,066
Wholesale Class	3,199	2,616	2,486	2,584	2,482	2,317	2,234	2,291	2,359	2,417
Total Wastewater	52,435	49,891	50,142	50,775	50,945	49,282	48,563	50,689	50,076	49,055
Conservation - Residential Class (c, d, & e)	7,969	10,358	9,189	8,658	9,572	6,611	2,284	2,296	2,520	3,026
Recycled Water Sales	17,919	18,172	18,208	18,346	18,949	18,436	18,421	18,323	18,359	18,129

- (a) Amounts reflect the merger of SAWS and SAWS District Special Project effective January 1, 2015.
(b) Water Supply and EAA fees are billed based on the gallons billed for water sales.
(c) Gallons billed for conservation are included in the gallons billed for water sales.
(d) As part of a rate restructuring, which took place on January 1, 2016, a portion of all monthly residential water sales in excess of 7,482 gallons is allocated to fund conservation related programs. Prior to 2016, this allocation was limited to monthly sales in excess of 17,205 gallons.
(e) Effective January 1, 2017, District Special Project customers began paying for water service under the SAWS rate structure. As a result, a portion of the revenues from those customers was included in the revenues allocated to conservation. The increase in the gallons subject to the conservation allocation from 2016 and 2017 reflects the change.
(f) The February Winter Storm Uri event resulted in significant leak adjustments, which impacted Water Sales, including Conservation Sales.

Schedule 7 - Number of Customer Connections
(average number billed)
Unaudited

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015 (a)	2014	2013	2012
Water (b):										
Residential Class	507,794	492,922	481,994	473,333	465,241	457,485	450,725	347,789	343,667	339,204
General Class	30,010	29,584	29,358	28,682	28,518	29,155	28,366	23,777	23,713	23,582
Wholesale Class	9	9	9	9	9	9	9	7	8	8
Total Water	537,813	522,515	511,361	502,024	493,768	486,649	479,100	371,573	367,388	362,794
Irrigation Class (c)	11,170	10,883	10,676	10,465	10,260	9,291	9,829	8,966	8,821	8,633
Wastewater:										
Residential Class	454,494	441,356	431,695	424,127	416,996	409,988	402,409	395,574	390,256	383,553
General Class	26,453	26,093	25,911	25,754	25,544	25,352	25,175	25,079	25,021	24,824
Wholesale Class	12	12	12	12	12	12	12	12	12	12
Total Wastewater	480,959	467,462	457,618	449,893	442,552	435,352	427,596	420,665	415,289	408,389
Conservation - Residential Class (d & e)	108,618	132,154	113,152	149,940	159,994	83,991	18,539	20,716	20,867	23,804
Recycled Water	133	127	123	116	112	107	109	102	97	92

- (a) Amounts reflect the merger of SAWS and SAWS District Special Project effective January 1, 2015.
(b) Water Supply and EAA fees are billed to customers with water usage.
(c) Represents the number of customers included in Residential, General and Wholesale Classes, which also have irrigation meters.
(d) As part of a rate restructuring which took place on January 1, 2016, a portion of all monthly residential water sales in excess of 7,482 gallons is allocated to fund conservation related programs. Prior to 2016, this allocation was limited to monthly sales in excess of 17,205 gallons.
(e) Effective January 1, 2017, District Special Project customers began paying for water service under the SAWS rate structure. As a result, a portion of the revenues from those customers was included in the revenues allocated to conservation. The increase in connections from the conservation allocation from 2016 to 2017 reflect the change.

San Antonio Water System
 Schedule 8 - Residential Class Rates (Inside City Limits)

	Fiscal Year										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	
Water											
Service Availability Charge by meter size:											
5/8"	\$ 12.82	\$ 12.82	\$ 12.82	\$ 12.77	\$ 11.64	\$ 10.72	\$ 7.57	\$ 7.31	\$ 7.14	\$ 7.14	
3/4"	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.90	\$ 15.41	\$ 14.19	\$ 10.63	\$ 10.26	\$ 10.01	\$ 10.01	
1"	\$ 25.22	\$ 25.22	\$ 25.22	\$ 25.12	\$ 22.90	\$ 21.09	\$ 16.72	\$ 16.14	\$ 15.75	\$ 15.75	
1-1/2"	\$ 45.85	\$ 45.85	\$ 45.85	\$ 45.67	\$ 41.63	\$ 38.33	\$ 31.94	\$ 30.83	\$ 30.09	\$ 30.09	
2"	\$ 70.58	\$ 70.58	\$ 70.58	\$ 70.30	\$ 64.08	\$ 59.01	\$ 50.18	\$ 48.44	\$ 47.28	\$ 47.28	
3"	\$ 128.34	\$ 128.34	\$ 128.34	\$ 127.83	\$ 116.53	\$ 107.30	\$ 92.80	\$ 89.58	\$ 87.44	\$ 87.44	
4"	\$ 210.83	\$ 210.83	\$ 210.83	\$ 209.99	\$ 191.42	\$ 176.26	\$ 153.67	\$ 148.33	\$ 144.78	\$ 144.78	
6"	\$ 417.07	\$ 417.07	\$ 417.07	\$ 415.41	\$ 378.67	\$ 348.68	\$ 305.86	\$ 295.23	\$ 288.17	\$ 288.17	
8"	\$ 664.55	\$ 664.55	\$ 664.55	\$ 661.90	\$ 603.37	\$ 555.59	\$ 488.47	\$ 471.50	\$ 460.22	\$ 460.22	
10"	\$ 953.27	\$ 953.27	\$ 953.27	\$ 949.47	\$ 865.51	\$ 796.97	\$ 701.52	\$ 677.14	\$ 660.95	\$ 660.95	
12"	\$ 1,778.20	\$ 1,778.20	\$ 1,778.20	\$ 1,771.12	\$ 1,614.51	\$ 1,486.66	\$ 1,310.24	\$ 1,264.71	\$ 1,234.47	\$ 1,234.47	
Reduction applied if usage is less than 2,993 gallons	\$ (2.57)	\$ (2.57)	\$ (2.57)	\$ (2.55)	\$ (2.32)	\$ (2.14)					
Usage (per 100 gallons)											
First 2,992 Gallons	\$ 0.0740	\$ 0.0740	\$ 0.0740	\$ 0.0737	\$ 0.0672	\$ 0.0619					
Next 1,497 Gallons	\$ 0.1295	\$ 0.1295	\$ 0.1295	\$ 0.1290	\$ 0.1176	\$ 0.1083					
Next 1,496 Gallons	\$ 0.1665	\$ 0.1665	\$ 0.1665	\$ 0.1658	\$ 0.1511	\$ 0.1391					
Next 1,496 Gallons	\$ 0.2034	\$ 0.2034	\$ 0.2034	\$ 0.2026	\$ 0.1847	\$ 0.1701					
Next 2,992 Gallons	\$ 0.2405	\$ 0.2405	\$ 0.2405	\$ 0.2395	\$ 0.2183	\$ 0.2010					
Next 4,489 Gallons	\$ 0.2775	\$ 0.2775	\$ 0.2775	\$ 0.2764	\$ 0.2520	\$ 0.2320					
Next 5,237 Gallons	\$ 0.3329	\$ 0.3329	\$ 0.3329	\$ 0.3316	\$ 0.3023	\$ 0.2784					
Over 20,199 Gallons	\$ 0.4809	\$ 0.4809	\$ 0.4809	\$ 0.4790	\$ 0.4366	\$ 0.4020					
Standard:											
First 5,985 gallons							\$ 0.1006	\$ 0.0971	\$ 0.0948	\$ 0.0948	
Next 6,732 gallons							\$ 0.1457	\$ 0.1406	\$ 0.1372	\$ 0.1372	
Next 4,488 gallons							\$ 0.2053	\$ 0.1982	\$ 0.1935	\$ 0.1935	
Over 17,205 gallons							\$ 0.3596	\$ 0.3471	\$ 0.3388	\$ 0.3388	
Seasonal (a):											
First 5,985 gallons							\$ 0.1006	\$ 0.0971	\$ 0.0948	\$ 0.0948	
Next 6,732 gallons							\$ 0.1584	\$ 0.1529	\$ 0.1492	\$ 0.1492	
Next 4,488 gallons							\$ 0.2355	\$ 0.2273	\$ 0.2219	\$ 0.2219	
Over 17,205 gallons							\$ 0.4880	\$ 0.4710	\$ 0.4597	\$ 0.4597	
Sewer											
Service Availability Charge by meter size (b):											
5/8"	\$ 14.53	\$ 14.53	\$ 14.53	\$ 13.45	\$ 12.98	\$ 12.29	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
3/4"	\$ 15.97	\$ 15.97	\$ 15.97	\$ 14.79	\$ 14.28	\$ 13.52	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
1"	\$ 18.14	\$ 18.14	\$ 18.14	\$ 16.80	\$ 16.22	\$ 15.36	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
1-1/2"	\$ 25.41	\$ 25.41	\$ 25.41	\$ 23.53	\$ 22.71	\$ 21.51	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
2"	\$ 36.31	\$ 36.31	\$ 36.31	\$ 33.62	\$ 32.45	\$ 30.73	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
3"	\$ 72.61	\$ 72.61	\$ 72.61	\$ 67.23	\$ 64.89	\$ 61.45	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
4"	\$ 108.91	\$ 108.91	\$ 108.91	\$ 100.84	\$ 97.34	\$ 92.18	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
6"	\$ 181.52	\$ 181.52	\$ 181.52	\$ 168.07	\$ 162.23	\$ 153.63	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
8"	\$ 290.41	\$ 290.41	\$ 290.41	\$ 268.90	\$ 259.56	\$ 245.80	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
10"	\$ 435.65	\$ 435.65	\$ 435.65	\$ 403.38	\$ 389.36	\$ 368.71	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
12"	\$ 580.86	\$ 580.86	\$ 580.86	\$ 537.83	\$ 519.14	\$ 491.61	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
Usage per 100 gallons (c):											
1,497 gallons - 2,992 gallons	\$ 0.3104	\$ 0.3104	\$ 0.3104	\$ 0.2874	\$ 0.2774	\$ 0.2627					
Over 2,992 Gallons	\$ 0.4657	\$ 0.4657	\$ 0.4657	\$ 0.4312	\$ 0.4162	\$ 0.3941					
All gallons in excess of 1,496							\$ 0.3365	\$ 0.3163	\$ 0.3047	\$ 0.2615	

- (a) Prior to 2016, Seasonal rates were applied to all billings beginning May 1 and ending on or about September 30 of each year. At all other times, the Standard rate was applied.
- (b) Includes the first 1,496 gallons.
- (c) Residential sewer charges are computed on the basis of average winter usage for 90 days during three consecutive billing periods beginning after November 15 and ending on or before March 15 of each year.

San Antonio Water System
 Schedule 9 - Residential Class Rates (Outside City Limits)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Water										
Service Availability Charge by meter size:										
5/8"	\$ 16.67	\$ 16.67	\$ 16.67	\$ 16.60	\$ 15.14	\$ 13.94	\$ 9.86	\$ 9.52	\$ 9.29	\$ 9.29
3/4"	\$ 22.06	\$ 22.06	\$ 22.06	\$ 21.97	\$ 20.03	\$ 18.44	\$ 13.82	\$ 13.34	\$ 13.02	\$ 13.02
1"	\$ 32.79	\$ 32.79	\$ 32.79	\$ 32.66	\$ 29.78	\$ 27.42	\$ 21.72	\$ 20.97	\$ 20.47	\$ 20.47
1-1/2"	\$ 59.61	\$ 59.61	\$ 59.61	\$ 59.37	\$ 54.12	\$ 49.83	\$ 41.52	\$ 40.08	\$ 39.12	\$ 39.12
2"	\$ 91.75	\$ 91.75	\$ 91.75	\$ 91.38	\$ 83.30	\$ 76.70	\$ 65.26	\$ 62.99	\$ 61.48	\$ 61.48
3"	\$ 166.84	\$ 166.84	\$ 166.84	\$ 166.18	\$ 151.49	\$ 139.49	\$ 120.66	\$ 116.47	\$ 113.68	\$ 113.68
4"	\$ 274.06	\$ 274.06	\$ 274.06	\$ 272.97	\$ 248.84	\$ 229.13	\$ 199.78	\$ 192.84	\$ 188.23	\$ 188.23
6"	\$ 542.18	\$ 542.18	\$ 542.18	\$ 540.02	\$ 492.27	\$ 453.29	\$ 397.62	\$ 383.80	\$ 374.62	\$ 374.62
8"	\$ 863.89	\$ 863.89	\$ 863.89	\$ 860.45	\$ 784.37	\$ 722.26	\$ 635.03	\$ 612.96	\$ 598.30	\$ 598.30
10"	\$ 1,239.24	\$ 1,239.24	\$ 1,239.24	\$ 1,234.30	\$ 1,125.16	\$ 1,036.06	\$ 911.98	\$ 880.29	\$ 859.24	\$ 859.24
12"	\$ 2,311.67	\$ 2,311.67	\$ 2,311.67	\$ 2,302.46	\$ 2,098.87	\$ 1,932.66	\$ 1,703.33	\$ 1,644.14	\$ 1,604.82	\$ 1,604.82
Reduction applied if usage is less than 2,993 gallons	\$ (3.34)	\$ (3.34)	\$ (3.34)	\$ (3.32)	\$ (3.03)	\$ (2.79)				
Usage (per 100 gallons)										
First 2,992 Gallons	\$ 0.0962	\$ 0.0962	\$ 0.0962	\$ 0.0958	\$ 0.0873	\$ 0.0804				
Next 1,497 Gallons	\$ 0.1683	\$ 0.1683	\$ 0.1683	\$ 0.1676	\$ 0.1528	\$ 0.1407				
Next 1,496 Gallons	\$ 0.2165	\$ 0.2165	\$ 0.2165	\$ 0.2156	\$ 0.1965	\$ 0.1809				
Next 1,496 Gallons	\$ 0.2645	\$ 0.2645	\$ 0.2645	\$ 0.2634	\$ 0.2401	\$ 0.2211				
Next 2,992 Gallons	\$ 0.3125	\$ 0.3125	\$ 0.3125	\$ 0.3113	\$ 0.2838	\$ 0.2613				
Next 4,489 Gallons	\$ 0.3607	\$ 0.3607	\$ 0.3607	\$ 0.3593	\$ 0.3275	\$ 0.3016				
Next 5,237 Gallons	\$ 0.4328	\$ 0.4328	\$ 0.4328	\$ 0.4311	\$ 0.3930	\$ 0.3619				
Over 20,199 Gallons	\$ 0.6253	\$ 0.6253	\$ 0.6253	\$ 0.6228	\$ 0.5677	\$ 0.5227				
Standard:										
First 5,985 gallons							\$ 0.1310	\$ 0.1264	\$ 0.1234	\$ 0.1234
Next 6,732 gallons							\$ 0.1894	\$ 0.1828	\$ 0.1784	\$ 0.1784
Next 4,488 gallons							\$ 0.2671	\$ 0.2578	\$ 0.2516	\$ 0.2516
Over 17,205 gallons							\$ 0.4675	\$ 0.4513	\$ 0.4405	\$ 0.4405
Seasonal (a):										
First 5,985 gallons							\$ 0.1310	\$ 0.1264	\$ 0.1234	\$ 0.1234
Next 6,732 gallons							\$ 0.2060	\$ 0.1988	\$ 0.1940	\$ 0.1940
Next 4,488 gallons							\$ 0.3062	\$ 0.2956	\$ 0.2885	\$ 0.2885
Over 17,205 gallons							\$ 0.6341	\$ 0.6121	\$ 0.5975	\$ 0.5975
Sewer										
Service Availability Charge by meter size (b):										
5/8"	\$ 17.43	\$ 17.43	\$ 17.43	\$ 16.14	\$ 15.58	\$ 14.75	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85
3/4"	\$ 19.18	\$ 19.18	\$ 19.18	\$ 17.76	\$ 17.14	\$ 16.23	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85
1"	\$ 21.78	\$ 21.78	\$ 21.78	\$ 20.17	\$ 19.47	\$ 18.44	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85
1-1/2"	\$ 30.50	\$ 30.50	\$ 30.50	\$ 28.24	\$ 27.26	\$ 25.81	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85
2"	\$ 43.58	\$ 43.58	\$ 43.58	\$ 40.35	\$ 38.95	\$ 36.88	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85
3"	\$ 87.12	\$ 87.12	\$ 87.12	\$ 80.67	\$ 77.87	\$ 73.74	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85
4"	\$ 130.70	\$ 130.70	\$ 130.70	\$ 121.02	\$ 116.81	\$ 110.62	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85
6"	\$ 217.83	\$ 217.83	\$ 217.83	\$ 201.69	\$ 194.68	\$ 184.36	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85
8"	\$ 348.52	\$ 348.52	\$ 348.52	\$ 322.70	\$ 311.49	\$ 294.97	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85
10"	\$ 522.77	\$ 522.77	\$ 522.77	\$ 484.05	\$ 467.23	\$ 442.45	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85
12"	\$ 697.03	\$ 697.03	\$ 697.03	\$ 645.40	\$ 622.97	\$ 589.93	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85
Usage per 100 gallons (c):										
1,497 gallons - 2,992 gallons	\$ 0.3726	\$ 0.3726	\$ 0.3726	\$ 0.3450	\$ 0.3330	\$ 0.3153	\$ 0.4038	\$ 0.3795	\$ 0.3656	\$ 0.3138
Over 2,992 Gallons	\$ 0.5588	\$ 0.5588	\$ 0.5588	\$ 0.5174	\$ 0.4994	\$ 0.4729	\$ 0.4038	\$ 0.3795	\$ 0.3656	\$ 0.3138

- (a) Prior to 2016, Seasonal rates were applied to all billings beginning May 1 and ending on or about September 30 of each year. At all other times, the Standard rate was applied.
 (b) Includes the first 1,496 gallons.
 (c) Residential sewer charges are computed on the basis of average winter usage for 90 days during three consecutive billing periods beginning after November 15 and ending on or before March 15 of each year.

San Antonio Water System
 Schedule 10 - General Class Rates (Inside City Limits)

	Fiscal Year										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	
Water											
Service Availability Charge by meter size:											
5/8"	\$ 13.86	\$ 13.86	\$ 13.86	\$ 13.80	\$ 12.58	\$ 11.58	\$ 10.53	\$ 10.16	\$ 9.92	\$ 9.92	
3/4"	\$ 19.79	\$ 19.79	\$ 19.79	\$ 19.71	\$ 17.97	\$ 16.55	\$ 15.05	\$ 14.53	\$ 14.18	\$ 14.18	
1"	\$ 31.66	\$ 31.66	\$ 31.66	\$ 31.53	\$ 28.74	\$ 26.46	\$ 24.08	\$ 23.24	\$ 22.68	\$ 22.68	
1-1/2"	\$ 61.29	\$ 61.29	\$ 61.29	\$ 61.05	\$ 55.65	\$ 51.24	\$ 46.65	\$ 45.03	\$ 43.95	\$ 43.95	
2"	\$ 96.79	\$ 96.79	\$ 96.79	\$ 96.40	\$ 87.88	\$ 80.92	\$ 73.74	\$ 71.18	\$ 69.48	\$ 69.48	
3"	\$ 179.74	\$ 179.74	\$ 179.74	\$ 179.02	\$ 163.19	\$ 150.27	\$ 136.96	\$ 132.20	\$ 129.04	\$ 129.04	
4"	\$ 298.19	\$ 298.19	\$ 298.19	\$ 297.00	\$ 270.74	\$ 249.30	\$ 227.28	\$ 219.38	\$ 214.13	\$ 214.13	
6"	\$ 594.32	\$ 594.32	\$ 594.32	\$ 591.95	\$ 539.61	\$ 496.88	\$ 453.06	\$ 437.32	\$ 426.86	\$ 426.86	
8"	\$ 949.73	\$ 949.73	\$ 949.73	\$ 945.95	\$ 862.31	\$ 794.02	\$ 723.99	\$ 698.83	\$ 682.12	\$ 682.12	
10"	\$ 1,364.34	\$ 1,364.34	\$ 1,364.34	\$ 1,358.90	\$ 1,238.74	\$ 1,140.64	\$ 1,040.08	\$ 1,003.94	\$ 979.93	\$ 979.93	
12"	\$ 2,548.96	\$ 2,548.96	\$ 2,548.96	\$ 2,538.80	\$ 2,314.31	\$ 2,131.04	\$ 1,943.21	\$ 1,875.69	\$ 1,830.83	\$ 1,830.83	
Usage (per 100 gallons)											
Base (a)	\$ 0.1810	\$ 0.1810	\$ 0.1810	\$ 0.1803	\$ 0.1644	\$ 0.1514	\$ 0.1218	\$ 0.1176	\$ 0.1148	\$ 0.1148	
100-125% of base	\$ 0.2084	\$ 0.2084	\$ 0.2084	\$ 0.2076	\$ 0.1892	\$ 0.1742	\$ 0.1457	\$ 0.1406	\$ 0.1372	\$ 0.1372	
125-175% of base	\$ 0.2717	\$ 0.2717	\$ 0.2717	\$ 0.2706	\$ 0.2467	\$ 0.2272	\$ 0.2042	\$ 0.1971	\$ 0.1924	\$ 0.1924	
Over 175% of base	\$ 0.3171	\$ 0.3171	\$ 0.3171	\$ 0.3158	\$ 0.2879	\$ 0.2651	\$ 0.2991	\$ 0.2887	\$ 0.2818	\$ 0.2818	
Sewer											
Service Availability Charge by meter size (b):											
By meter size:											
5/8"	\$ 14.53	\$ 14.53	\$ 14.53	\$ 13.45	\$ 12.98	\$ 12.29	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
3/4"	\$ 15.97	\$ 15.97	\$ 15.97	\$ 14.79	\$ 14.28	\$ 13.52	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
1"	\$ 18.14	\$ 18.14	\$ 18.14	\$ 16.80	\$ 16.22	\$ 15.36	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
1-1/2"	\$ 25.41	\$ 25.41	\$ 25.41	\$ 23.53	\$ 22.71	\$ 21.51	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
2"	\$ 36.31	\$ 36.31	\$ 36.31	\$ 33.62	\$ 32.45	\$ 30.73	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
3"	\$ 72.61	\$ 72.61	\$ 72.61	\$ 67.23	\$ 64.89	\$ 61.45	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
4"	\$ 108.91	\$ 108.91	\$ 108.91	\$ 100.84	\$ 97.34	\$ 92.18	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
6"	\$ 181.52	\$ 181.52	\$ 181.52	\$ 168.07	\$ 162.23	\$ 153.63	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
8"	\$ 290.41	\$ 290.41	\$ 290.41	\$ 268.90	\$ 259.56	\$ 245.80	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
10"	\$ 435.65	\$ 435.65	\$ 435.65	\$ 403.38	\$ 389.36	\$ 368.71	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
12"	\$ 580.86	\$ 580.86	\$ 580.86	\$ 537.83	\$ 519.14	\$ 491.61	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	
Usage (per 100 gallons)											
All gallons in excess of 1,496	\$ 0.4159	\$ 0.4159	\$ 0.4159	\$ 0.3851	\$ 0.3717	\$ 0.3520	\$ 0.3365	\$ 0.3163	\$ 0.3047	\$ 0.2615	

(a) Since 2010, base has been defined as 100% of the previous year's annual usage divided by 12.
 (b) Includes the first 1,496 gallons.

San Antonio Water System
 Schedule 11 - General Class Rates (Outside City Limits)

	Fiscal Year										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	
Water											
Service Availability Charge by meter size:											
5/8"	\$ 16.94	\$ 16.94	\$ 16.94	\$ 16.87	\$ 15.38	\$ 14.16	\$ 13.69	\$ 13.21	\$ 12.89	\$ 12.89	
3/4"	\$ 24.12	\$ 24.12	\$ 24.12	\$ 24.02	\$ 21.90	\$ 20.17	\$ 19.56	\$ 18.88	\$ 18.43	\$ 18.43	
1"	\$ 38.45	\$ 38.45	\$ 38.45	\$ 38.30	\$ 34.91	\$ 32.15	\$ 31.29	\$ 30.20	\$ 29.48	\$ 29.48	
1-1/2"	\$ 74.27	\$ 74.27	\$ 74.27	\$ 73.97	\$ 67.43	\$ 62.09	\$ 60.65	\$ 58.54	\$ 57.14	\$ 57.14	
2"	\$ 117.20	\$ 117.20	\$ 117.20	\$ 116.73	\$ 106.41	\$ 97.98	\$ 95.87	\$ 92.54	\$ 90.33	\$ 90.33	
3"	\$ 217.47	\$ 217.47	\$ 217.47	\$ 216.60	\$ 197.45	\$ 181.81	\$ 178.06	\$ 171.87	\$ 167.76	\$ 167.76	
4"	\$ 360.65	\$ 360.65	\$ 360.65	\$ 359.21	\$ 327.45	\$ 301.52	\$ 295.46	\$ 285.19	\$ 278.37	\$ 278.37	
6"	\$ 718.67	\$ 718.67	\$ 718.67	\$ 715.81	\$ 652.52	\$ 600.85	\$ 588.98	\$ 568.51	\$ 554.91	\$ 554.91	
8"	\$ 1,148.31	\$ 1,148.31	\$ 1,148.31	\$ 1,143.74	\$ 1,042.61	\$ 960.05	\$ 941.20	\$ 908.49	\$ 886.76	\$ 886.76	
10"	\$ 1,649.54	\$ 1,649.54	\$ 1,649.54	\$ 1,642.97	\$ 1,497.69	\$ 1,379.09	\$ 1,352.11	\$ 1,305.13	\$ 1,273.92	\$ 1,273.92	
12"	\$ 3,081.65	\$ 3,081.65	\$ 3,081.65	\$ 3,069.37	\$ 2,797.97	\$ 2,576.40	\$ 2,526.17	\$ 2,438.39	\$ 2,380.08	\$ 2,380.08	
Usage (per 100 gallons)											
Base (a)	\$ 0.2354	\$ 0.2354	\$ 0.2354	\$ 0.2345	\$ 0.2138	\$ 0.1969	\$ 0.1584	\$ 0.1529	\$ 0.1492	\$ 0.1492	
100-125% of base	\$ 0.2710	\$ 0.2710	\$ 0.2710	\$ 0.2699	\$ 0.2460	\$ 0.2265	\$ 0.1893	\$ 0.1827	\$ 0.1783	\$ 0.1783	
125-175% of base	\$ 0.3533	\$ 0.3533	\$ 0.3533	\$ 0.3519	\$ 0.3208	\$ 0.2954	\$ 0.2654	\$ 0.2562	\$ 0.2501	\$ 0.2501	
Over 175% of base	\$ 0.4121	\$ 0.4121	\$ 0.4121	\$ 0.4105	\$ 0.3742	\$ 0.3446	\$ 0.3887	\$ 0.3752	\$ 0.3662	\$ 0.3662	
Sewer											
Service Availability Charge by meter size (b):											
By meter size:											
5/8"	\$ 17.43	\$ 17.43	\$ 17.43	\$ 16.14	\$ 15.58	\$ 14.75	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	
3/4"	\$ 19.18	\$ 19.18	\$ 19.18	\$ 17.76	\$ 17.14	\$ 16.23	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	
1"	\$ 21.78	\$ 21.78	\$ 21.78	\$ 20.17	\$ 19.47	\$ 18.44	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	
1-1/2"	\$ 30.50	\$ 30.50	\$ 30.50	\$ 28.24	\$ 27.26	\$ 25.81	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	
2"	\$ 43.58	\$ 43.58	\$ 43.58	\$ 40.35	\$ 38.95	\$ 36.88	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	
3"	\$ 87.12	\$ 87.12	\$ 87.12	\$ 80.67	\$ 77.87	\$ 73.74	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	
4"	\$ 130.70	\$ 130.70	\$ 130.70	\$ 121.02	\$ 116.81	\$ 110.62	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	
6"	\$ 217.83	\$ 217.83	\$ 217.83	\$ 201.69	\$ 194.68	\$ 184.36	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	
8"	\$ 348.52	\$ 348.52	\$ 348.52	\$ 322.70	\$ 311.49	\$ 294.97	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	
10"	\$ 522.77	\$ 522.77	\$ 522.77	\$ 484.05	\$ 467.23	\$ 442.45	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	
12"	\$ 697.03	\$ 697.03	\$ 697.03	\$ 645.40	\$ 622.97	\$ 589.93	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	
Usage (per 100 gallons)											
All gallons in excess of 1,496	\$ 0.4992	\$ 0.4992	\$ 0.4992	\$ 0.4622	\$ 0.4461	\$ 0.4224	\$ 0.4038	\$ 0.3795	\$ 0.3656	\$ 0.3138	

(a) Since 2010, base has been defined as 100% of the previous year's annual usage divided by 12.
 (b) Includes the first 1,496 gallons.

San Antonio Water System
 Schedule 12 - Wholesale Class Rates

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Water										
Service Availability Charge by meter size:										
6"	\$ 538.85	\$ 538.85	\$ 538.85	\$ 536.70	\$ 489.24	\$ 450.50	\$ 397.62	\$ 383.80	\$ 374.62	\$ 374.62
8"	\$ 860.58	\$ 860.58	\$ 860.58	\$ 857.15	\$ 781.36	\$ 719.48	\$ 635.03	\$ 612.96	\$ 598.30	\$ 598.30
10"	\$ 1,235.91	\$ 1,235.91	\$ 1,235.91	\$ 1,230.99	\$ 1,122.14	\$ 1,033.28	\$ 911.98	\$ 880.29	\$ 859.24	\$ 859.24
12"	\$ 2,308.35	\$ 2,308.35	\$ 2,308.35	\$ 2,299.15	\$ 2,095.85	\$ 1,929.88	\$ 1,703.33	\$ 1,644.14	\$ 1,604.82	\$ 1,604.82
Usage (per 100 gallons)										
Base (a)	\$ 0.2099	\$ 0.2099	\$ 0.2099	\$ 0.2091	\$ 0.1906	\$ 0.1755				
Over Base	\$ 0.6299	\$ 0.6299	\$ 0.6299	\$ 0.6274	\$ 0.5719	\$ 0.5266				
Usage (per 100 gallons)										
Base (a)							\$ 0.1098	\$ 0.1060	\$ 0.1035	\$ 0.1035
100-125% of base							\$ 0.1650	\$ 0.1593	\$ 0.1555	\$ 0.1555
125-175% of base							\$ 0.2383	\$ 0.2300	\$ 0.2245	\$ 0.2245
Over 175% of base							\$ 0.3369	\$ 0.3252	\$ 0.3174	\$ 0.3174
Sewer										
Service Availability Charge	\$ 340.07	\$ 340.07	\$ 340.07	\$ 314.88	\$ 303.94	\$ 287.82	\$ 149.02	\$ 140.06	\$ 134.93	\$ 115.82
Usage (per 100 gallons)	\$ 0.4438	\$ 0.4438	\$ 0.4438	\$ 0.4109	\$ 0.3966	\$ 0.3756	\$ 0.3641	\$ 0.3422	\$ 0.3297	\$ 0.2830

(a) Base is defined as 100% of the previous year's average annual usage divided by twelve or (effective June 18, 2015) as agreed to by the wholesale customer and approved by the SAWS Board of Trustees.

San Antonio Water System
 Schedule 13 - Irrigation Class Rates

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Inside City Limits										
Service Availability Charge by meter size:										
5/8"	\$ 13.86	\$ 13.86	\$ 13.86	\$ 13.80	\$ 12.58	\$ 11.58	\$ 10.53	\$ 10.16	\$ 9.92	\$ 9.92
3/4"	\$ 19.79	\$ 19.79	\$ 19.79	\$ 19.71	\$ 17.97	\$ 16.55	\$ 15.05	\$ 14.53	\$ 14.18	\$ 14.18
1"	\$ 31.66	\$ 31.66	\$ 31.66	\$ 31.53	\$ 28.74	\$ 26.46	\$ 24.08	\$ 23.24	\$ 22.68	\$ 22.68
1-1/2"	\$ 61.29	\$ 61.29	\$ 61.29	\$ 61.05	\$ 55.65	\$ 51.24	\$ 46.65	\$ 45.03	\$ 43.95	\$ 43.95
2"	\$ 96.79	\$ 96.79	\$ 96.79	\$ 96.40	\$ 87.88	\$ 80.92	\$ 73.74	\$ 71.18	\$ 69.48	\$ 69.48
3"	\$ 179.74	\$ 179.74	\$ 179.74	\$ 179.02	\$ 163.19	\$ 150.27	\$ 136.96	\$ 132.20	\$ 129.04	\$ 129.04
4"	\$ 298.19	\$ 298.19	\$ 298.19	\$ 297.00	\$ 270.74	\$ 249.30	\$ 227.28	\$ 219.38	\$ 214.13	\$ 214.13
6"	\$ 594.32	\$ 594.32	\$ 594.32	\$ 591.95	\$ 539.61	\$ 496.88	\$ 453.06	\$ 437.32	\$ 426.86	\$ 426.86
8"	\$ 949.73	\$ 949.73	\$ 949.73	\$ 945.95	\$ 862.31	\$ 794.02	\$ 723.99	\$ 698.83	\$ 682.12	\$ 682.12
10"	\$ 1,364.34	\$ 1,364.34	\$ 1,364.34	\$ 1,358.90	\$ 1,238.74	\$ 1,140.64	\$ 1,040.08	\$ 1,003.94	\$ 979.93	\$ 979.93
12"	\$ 2,548.96	\$ 2,548.96	\$ 2,548.96	\$ 2,538.80	\$ 2,314.31	\$ 2,131.04	\$ 1,943.21	\$ 1,875.69	\$ 1,830.83	\$ 1,830.83
Usage (per 100 gallons)										
First 8,229 gallons	\$ 0.3292	\$ 0.3292	\$ 0.3292	\$ 0.3279	\$ 0.2989	\$ 0.2752				
Next 9,725 gallons	\$ 0.4607	\$ 0.4607	\$ 0.4607	\$ 0.4589	\$ 0.4183	\$ 0.3852				
Next 144,362 gallons	\$ 0.5925	\$ 0.5925	\$ 0.5925	\$ 0.5901	\$ 0.5379	\$ 0.4953				
Over 162,316 gallons	\$ 0.7570	\$ 0.7570	\$ 0.7570	\$ 0.7540	\$ 0.6873	\$ 0.6329				
Standard:										
First 6,732 gallons							\$ 0.1713	\$ 0.1653	\$ 0.1613	\$ 0.1613
Next 10,473 gallons							\$ 0.2053	\$ 0.1982	\$ 0.1935	\$ 0.1935
Over 17,205 gallons							\$ 0.3596	\$ 0.3471	\$ 0.3388	\$ 0.3388
Seasonal (a):										
First 6,732 gallons							\$ 0.1713	\$ 0.1653	\$ 0.1613	\$ 0.1613
Next 10,473 gallons							\$ 0.2384	\$ 0.2301	\$ 0.2246	\$ 0.2246
Over 17,205 gallons							\$ 0.4936	\$ 0.4764	\$ 0.4650	\$ 0.4650
Outside City Limits										
Service Availability Charge by meter size:										
5/8"	\$ 16.94	\$ 16.94	\$ 16.94	\$ 16.87	\$ 15.38	\$ 14.16	\$ 13.69	\$ 13.21	\$ 12.89	\$ 12.89
3/4"	\$ 24.12	\$ 24.12	\$ 24.12	\$ 24.02	\$ 21.90	\$ 20.17	\$ 19.56	\$ 18.88	\$ 18.43	\$ 18.43
1"	\$ 38.45	\$ 38.45	\$ 38.45	\$ 38.30	\$ 34.91	\$ 32.15	\$ 31.29	\$ 30.20	\$ 29.48	\$ 29.48
1-1/2"	\$ 74.27	\$ 74.27	\$ 74.27	\$ 73.97	\$ 67.43	\$ 62.09	\$ 60.65	\$ 58.54	\$ 57.14	\$ 57.14
2"	\$ 117.20	\$ 117.20	\$ 117.20	\$ 116.73	\$ 106.41	\$ 97.98	\$ 95.87	\$ 92.54	\$ 90.33	\$ 90.33
3"	\$ 217.47	\$ 217.47	\$ 217.47	\$ 216.60	\$ 197.45	\$ 181.81	\$ 178.06	\$ 171.87	\$ 167.76	\$ 167.76
4"	\$ 360.65	\$ 360.65	\$ 360.65	\$ 359.21	\$ 327.45	\$ 301.52	\$ 295.46	\$ 285.19	\$ 278.37	\$ 278.37
6"	\$ 718.67	\$ 718.67	\$ 718.67	\$ 715.81	\$ 652.52	\$ 600.85	\$ 588.98	\$ 568.51	\$ 554.91	\$ 554.91
8"	\$ 1,148.31	\$ 1,148.31	\$ 1,148.31	\$ 1,143.74	\$ 1,042.61	\$ 960.05	\$ 941.20	\$ 908.49	\$ 886.76	\$ 886.76
10"	\$ 1,649.54	\$ 1,649.54	\$ 1,649.54	\$ 1,642.97	\$ 1,497.69	\$ 1,379.09	\$ 1,352.11	\$ 1,305.13	\$ 1,273.92	\$ 1,273.92
12"	\$ 3,081.65	\$ 3,081.65	\$ 3,081.65	\$ 3,069.37	\$ 2,797.97	\$ 2,576.40	\$ 2,526.17	\$ 2,438.39	\$ 2,380.08	\$ 2,380.08
Usage (per 100 gallons)										
First 8,229 gallons	\$ 0.4279	\$ 0.4279	\$ 0.4279	\$ 0.4262	\$ 0.3885	\$ 0.3577				
Next 9,725 gallons	\$ 0.5991	\$ 0.5991	\$ 0.5991	\$ 0.5967	\$ 0.5439	\$ 0.5008				
Next 144,362 gallons	\$ 0.7702	\$ 0.7702	\$ 0.7702	\$ 0.7671	\$ 0.6993	\$ 0.6439				
Over 162,316 gallons	\$ 0.9841	\$ 0.9841	\$ 0.9841	\$ 0.9802	\$ 0.8935	\$ 0.8227				
Standard:										
First 6,732 gallons							\$ 0.2225	\$ 0.2148	\$ 0.2097	\$ 0.2097
Next 10,473 gallons							\$ 0.2670	\$ 0.2577	\$ 0.2515	\$ 0.2515
Over 17,205 gallons							\$ 0.4675	\$ 0.4513	\$ 0.4405	\$ 0.4405
Seasonal (a):										
First 6,732 gallons							\$ 0.2225	\$ 0.2148	\$ 0.2097	\$ 0.2097
Next 10,473 gallons							\$ 0.3100	\$ 0.2992	\$ 0.2920	\$ 0.2920
Over 17,205 gallons							\$ 0.6416	\$ 0.6193	\$ 0.6045	\$ 0.6045

(a) Seasonal rates were applied to all billings beginning May 1 and ending on or about September 30 of each year. At all other times, the Standard rate was applied.

San Antonio Water System
Schedule 14 - Other Fees

	Fiscal Year										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	
Water Supply Fee (a):											
Usage (per 100 gallons)											
Residential Class											
First 2,992 Gallons	\$ 0.1585	\$ 0.1585	\$ 0.1040	\$ 0.0997	\$ 0.0954	\$ 0.0892					
Next 1,497 Gallons	\$ 0.2772	\$ 0.2772	\$ 0.1819	\$ 0.1744	\$ 0.1669	\$ 0.1561					
Next 1,496 Gallons	\$ 0.3563	\$ 0.3563	\$ 0.2338	\$ 0.2242	\$ 0.2145	\$ 0.2007					
Next 1,496 Gallons	\$ 0.4357	\$ 0.4357	\$ 0.2859	\$ 0.2741	\$ 0.2623	\$ 0.2454					
Next 2,992 Gallons	\$ 0.5150	\$ 0.5150	\$ 0.3379	\$ 0.3240	\$ 0.3100	\$ 0.2900					
Next 4,489 Gallons	\$ 0.5942	\$ 0.5942	\$ 0.3899	\$ 0.3738	\$ 0.3577	\$ 0.3346					
Next 5,237 Gallons	\$ 0.7129	\$ 0.7129	\$ 0.4678	\$ 0.4485	\$ 0.4292	\$ 0.4015					
Over 20,199 Gallons	\$ 1.0296	\$ 1.0296	\$ 0.6756	\$ 0.6477	\$ 0.6198	\$ 0.5798					
First 5,985 gallons							\$ 0.1285	\$ 0.1223	\$ 0.1080	\$ 0.1054	
Next 6,732 gallons							\$ 0.1858	\$ 0.1768	\$ 0.1562	\$ 0.1524	
Next 4,488 gallons							\$ 0.2622	\$ 0.2495	\$ 0.2204	\$ 0.2150	
Over 17,205 gallons							\$ 0.4589	\$ 0.4366	\$ 0.3857	\$ 0.3763	
General Class											
Base (b)	\$ 0.2989	\$ 0.2989	\$ 0.1961	\$ 0.1880	\$ 0.1799	\$ 0.1683	\$ 0.1976	\$ 0.1880	\$ 0.1661	\$ 0.1620	
100-125% of base	\$ 0.3438	\$ 0.3438	\$ 0.2256	\$ 0.2163	\$ 0.2070	\$ 0.1936	\$ 0.1976	\$ 0.1880	\$ 0.1661	\$ 0.1620	
125-175% of base	\$ 0.4482	\$ 0.4482	\$ 0.2941	\$ 0.2820	\$ 0.2699	\$ 0.2525	\$ 0.1976	\$ 0.1880	\$ 0.1661	\$ 0.1620	
Over 175% of base	\$ 0.5232	\$ 0.5232	\$ 0.3433	\$ 0.3291	\$ 0.3149	\$ 0.2946	\$ 0.1976	\$ 0.1880	\$ 0.1661	\$ 0.1620	
Wholesale Class											
Base (c)	\$ 0.3892	\$ 0.3892	\$ 0.2554	\$ 0.2449	\$ 0.2344	\$ 0.2193	\$ 0.1976	\$ 0.1880	\$ 0.1661	\$ 0.1620	
Over Base	\$ 1.1681	\$ 1.1681	\$ 0.7665	\$ 0.7349	\$ 0.7033	\$ 0.6579	\$ 0.1976	\$ 0.1880	\$ 0.1661	\$ 0.1620	
Irrigation Class											
First 8,229 gallons	\$ 0.3911	\$ 0.3911	\$ 0.2566	\$ 0.2460	\$ 0.2354	\$ 0.2202					
Next 9,725 gallons	\$ 0.5474	\$ 0.5474	\$ 0.3592	\$ 0.3444	\$ 0.3296	\$ 0.3083					
Next 144,362 gallons	\$ 0.7039	\$ 0.7039	\$ 0.4619	\$ 0.4429	\$ 0.4238	\$ 0.3964					
Over 162,316 gallons	\$ 0.8996	\$ 0.8996	\$ 0.5903	\$ 0.5660	\$ 0.5416	\$ 0.5066					
First 6,732 gallons							\$ 0.1976	\$ 0.1880	\$ 0.1661	\$ 0.1620	
Next 10,473 gallons							\$ 0.2622	\$ 0.2495	\$ 0.2204	\$ 0.2150	
Over 17,205 gallons							\$ 0.4976	\$ 0.4735	\$ 0.4183	\$ 0.4081	
EAA Fee (d)	\$ 0.03452	\$ 0.03452	\$ 0.03561	\$ 0.03533	\$ 0.03612	\$ 0.04259	\$ 0.03311	\$ 0.03295	\$ 0.03425	\$ 0.03901	
State-Imposed TCEQ Fees (e)											
Water Connection Fee	\$ 0.21	\$ 0.21	\$ 0.20	\$ 0.20	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.17	\$ 0.17	
Wastewater Connection Fee	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	

- (a) Applies to all billed potable water.
- (b) Base is defined as 100% of the previous year's average annual usage divided by twelve.
- (c) Base is defined as 100% of the previous year's average annual usage divided by twelve or (effective June 18, 2015) as agreed to by the wholesale customer and approved by the SAWS Board of Trustees.
- (d) Per 100 gallons. Applies to all billed potable water. Purpose of fee is to recover fees paid to Edwards Aquifer Authority (EAA) for permitted water rights. Annual rate takes into account any cumulative deficit or surplus in the recovery, number of EAA water rights, and projected potable water sales in gallons for the year.
- (e) Purpose is to recover fees paid to Texas Commission on Environmental Quality (TCEQ). Each fee is assessed monthly to all Residential, General, and Wholesale accounts as well as each apartment account based on the number of units. Annual rate takes into account any cumulative deficit or surplus in the recovery.

San Antonio Water System
Schedule 15 - Recycled Water Rates

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Edwards Exchange Customers (a)										
Service Availability Charge by meter size:										
5/8"	\$ 14.71	\$ 14.71	\$ 12.34	\$ 12.12	\$ 11.24	\$ 10.42	\$ 9.51	\$ 9.26	\$ 9.04	\$ 9.04
3/4"	\$ 19.13	\$ 19.13	\$ 16.05	\$ 15.77	\$ 14.63	\$ 13.56	\$ 12.37	\$ 12.05	\$ 11.76	\$ 11.76
1"	\$ 24.94	\$ 24.94	\$ 20.92	\$ 20.55	\$ 19.06	\$ 17.66	\$ 16.11	\$ 15.69	\$ 15.31	\$ 15.31
1-1/2"	\$ 39.62	\$ 39.62	\$ 33.24	\$ 32.65	\$ 30.29	\$ 28.07	\$ 25.61	\$ 24.95	\$ 24.35	\$ 24.35
2"	\$ 57.93	\$ 57.93	\$ 48.60	\$ 47.74	\$ 44.29	\$ 41.05	\$ 37.45	\$ 36.48	\$ 35.61	\$ 35.61
3"	\$ 154.09	\$ 154.09	\$ 129.27	\$ 126.98	\$ 117.79	\$ 109.17	\$ 99.61	\$ 97.03	\$ 94.71	\$ 94.71
4"	\$ 229.04	\$ 229.04	\$ 192.15	\$ 188.75	\$ 175.09	\$ 162.27	\$ 148.06	\$ 144.22	\$ 140.77	\$ 140.77
6"	\$ 436.90	\$ 436.90	\$ 366.53	\$ 360.05	\$ 334.00	\$ 309.55	\$ 282.44	\$ 275.12	\$ 268.54	\$ 268.54
8"	\$ 658.58	\$ 658.58	\$ 552.50	\$ 542.73	\$ 503.46	\$ 466.60	\$ 425.73	\$ 414.70	\$ 404.78	\$ 404.78
10"	\$ 903.06	\$ 903.06	\$ 757.60	\$ 744.20	\$ 690.35	\$ 639.81	\$ 583.77	\$ 568.64	\$ 555.04	\$ 555.04
12"	\$ 1,114.22	\$ 1,114.22	\$ 934.75	\$ 918.22	\$ 851.78	\$ 789.42	\$ 720.27	\$ 701.61	\$ 684.83	\$ 684.83
Usage (per 100 gallons)										
Standard:										
Transferred amount	\$ 0.0387	\$ 0.0387	\$ 0.0325	\$ 0.0319	\$ 0.0296	\$ 0.0274	\$ 0.0250	\$ 0.0244	\$ 0.0238	\$ 0.0238
In excess of transferred amount	\$ 0.1452	\$ 0.1452	\$ 0.1218	\$ 0.1196	\$ 0.1109	\$ 0.1028	\$ 0.0938	\$ 0.0914	\$ 0.0892	\$ 0.0892
Seasonal (b):										
Transferred amount	\$ 0.0387	\$ 0.0387	\$ 0.0325	\$ 0.0319	\$ 0.0296	\$ 0.0274	\$ 0.0250	\$ 0.0244	\$ 0.0238	\$ 0.0238
In excess of transferred amount	\$ 0.1542	\$ 0.1542	\$ 0.1294	\$ 0.1271	\$ 0.1179	\$ 0.1093	\$ 0.0997	\$ 0.0971	\$ 0.0948	\$ 0.0948
Non-exchange Customers										
Service Availability Charge by meter size:										
5/8"	\$ 14.71	\$ 14.71	\$ 12.34	\$ 12.12	\$ 11.24	\$ 10.42	\$ 9.51	\$ 9.26	\$ 9.04	\$ 9.04
3/4"	\$ 19.13	\$ 19.13	\$ 16.05	\$ 15.77	\$ 14.63	\$ 13.56	\$ 12.37	\$ 12.05	\$ 11.76	\$ 11.76
1"	\$ 24.94	\$ 24.94	\$ 20.92	\$ 20.55	\$ 19.06	\$ 17.66	\$ 16.11	\$ 15.69	\$ 15.31	\$ 15.31
1-1/2"	\$ 39.62	\$ 39.62	\$ 33.24	\$ 32.65	\$ 30.29	\$ 28.07	\$ 25.61	\$ 24.95	\$ 24.35	\$ 24.35
2"	\$ 57.93	\$ 57.93	\$ 48.60	\$ 47.74	\$ 44.29	\$ 41.05	\$ 37.45	\$ 36.48	\$ 35.61	\$ 35.61
3"	\$ 154.09	\$ 154.09	\$ 129.27	\$ 126.98	\$ 117.79	\$ 109.17	\$ 99.61	\$ 97.03	\$ 94.71	\$ 94.71
4"	\$ 229.04	\$ 229.04	\$ 192.15	\$ 188.75	\$ 175.09	\$ 162.27	\$ 148.06	\$ 144.22	\$ 140.77	\$ 140.77
6"	\$ 436.90	\$ 436.90	\$ 366.53	\$ 360.05	\$ 334.00	\$ 309.55	\$ 282.44	\$ 275.12	\$ 268.54	\$ 268.54
8"	\$ 658.58	\$ 658.58	\$ 552.50	\$ 542.73	\$ 503.46	\$ 466.60	\$ 425.73	\$ 414.70	\$ 404.78	\$ 404.78
10"	\$ 903.06	\$ 903.06	\$ 757.60	\$ 744.20	\$ 690.35	\$ 639.81	\$ 583.77	\$ 568.64	\$ 555.04	\$ 555.04
12"	\$ 1,114.22	\$ 1,114.22	\$ 934.75	\$ 918.22	\$ 851.78	\$ 789.42	\$ 720.27	\$ 701.61	\$ 684.83	\$ 684.83
Usage (per 100 gallons)										
Standard:										
First 748,000 gallons	\$ 0.1553	\$ 0.1553	\$ 0.1303	\$ 0.1280	\$ 0.1187	\$ 0.1100	\$ 0.1004	\$ 0.0978	\$ 0.0955	\$ 0.0955
Over 748,000 gallons	\$ 0.1588	\$ 0.1588	\$ 0.1332	\$ 0.1308	\$ 0.1213	\$ 0.1124	\$ 0.1026	\$ 0.0999	\$ 0.0975	\$ 0.0975
Seasonal (b):										
First 748,000 gallons	\$ 0.1670	\$ 0.1670	\$ 0.1401	\$ 0.1376	\$ 0.1276	\$ 0.1183	\$ 0.1079	\$ 0.1051	\$ 0.1026	\$ 0.1026
Over 748,000 gallons	\$ 0.1684	\$ 0.1684	\$ 0.1413	\$ 0.1388	\$ 0.1288	\$ 0.1194	\$ 0.1089	\$ 0.1061	\$ 0.1036	\$ 0.1036

(a) Customers that have transferred Edwards Aquifer water rights to SAWS in exchange for recycled water.

(b) Prior to 2012, Seasonal rates were applied to all billings beginning July 1 and ending on or about October 31 of each year. At all other times, the Standard rate was utilized.

Beginning in 2012, rate is applied to all billings beginning May 1 and ending on or about September 30 of each year. At all other times, the Standard rate is utilized.

**San Antonio Water System
Schedule 16 - Impact Fees**

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Water										
Flow - All Areas	\$ 1,188.00	\$ 1,188.00	\$ 1,188.00	\$ 1,182.00	\$ 1,182.00	\$ 1,182.00	\$ 1,182.00	\$ 1,182.00	\$ 1,247.00	\$ 1,247.00
System Development:										
Low Elevation Service Area	\$ 855.00	\$ 855.00	\$ 855.00	\$ 619.00	\$ 619.00	\$ 619.00	\$ 619.00	\$ 619.00	\$ 579.00	\$ 579.00
Middle Elevation Service Area	\$ 1,014.00	\$ 1,014.00	\$ 1,014.00	\$ 799.00	\$ 799.00	\$ 799.00	\$ 799.00	\$ 799.00	\$ 774.00	\$ 774.00
High Elevation Service Area	\$ 1,203.00	\$ 1,203.00	\$ 1,203.00	\$ 883.00	\$ 883.00	\$ 883.00	\$ 883.00	\$ 883.00	\$ 966.00	\$ 966.00
Wastewater										
Treatment:										
Dos Rios/Leon Creek Service Area	\$ 651.00	\$ 651.00	\$ 651.00	\$ 786.00	\$ 786.00	\$ 786.00	\$ 786.00	\$ 786.00	\$ 552.00	\$ 552.00
Medio Creek	\$ 1,222.00	\$ 1,222.00	\$ 1,222.00	\$ 1,429.00	\$ 1,429.00	\$ 1,429.00	\$ 1,429.00	\$ 1,429.00	\$ 1,379.00	\$ 1,379.00
Upper and Lower Service Areas										
Far West-Medio Service Areas										
Collection:										
Medio Creek	\$ 861.00	\$ 861.00	\$ 861.00	\$ 838.00	\$ 838.00	\$ 838.00	\$ 838.00	\$ 838.00	\$ 582.00	\$ 582.00
Upper Medina	\$ 1,422.00	\$ 1,422.00	\$ 1,422.00	\$ 1,565.00	\$ 1,565.00	\$ 1,565.00	\$ 1,565.00	\$ 1,565.00	\$ 1,053.00	\$ 1,053.00
Lower Medina	\$ 520.00	\$ 520.00	\$ 520.00	\$ 475.00	\$ 475.00	\$ 475.00	\$ 475.00	\$ 475.00	\$ 594.00	\$ 594.00
Upper Collection	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,520.00	\$ 2,520.00	\$ 2,520.00	\$ 2,520.00	\$ 2,520.00	\$ 1,795.00	\$ 1,795.00
Middle Collection	\$ 2,013.00	\$ 2,013.00	\$ 2,013.00	\$ 1,469.00	\$ 1,469.00	\$ 1,469.00	\$ 1,469.00	\$ 1,469.00	\$ 1,142.00	\$ 1,142.00
Lower Collection	\$ 902.00	\$ 902.00	\$ 902.00	\$ 719.00	\$ 719.00	\$ 719.00	\$ 719.00	\$ 719.00	\$ 552.00	\$ 552.00
Lower Service Area										
Upper Service Area										
Far West-Medio Service Areas										
Far West-Potranco, Big Saus, & Lucas Service Area										
Water Supply - All Areas (a)	\$ 2,706.00	\$ 2,706.00	\$ 2,706.00	\$ 2,796.00	\$ 2,796.00	\$ 2,796.00	\$ 2,796.00	\$ 2,796.00	\$ 1,590.00	\$ 1,297.00

Impact fees are assessed per equivalent dwelling unit.

Meter Size	EQUIVALENT DWELLING UNITS									
5/8"	1	1	1	1	1	1	1	1	1	1
3/4"	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
1"	2	2	2	2	2	2	2	2	2	2
1-1/2"	5	5	5	5	5	5	5	5	5	5
2"	14	14	14	14	14	14	14	14	14	14
3"	30	30	30	30	30	30	30	30	30	30
4"	50	50	50	50	50	50	50	50	50	50
6"	105	105	105	105	105	105	105	105	105	105
8"	135	135	135	135	135	135	135	135	135	135
10"	190	190	190	190	190	190	190	190	190	190
12"	360	360	360	360	360	360	360	360	360	360

(a) 2015 rate, effective June 1, 2015

San Antonio Water System
Schedule 17 - Ten Largest Customers - Water
Current Year and Nine Years Ago

Customer	Principal Business	Usage (a) (million gallons)	%	Total Revenue (b) (in thousands)	%
As of December 31, 2021:					
CITY OF SAN ANTONIO	Municipal Entity	534	0.8%	\$ 4,449	0.9%
HEB GROCERY	Grocery	595	0.9%	3,722	0.8%
SAN ANTONIO HOUSING AUTHORITY	Public Housing	466	0.7%	2,872	0.6%
METHODIST HEALTH CARE SYSTEM	Hospital System	321	0.5%	2,804	0.6%
BEXAR COUNTY	County Government	410	0.6%	2,467	0.5%
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	239	0.4%	2,099	0.4%
MARRIOTT HOTELS	Hotels	159	0.2%	1,663	0.3%
EAST CENTRAL SPECIAL UTILITY DISTRICT	Retail Water Utility	225	0.4%	1,508	0.3%
TOWERJAZZ	Semiconductors	273	0.4%	1,469	0.3%
NORTH EAST INDEPENDENT SCHOOL DISTRICT	School System	177	0.3%	1,409	0.3%
Subtotal (10 largest)		3,400	5.3%	24,462	5.0%
Balance from Other Customers		60,620	94.7%	462,517	95.0%
Total		64,020	100.0%	\$ 486,979	100.0%

Fiscal Year Ended December 31, 2012:

CITY OF SAN ANTONIO	Municipal Entity	540	1.0%	\$ 2,716	1.1%
SAN ANTONIO HOUSING AUTHORITY	Public Housing	493	0.9%	1,866	0.8%
HEB GROCERY	Grocery	468	0.8%	1,822	0.8%
BEXAR COUNTY	County Government	310	0.6%	1,119	0.5%
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	256	0.5%	1,118	0.5%
CPS ENERGY	Public Power Utility	288	0.5%	1,019	0.4%
SAN ANTONIO INDEPENDENT SCHOOL DISTRICT	School System	161	0.3%	792	0.3%
MAXIM INTEGRATED PRODUCT INC.	Electronics	238	0.4%	765	0.3%
UNIVERSITY OF TEXAS AT SAN ANTONIO	University	203	0.4%	728	0.3%
NORTHEAST INDEPENDENT SCHOOL DISTRICT	School System	162	0.3%	721	0.3%
Subtotal (10 largest)		3,119	5.6%	12,666	5.2%
Balance from Other Customers		52,201	94.4%	229,963	94.8%
Total		55,320	100.0%	\$ 242,629	100.0%

(a) Potable water only

(b) Includes Water Delivery, Water Supply, EAA fees, Conservation fees and TCEQ water fees.

San Antonio Water System
Schedule 18 - Ten Largest Customers - Wastewater*
Current Year and Nine Years Ago

Customer	Principal Business	Usage (million gallons)	%	Total Revenue (in thousands)	%
As of December 31, 2021:					
HEB GROCERY	Grocery	535	1.1%	\$ 3,535	1.3%
SAN ANTONIO HOUSING AUTHORITY	Public Housing	458	0.9%	2,001	0.7%
BEXAR COUNTY	County Government	399	0.8%	1,795	0.7%
CITY OF SAN ANTONIO	Municipal Entity	243	0.5%	1,239	0.5%
TOWERJAZZ TEXAS, INC.	Electronics	246	0.5%	1,031	0.4%
METHODIST HEALTH CARE SYSTEM	Hospital System	228	0.5%	989	0.4%
TOYOTA	Automobile Manufacturer	197	0.4%	872	0.3%
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	138	0.3%	746	0.3%
FRITO LAY, INC.	Food Manufacturer	79	0.2%	639	0.2%
EZ WASH	Car Wash Facilities	113	0.2%	505	0.2%
Subtotal (10 largest)		2,636	5.4%	13,352	4.9%
Balance from Other Customers		46,600	94.6%	258,409	95.1%
Total		49,236	100.0%	\$ 271,761	100.0%

Fiscal Year Ended December 31, 2012:

HEB GROCERY	Grocery	419	0.9%	\$ 1,904	1.2%
SAN ANTONIO HOUSING AUTHORITY	Public Housing	491	1.1%	1,281	0.8%
L & H PACKING COMPANY	Beef Processor	150	0.3%	762	0.5%
BEXAR COUNTY	County Government	248	0.5%	716	0.5%
TOYOTA	Automobile Manufacturer	212	0.5%	578	0.4%
MAXIM INTEGRATED PRODUCT, INC.	Electronics	214	0.5%	555	0.4%
CITY OF SAN ANTONIO	Municipal Entity	193	0.4%	534	0.3%
OAK FARMS DAIRY	Dairy Producer	52	0.1%	448	0.3%
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	145	0.3%	392	0.2%
AMERICAN OPPORTUNITY FOR HOUSING	Housing Services	147	0.3%	383	0.2%
Subtotal (10 largest)		2,271	4.9%	7,553	4.8%
Balance from Other Customers		44,367	95.1%	150,841	95.2%
Total		46,638	100.0%	\$ 158,394	100.0%

(*Excludes Wholesale Wastewater usage and revenues, includes TCEQ wastewater fees.

San Antonio Water System
Schedule 19 - Ten Largest Customers - Wholesale Wastewater
Current Year and Nine Years Ago
Unaudited

<u>Customer</u>	<u>Principal Business</u>	<u>Total Revenue (in thousands)</u>	<u>%</u>
Fiscal Year Ended August 31, 2021:			
LACKLAND AIR FORCE BASE	Military	\$ 5,238	36.7%
JOINT BASE SAN ANTONIO - FT. SAM HOUSTON	Military	2,485	17.4%
LEON VALLEY	Municipal Government	1,645	11.5%
ALAMO HEIGHTS	Municipal Government	1,538	10.8%
BEXAR COUNTY WATER CONTROL DISTRICT NO. 10	County Government	888	6.2%
BALCONES HEIGHTS	Municipal Government	668	4.7%
KIRBY	Municipal Government	634	4.4%
OLMOS PARK	Municipal Government	493	3.5%
LACKLAND ANNEX	Military	341	2.4%
AIR FORCE VILLAGE II	Municipal Government	178	1.3%
Subtotal (10 largest)		<u>14,109</u>	<u>98.9%</u>
Balance from Other Customers		<u>151</u>	<u>1.1%</u>
Total		<u><u>\$ 14,260</u></u>	<u><u>100.0%</u></u>
Fiscal Year Ended December 31, 2012:			
LACKLAND AIR FORCE BASE	Military	\$ 1,374	20.3%
JOINT BASE SAN ANTONIO - FT. SAM HOUSTON	Military	1,275	18.9%
LEON VALLEY	Municipal Government	1,070	15.8%
ALAMO HEIGHTS	Municipal Government	1,065	15.8%
BEXAR COUNTY WATER CONTROL DISTRICT NO. 10	County Government	581	8.6%
BALCONES HEIGHTS	Municipal Government	416	6.2%
KIRBY	Municipal Government	376	5.6%
OLMOS PARK	Municipal Government	315	4.7%
AIR FORCE VILLAGE II	Municipal Government	150	2.2%
HOLLYWOOD PARK	Municipal Government	93	1.4%
Subtotal (10 largest)		<u>6,715</u>	<u>99.3%</u>
Balance from Other Customers		<u>46</u>	<u>0.7%</u>
Total		<u><u>\$ 6,761</u></u>	<u><u>100.0%</u></u>

San Antonio Water System
Schedule 20 - Ratios of Total Outstanding Debt by Type
(\$ in thousands, except debt per customer)
Unaudited

Year	Total Debt Outstanding by Type						Gross Revenues (c)	Ratio of Total Debt to Gross Revenue	Customer Connections (d)	Debt Per Customer Connection
	Revenue Bonds (a)			Commercial Paper Notes (a)	Other Debt (b)	Total Debt Outstanding				
	Principal Outstanding	Unamortized Premium & (Discount)	Net Revenue Bonds Payable							
2021	\$ 2,907,860	\$ 299,141	\$ 3,207,001	\$ 234,020	\$ -	\$ 3,441,021	\$ 781,304	4.40	1,032,355	\$ 3,333
2020	2,771,580	262,465	3,034,045	218,260	-	3,252,305	804,258	4.04	1,002,870	3,243
2019	2,546,520	188,555	2,735,075	281,815	-	3,016,890	765,762	3.94	977,536	3,086
2018	2,631,215	203,355	2,834,570	215,695	-	3,050,265	713,534	4.27	958,693	3,182
2017	2,537,520	198,219	2,735,739	278,060	-	3,013,799	677,159	4.45	941,566	3,201
2016	2,630,350	209,932	2,840,282	241,610	-	3,081,892	630,603	4.89	926,165	3,328
2015	2,600,096	130,267	2,730,363	135,305	88,700	2,954,368	563,111	5.25	912,430	3,238
2014	2,398,555	108,864	2,507,419	138,550	-	2,645,969	505,435	5.24	798,177	3,315
2013	2,240,915	107,919	2,348,834	186,655	-	2,535,489	467,749	5.42	784,209	3,233
2012	1,987,810	95,735	2,083,545	170,745	-	2,254,290	444,677	4.85	777,374	2,777

- (a) Details regarding outstanding revenue bonds and commercial paper notes can be found in the notes to the financial statements.
(b) Includes notes payable.
(c) Gross Revenues are defined as operating revenues plus nonoperating revenues less revenues from the City Public Service contract, interest on Project Funds and federal subsidy on Build America Bonds. Beginning in 2018, investment mark-to-market adjustments were also excluded.
(d) Customer connections represent the combined number of billed accounts for water and wastewater services at fiscal year-end. Increase in connections from 2014 to 2015 is primarily due to the merger of SAWS and SAWS District Special Project effective January 1, 2015.

San Antonio Water System
Schedule 21 - Pledged Revenue Coverage
(\$ in thousands)
Unaudited

Year	Gross Revenues (a)	Operating Expenses (b)	Net Available Revenue	Revenue Bond Debt Service (c)			Coverage	Maximum Annual Debt Service Requirements			
				Principal	Interest (d)	Total		Total		Senior Lien	
								Debt (e)	Coverage	Debt (e)	Coverage (f)
2021(*)	\$ 781,304	\$ 436,077	345,227	\$ 90,260	\$ 113,989	\$ 204,249	1.69	\$ 219,262	1.57	\$ 33,532	10.30
2020	804,258	401,961	402,297	86,445	104,566	191,011	2.11	210,885	1.91	41,548	9.68
2019	750,849	339,934	410,915	87,060	104,831	191,891	2.14	195,567	2.10	47,455	8.66
2018(**)	703,202	330,235	372,967	84,875	103,922	188,797	1.98	194,518	1.92	81,428	4.58
2017	668,998	318,442	350,556	82,840	102,236	185,076	1.89	185,076	1.89	81,440	4.30
2016	622,947	315,395	307,552	78,570	98,158	176,728	1.74	185,149	1.66	84,009	3.66
2015	555,712	291,246	264,466	71,355	101,064	172,419	1.53	178,516	1.48	114,320	2.31
2014	498,334	245,055	253,279	57,850	91,704	149,554	1.69	160,510	1.58	117,126	2.16
2013	460,776	244,348	216,428	47,315	86,058	133,373	1.62	152,496	1.42	117,126	1.85
2012	437,253	237,576	199,677	44,780	80,320	125,100	1.60	138,420	1.44	122,816	1.63

(*) The 2021 Maximum Annual Debt Service Senior Lien Debt reflects the 2021 senior lien debt.

(**) In 2018, the pledged revenue calculation began excluding non-cash revenues and expenses.

(a) Gross Revenues are defined as operating revenues plus nonoperating revenues less revenues from the City Public Service contract, interest on Project Funds and federal subsidy on Build America Bonds. Beginning in 2018, investment mark to market adjustments were also excluded.

(b) Operating Expenses reflect operating expenses before depreciation as shown on the Statement of Revenues, Expenses and Changes in Net Position adjusted by any non-cash expenses.

(c) Represents current year debt service payments. Details regarding outstanding debt can be found in the notes to the financial statements. All bonded debt is secured by revenue and is included in these totals.

(d) Interest reported net of the U.S. federal interest subsidy on the Series 2009B & 2010B revenue bonds.

(e) Debt service requirements consist of principal and interest payments net of the U.S. federal interest subsidy on the Series 2009B & 2010B revenue bonds.

(f) SAWS bond ordinance requires the maintenance of a debt coverage ratio of at least 1.25x the maximum annual debt service on outstanding senior lien debt in order to issue additional bonds.

San Antonio Water System
 Schedule 22 - Demographic and Economic Statistics
 Last Ten Calendar Years
 Unaudited

<u>Year</u>	<u>Population (a)</u>	<u>Median Age (a)</u>	<u>Personal Income (b) (\$ in thousands)</u>	<u>Per Capita Personal Income (b)</u>	<u>School Enrollment (b)</u>	<u>Building Permits - Dwelling Units (c)</u>	<u>Employment (d)</u>	<u>Unemployment Rate (d)</u>
2021(*)						22,229	1,097,000	4.1%
2020 (**)	1,555,370	34.4	\$ 41,724,356	\$ 26,826	416,637	16,697	1,053,900	6.0%
2019	1,547,250	34.4	41,506,529	26,826	411,357	15,895	1,100,200	2.8%
2018	1,532,212	33.7	37,821,121	24,684	411,539	11,497	1,070,400	3.1%
2017	1,517,866	33.5	36,308,882	23,921	401,867	12,516	1,052,200	3.5%
2016	1,469,824	33.1	34,905,380	23,748	403,558	12,241	1,035,100	3.7%
2015	1,436,697	33.2	32,790,329	22,823	401,771	7,824	1,005,400	3.7%
2014	1,409,019	33.0	31,581,326	22,414	407,047	10,196	976,100	4.8%
2013	1,383,194	33.2	30,752,552	22,233	397,500	6,128	939,000	5.8%
2012	1,359,730	32.7	29,038,394	21,356	396,718	8,004	912,200	6.4%

(*) 2021 population, median age, personal income, per capita personal income, and school enrollment data are not available. Building permits, employment and unemployment rate data is preliminary.

(**) 2020 amounts for per capita income and median age are maintained at the 2019 amounts, since 2020 data will not be available until March 2022.

(a) Source: Finance Department, City of San Antonio, Texas

(b) Source: Finance Department, City of San Antonio, Texas

(c) Source: Real Estate Center, Texas A&M University, Building Permits (single & multi-family), San Antonio - New Braunfels Metropolitan Statistical Area

(d) Source: Bureau of Labor Statistics, San Antonio-New Braunfels Metropolitan Statistical Area, Total Non-Farm Employment and Unemployment rate

San Antonio Water System
 Schedule 23 - Principal Employers
 Current Year and Nine Years Ago
 Unaudited

Employer	2021			2012		
	Employees (a)	Rank	Percentage of Total City Employment (b)	Employees (c)	Rank	Percentage of Total City Employment (d)
Joint Base San Antonio (JBSA) - Lackland, Fort Sam Houston & Randolph	74,289	1	6.77%	92,301	1	10.12%
HEB Grocery	20,000	2	1.82%	14,588	3	1.60%
USAA	19,000	3	1.73%	15,000	2	1.64%
Northside Independent School District	13,644	4	1.24%	12,751	5	1.40%
Methodist Health Care System	12,500	5	1.14%	7,747	7	0.85%
City of San Antonio	11,042	6	1.01%	13,573	4	1.49%
North East Independent School District	8,600	7	0.78%	10,522	6	1.15%
San Antonio Independent School District	7,410	8	0.68%	7,000	8	0.77%
Baptist Health Systems	6,162	9	0.56%	6,310	9	0.69%
Wells Fargo	5,152	10	0.47%			
University of Texas Health Science Center				6,153	10	0.67%
Total	177,799		16.20%	185,945		20.38%

Source: Economic Development Division, City of San Antonio, Texas, Book of Lists 2021, and Department of Defense personnel statistics.

- (a) 2021 employment data from City of San Antonio's 2021 Annual Report.
- (b) Percent based on an Employment Estimate of 1,097,000 Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area from the Bureau of Labor Statistics as of December 2021 (preliminary).
- (c) 2012 employment data from City of San Antonio's 2021 Annual Report.
- (d) Percent based on an Employment Estimate of 912,200 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area from the Bureau of Labor Statistics for 2012.

San Antonio Water System
Schedule 24 - Number of Employees by Functional Group

Functional Group	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012 (a)
President/CEO	13	13	9	9	8	7	10	13	14	16
Communications and External Affairs	51	52	51	57	51	24	28	26	24	32
Customer Experience and Strategic Initiatives	282	310	238	230	231	229	233	235	229	222
Distribution & Collection	403	459	482	517	561	540	485	446	455	482
Engineering & Construction	181	174	180	177	177	166	191	221	202	225
Financial Services	62	57	63	60	64	65	67	62	64	52
Human Resources and Risk Management	48	50	50	42	42	45	42	35	44	27
Information Systems	88	93	92	91	89	92	72	65	64	57
Legal	34	35	36	36	37	37	39	39	42	44
Operations	4	6	7	24	112	112	346	257	116	166
Operations Support	101	105	-	-	-	-	-	-	-	-
Production & Treatment	256	267	373	358	299	302	138	131	292	363
Sewer System Improvements	25	28	33	35	33	33	31	31	28	-
Water Resources & Governmental Relations	121	117	120	97	19	40	42	138	158	62
	<u>1,669</u>	<u>1,766</u>	<u>1,734</u>	<u>1,733</u>	<u>1,723</u>	<u>1,692</u>	<u>1,724</u>	<u>1,699</u>	<u>1,732</u>	<u>1,748</u>

(a) In 2012 SAWS assumed operational control of the former Bexar Metropolitan Water District (BexarMet). The employee figures shown above include the employees of the former BexarMet beginning in 2012. As the merger of the former BexarMet into SAWS was not completed until January 1, 2015, a number of these employees were allocated to the special purpose entity formulated to maintain this entity until completion of the merger. The number of employees allocated to this special purpose entity during the years 2012, 2013 and 2014 were 70, 207 and 204, respectively.

San Antonio Water System
Schedule 25 - Capital Assets
(amounts in thousands)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Water Delivery (a)	\$ 3,155,038	\$ 3,002,938	\$ 2,885,896	\$ 2,732,899	\$ 2,760,533	\$ 2,664,891	\$ 2,489,921	\$ 1,998,502	\$ 1,882,369	\$ 1,806,882
Water Supply:										
Water Resources (b)	2,195,624	2,194,284	1,051,909	1,052,048	1,047,530	1,036,861	740,434	708,825	628,445	585,055
Recycle	178,058	178,260	178,213	177,846	181,281	178,219	177,487	159,171	159,059	155,556
Conservation	466	471	556	563	561	559	558	511	465	436
Stormwater	247	247	247	310	314	321	354	302	277	211
Wastewater	3,447,384	3,229,184	2,997,086	2,813,016	2,796,525	2,702,938	2,551,584	2,390,077	2,202,056	1,968,415
Chilled Water and Steam	56,780	68,590	66,710	65,553	61,280	62,800	61,162	51,117	56,929	53,011
Construction in Progress	603,821	521,627	673,633	506,810	332,635	228,595	485,962	368,688	506,829	571,547
Total assets before accumulated depreciation	9,637,418	9,195,601	7,854,250	7,349,045	7,180,659	6,875,184	6,507,462	5,677,193	5,436,429	5,141,113
Accumulated Depreciation	2,520,370	2,355,308	2,204,823	2,082,961	2,128,882	1,989,093	1,859,676	1,587,715	1,472,429	1,369,885
Net Capital Assets	\$ 7,117,048	\$ 6,840,293	\$ 5,649,427	\$ 5,266,084	\$ 5,051,777	\$ 4,886,091	\$ 4,647,786	\$ 4,089,478	\$ 3,964,000	\$ 3,771,228

(a) Increase in Water Delivery capital assets from 2014 to 2015 is primarily due to the merger of SAWS and SAWS District Special Project effective January 1, 2015.

(b) Increase in Water Supply/Water Resource capital assets from 2019 to 2020 is primarily due to the addition of the assets from the Vista Ridge Pipeline Project, which commenced operations in April 2020.

San Antonio Water System
Schedule 26 - Operating and Capital Indicators - Water
Unaudited

	Fiscal Year									
	2021 (f)	2020 (g)	2019	2018	2017	2016	2015 (h)	2014	2013	2012
Rainfall (Inches)	34.61	20.70	22.02	41.20	27.33	43.92	44.22	27.63	32.00	39.40
Customers/Connections (a)	544,991	529,392	515,981	505,627	496,543	488,705	482,821	373,920	367,408	365,099
Water Pumpage (Million Gallons)										
Annual Water Pumped	89,281	85,547	84,702	85,092	90,454	88,016	83,138	69,834	69,020	70,338
ASR Recharge (b)	7,822	2,226	4,430	6,427	11,198	11,159	6,911	1,569	2,629	3,742
ASR Production (b)	1,699	3,970	1,281	1,453	387	697	1,903	6,374	4,793	1,446
Annual Pumped for Usage	81,460	83,321	80,271	78,665	79,256	76,857	76,227	68,265	66,391	66,596
Average Daily	223.2	234.0	232.1	233.1	245.6	240.5	227.8	191.3	189.1	192.2
Maximum Daily	442.4	315.0	328.6	301.1	302.8	359.9	335.0	261.0	270.2	264.0
Metered Usage (Million Gallons)	64,020	67,193	65,655	63,660	65,318	63,934	62,896	57,261	55,108	55,320
Available Water Supply (Million Gallons)										
Permitted Edwards Aquifer rights (c)	87,871	88,353	88,753	89,989	92,632	93,289	94,144	83,126	82,902	84,822
Non-Edwards supply (d)	39,507	35,664	23,543	25,905	26,655	23,331	23,005	12,931	11,476	7,431
Stored in ASR (e)	62,667	56,544	58,288	55,138	50,240	39,429	28,967	23,959	28,764	30,928
Total water available for production	190,045	180,562	170,584	171,032	169,527	156,049	146,116	121,086	122,484	123,080
Number of Wells in Service	180	180	181	182	191	191	182	147	149	143
Overhead Storage Capacity (Million Gallons)	124.1	124.1	120.1	120.1	117.1	119.9	119.9	101.8	91.3	81.2
Total Storage Capacity (Million Gallons)	308.4	308.4	287.6	287.6	277.2	269.2	261.7	220.6	197.4	183.7
Miles of Water Main in Place	7,511	7,391	7,260	7,144	7,060	6,961	6,831	5,259	5,072	5,022
Water Main Repairs	1,599	2,494	2,357	2,329	1,843	1,194	2,363	2,018	1,863	2,128
Fire Hydrants in Place	44,305	43,345	42,513	41,553	40,872	39,988	38,460	28,753	28,323	27,914

(a) Number of customers at end of fiscal year.

(b) Gallons pumped for ASR recharge and ASR production are included in annual water pumped.

(c) Based on permitted rights authorized by the Edwards Aquifer Authority (EAA) as of December 31st. Under current EAA rules, authorized amounts are subject to reductions of 20% to 44% during drought conditions.

(d) Includes water available under contracts to purchase or produce water from the Trinity Aquifer, Carrizo Aquifer and Canyon Lake, Medina Lake and Lake Dunlap as well as SAWS brackish desalination plant. Starting in 2020, includes water available under the Vista Ridge Pipeline Project. There are no legally imposed reductions in these supplies during drought; however, production of water from certain of these sources is physically limited during periods of drought.

(e) Represents the cumulative net amount stored in ASR (Recharge - Net production).

(f) Increase in Maximum Daily Pumpage is primarily due to the February Winter Storm Uri event's impact to the system.

(g) Storage Capacity includes a ground storage tank with a 10 million gallon capacity and two elevated storage tanks with a combined capacity of 4 million gallons associated with the Vista Ridge Pipeline Project, which commenced operations in April 2020.

(h) Increase in amounts from 2014 to 2015 reflect the merger of SAWS and SAWS District Special Project effective January 1, 2015.

San Antonio Water System
Schedule 27 - Monthly Residential Service Charges for Ten Major Texas Cities - Water
Unaudited

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Arlington										
6000 Gallons	\$25.50	\$25.50	\$25.50	\$25.50	\$24.20	\$24.20	\$22.40	\$21.12	\$19.49	\$19.49
9000 Gallons	\$33.87	\$33.87	\$33.87	\$33.87	\$32.57	\$32.57	\$29.78	\$27.96	\$25.55	\$25.55
Austin										
6000 Gallons	\$37.02	\$37.02	\$37.02	\$37.02	\$38.35	\$38.35	\$37.37	\$37.21	\$29.74	\$26.16
9000 Gallons	\$68.34	\$68.34	\$68.34	\$68.34	\$70.30	\$70.30	\$66.88	\$62.60	\$51.74	\$35.40
Corpus Christi (a)										
6000 Gallons	\$45.65	\$45.18	\$44.05	\$44.05	\$42.37	\$42.37	\$34.76	\$34.76	\$32.25	\$30.55
9000 Gallons	\$71.35	\$70.65	\$68.93	\$68.93	\$66.29	\$66.29	\$55.78	\$55.78	\$51.79	\$48.76
Dallas										
6000 Gallons	\$21.00	\$21.00	\$20.77	\$20.77	\$21.69	\$21.35	\$20.86	\$19.87	\$19.39	\$18.58
9000 Gallons	\$33.15	\$33.15	\$32.77	\$32.77	\$34.71	\$34.10	\$33.25	\$31.60	\$30.70	\$29.23
El Paso (b)										
6000 Gallons	\$30.78	\$30.10	\$28.27	\$27.19	\$25.23	\$23.82	\$21.62	\$17.84	\$17.84	\$17.01
9000 Gallons	\$40.40	\$39.52	\$37.25	\$35.82	\$33.21	\$31.28	\$28.42	\$24.10	\$24.10	\$22.99
Ft. Worth										
6000 Gallons	\$31.44	\$31.44	\$30.82	\$30.82	\$29.39	\$28.60	\$26.62	\$24.82	\$23.32	\$23.32
9000 Gallons	\$43.75	\$43.75	\$42.73	\$42.73	\$41.14	\$40.77	\$38.49	\$36.05	\$34.55	\$34.55
Houston										
6000 Gallons	\$39.46	\$36.67	\$35.43	\$34.46	\$33.52	\$32.42	\$31.97	\$30.62	\$30.26	\$27.78
9000 Gallons	\$63.46	\$53.65	\$51.84	\$50.42	\$49.03	\$47.42	\$46.76	\$44.78	\$44.27	\$40.62
Lubbock										
6000 Gallons	\$41.09	\$41.09	\$41.09	\$41.09	\$44.56	\$44.56	\$45.18	\$43.86	\$45.00	\$45.00
9000 Gallons	\$62.00	\$62.00	\$62.00	\$62.00	\$58.84	\$58.84	\$63.72	\$56.79	\$57.00	\$57.00
Plano										
6000 Gallons	\$31.86	\$31.86	\$31.22	\$29.48	\$29.48	\$25.98	\$25.98	\$25.41	\$23.10	\$22.55
9000 Gallons	\$43.20	\$43.20	\$42.35	\$40.07	\$40.07	\$35.28	\$35.28	\$33.72	\$30.66	\$29.18
San Antonio (Standard) (b)										
6000 Gallons	\$36.06	\$36.06	\$31.20	\$30.72	\$28.65	\$27.09	\$23.50	\$22.65	\$21.54	\$21.67
9000 Gallons	\$58.03	\$58.03	\$48.29	\$47.40	\$44.37	\$41.96	\$34.43	\$33.16	\$31.37	\$31.53

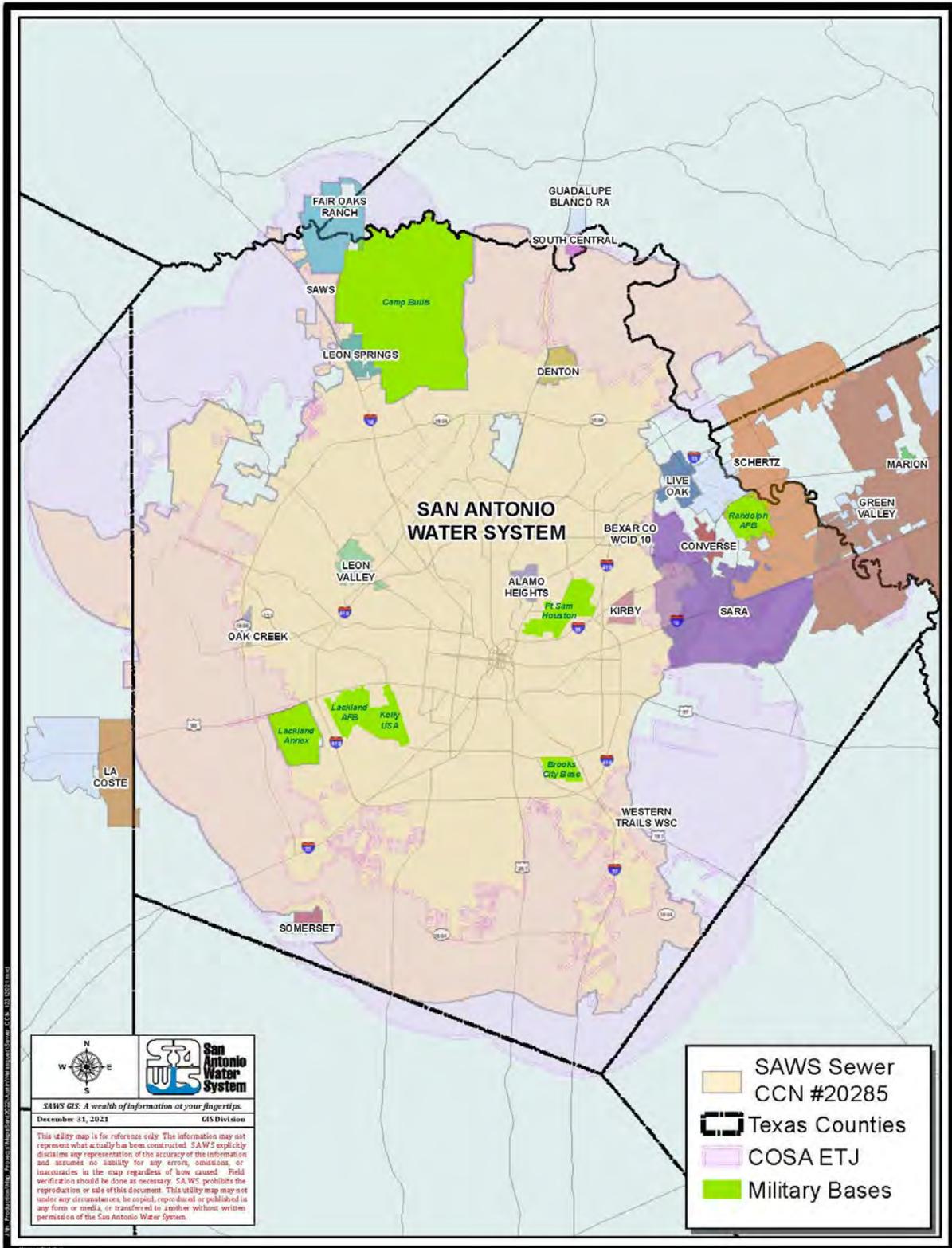
Source: Based on rates posted on each respective city's website.

Note: Most charges are for a 5/8" meter; Arlington, Lubbock, and Plano charges are for a 3/4" meter.

(a) Includes Raw Water Pass Through Charge of \$1.148 per 1,000 gallons.

(b) Assumes Standard rates for all periods in 2015 and prior and includes Water Supply Fee in all periods.

San Antonio Water System Map 2 – Map of Wastewater Service Area



San Antonio Water System
Schedule 28 - Operating and Capital Indicators - Wastewater
Unaudited

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Customers/Connections (a)	487,364	473,478	461,555	453,066	445,023	437,460	429,609	424,257	416,801	412,275
Effluent Volumes For Major Facilities (million gallons per day)										
Clouse Water Recycle Center (b)										
Permit Flow	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00
Average Annual Flow	94.81	86.77	94.34	94.70	94.46	98.26	93.84	85.20	78.47	79.04
Maximum Monthly Average Flow	108.12	92.01	105.39	114.90	106.44	117.01	112.44	91.19	86.78	87.01
Leon Creek										
Permit Flow	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00
Average Annual Flow (two outfalls)	31.03	29.11	29.88	35.91	35.52	38.59	35.04	28.98	37.68	38.62
Maximum Monthly Average Flow (two outfalls)	35.07	30.53	32.67	46.36	38.61	45.06	44.26	39.03	44.16	43.77
Medio Creek										
Permit Flow	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
Average Annual Flow	10.37	10.04	10.05	6.84	6.43	7.73	6.92	7.08	7.48	7.29
Maximum Monthly Average Flow	11.57	10.72	10.92	8.75	7.08	9.73	8.24	7.49	8.22	8.14
Total										
Permit Flow	187.00	187.00	187.00	187.00	187.00	187.00	187.00	187.00	187.00	187.00
Average Annual Flow	136.22	125.92	134.27	137.45	136.41	144.58	135.79	121.26	123.62	124.95
Maximum Monthly Average Flow	154.75	133.26	148.98	170.01	152.13	171.80	164.94	137.71	139.16	138.92
Amount Treated Annually (millions of gallons) (c)	49,719	46,085	49,009	50,170	49,790	52,916	49,565	44,261	45,123	45,732
Amount Treated Peak Day (millions of gallons)	213	198	187	235	245	311	286	196	221	199
Miles of Sewer Main In Place	5,795	5,699	5,629	5,535	5,482	5,375	5,322	5,247	5,238	5,200
Number of Manholes in Place	115,012	112,767	110,836	108,580	107,247	105,346	103,874	100,017	99,037	98,136
Number of Lift Stations	149	146	146	154	151	155	153	156	155	159

(a) Number of customers at end of calendar year.

(b) In the summer of 2019, the Dos Rios Recycling plant was renamed Steve M. Clouse Water Recycling Center.

(c) Represents the amount of wastewater treated annually and does not reflect the amount of wastewater billed. See Schedule 4 for the amount of wastewater billed.

San Antonio Water System
Schedule 29 - Monthly Residential Service Charges for Ten Major Texas Cities - Wastewater
Unaudited

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Arlington										
6000 Gallons	\$43.72	\$43.72	\$41.44	\$38.02	\$34.98	\$31.56	\$31.10	\$30.26	\$28.03	\$28.03
9000 Gallons	\$59.11	\$59.11	\$55.69	\$50.56	\$47.52	\$42.69	\$42.20	\$41.24	\$38.02	\$38.02
Austin										
6000 Gallons	\$60.66	\$60.66	\$60.66	\$60.66	\$62.30	\$62.30	\$59.86	\$55.84	\$54.40	\$54.30
9000 Gallons	\$90.93	\$90.93	\$90.93	\$90.93	\$93.35	\$93.95	\$89.68	\$83.23	\$81.22	\$81.06
Corpus Christi										
6000 Gallons	\$59.36	\$59.36	\$45.60	\$45.60	\$60.79	\$60.79	\$52.23	\$52.23	\$46.96	\$43.21
9000 Gallons	\$79.43	\$79.43	\$60.15	\$60.15	\$80.86	\$80.86	\$69.48	\$69.48	\$62.71	\$57.69
Dallas										
6000 Gallons	\$37.29	\$37.29	\$36.94	\$36.94	\$37.06	\$36.56	\$35.78	\$34.15	\$33.80	\$33.00
9000 Gallons	\$53.52	\$53.52	\$53.02	\$53.02	\$53.20	\$52.49	\$51.38	\$49.00	\$48.50	\$47.40
El Paso										
6000 Gallons	\$26.36	\$25.86	\$24.63	\$22.82	\$21.14	\$19.73	\$17.79	\$16.48	\$16.48	\$15.68
9000 Gallons	\$35.18	\$34.52	\$32.89	\$30.48	\$28.23	\$26.35	\$23.77	\$22.01	\$22.01	\$20.93
Ft. Worth										
6000 Gallons	\$40.29	\$40.29	\$38.10	\$38.10	\$35.53	\$34.49	\$30.60	\$27.96	\$27.96	\$26.84
9000 Gallons	\$57.02	\$57.02	\$53.90	\$53.90	\$50.05	\$48.49	\$43.16	\$39.39	\$39.39	\$37.70
Houston										
6000 Gallons	\$53.50	\$45.10	\$42.57	\$42.39	\$41.23	\$39.87	\$39.31	\$37.65	\$37.20	\$34.15
9000 Gallons	\$85.00	\$71.83	\$68.40	\$67.53	\$65.68	\$63.51	\$62.62	\$59.97	\$59.25	\$54.40
Lubbock										
6000 Gallons	\$38.76	\$38.76	\$38.76	\$38.26	\$35.02	\$35.02	\$28.70	\$27.50	\$27.50	\$27.50
9000 Gallons	\$49.89	\$49.89	\$49.89	\$49.39	\$44.53	\$44.53	\$36.05	\$34.25	\$34.25	\$34.25
Plano										
6000 Gallons	\$45.85	\$43.67	\$43.67	\$41.57	\$41.57	\$39.23	\$37.40	\$34.40	\$33.54	\$33.54
9000 Gallons	\$64.12	\$61.07	\$61.07	\$58.13	\$58.13	\$54.86	\$52.31	\$47.51	\$46.32	\$46.32
San Antonio										
6000 Gallons	\$33.24	\$33.24	\$33.24	\$30.78	\$29.71	\$28.13	\$27.91	\$26.24	\$25.26	\$21.70
9000 Gallons	\$47.21	\$47.21	\$47.21	\$43.72	\$42.20	\$39.96	\$38.00	\$35.73	\$34.40	\$29.54

Source: Based on rates posted on each respective city's website.

BONDED DEBT SCHEDULES AND ANALYSES

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding
							January 1, 2021	December 31, 2021	Issued	Retired	
Water System Revenue Bonds	\$ -				- %	15-May 2009	\$ -	\$ -	\$ -	\$ -	-
Taxable, Series 2009B	-				-	2010	-	-	-	-	-
(Direct Subsidy - Build America Bonds)	-				-	2011	-	-	-	-	-
Paying Agent: Wells Fargo	-				-	2012	-	-	-	-	-
Bonds Dated: 11-01-09	-				-	2013	-	-	-	-	-
	-				-	2014	-	-	-	-	-
	2,690		1 538	Serial	3.319	2015	-	-	-	-	-
	2,755		539 1089	Serial	3.825	2016	-	-	-	-	-
	2,825		1090 1654	Serial	4.293	2017	-	-	-	-	-
	2,910		1655 2236	Serial	4.443	2018	-	-	-	-	-
	2,995		2237 2835	Serial	4.543	2019	-	-	-	-	-
	3,085		2836 3452	Serial	4.743	2020	-	-	-	-	-
	3,185		3453 4089	Serial	4.953	2021	-	-	-	-	-
	3,290		4090 4747	Serial	5.143	2022	-	-	-	-	-
	3,405		4748 5428	Serial	5.233	2023	-	-	-	-	-
	3,525		5429 6133	Serial	5.373	2024	-	-	-	-	-
	3,650	(a)	6134 6863	2029 Term	5.502	2025	3,650	-	-	-	3,650
	4,995	(a)	6864 7862	2029 Term	5.502	2026	4,995	-	-	-	4,995
	3,965	(a)	7863 8655	2029 Term	5.502	2027	3,965	-	-	-	3,965
	3,300	(a)	8656 9315	2029 Term	5.502	2028	3,300	-	-	-	3,300
	4,230	(a)	9316 10161	2029 Term	5.502	2029	4,230	-	-	-	4,230
	4,385	(a)	10162 11038	2039 Term	5.602	2030	4,385	-	-	-	4,385
	4,550	(a)	11039 11948	2039 Term	5.602	2031	4,550	-	-	-	4,550
	4,715	(a)	11949 12891	2039 Term	5.602	2032	4,715	-	-	-	4,715
	4,890	(a)	12892 13869	2039 Term	5.602	2033	4,890	-	-	-	4,890
	5,075	(a)	13870 14884	2039 Term	5.602	2034	5,075	-	-	-	5,075
	5,260	(a)	14885 15936	2039 Term	5.602	2035	5,260	-	-	-	5,260
	5,455	(a)	15937 17027	2039 Term	5.602	2036	5,455	-	-	-	5,455
	5,660	(a)	17028 18159	2039 Term	5.602	2037	5,660	-	-	-	5,660
	5,870	(a)	18160 19333	2039 Term	5.602	2038	5,870	-	-	-	5,870
	6,085	(a)	19334 20550	2039 Term	5.602	2039	6,085	-	-	-	6,085
	<u>\$ 102,750</u>						<u>\$ 72,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,085</u>

(a) Term bonds stated to mature in years 2029 and 2039 are subject to redemption prior to stated maturity, at the option of the City, on any date, in whole or in part, at the Term Bond Make-Whole Redemption Price or, upon the occurrence of an Extraordinary Event, at the Extraordinary Redemption Price.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

<i>WATER SYSTEM REVENUE BONDS</i>	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
									Issued	Retired	
Water System Revenue Bonds	\$ -				- %	15-May	2010	\$ -	\$ -	\$ -	\$ -
Taxable, Series 2010B	-				-		2011	-	-	-	-
(Direct Subsidy - Build America Bonds)	1,635		1	327	1.109		2012	-	-	-	-
Paying Agent: USBank	1,645		328	656	1.457		2013	-	-	-	-
Bonds Dated: 11-15-10	1,665		657	989	1.933		2014	-	-	-	-
	1,685		990	1326	2.233		2015	-	-	-	-
	1,715		1327	1669	2.756		2016	-	-	-	-
	1,750		1670	2019	3.106		2017	-	-	-	-
	1,785		2020	2376	3.670		2018	-	-	-	-
	1,830		2377	2742	3.820		2019	-	-	-	-
	1,880		2743	3118	3.970		2020	-	-	-	-
	1,930		3119	3504	4.170		2021	-	-	-	-
	1,985		3505	3901	4.370		2022	-	-	-	-
	2,040		3902	4309	4.620		2023	-	-	-	-
	2,105		4310	4730	4.920		2024	-	-	-	-
	2,175		4731	5165	5.120		2025	-	-	-	-
	2,255		5166	5616	6.170		2026	-	-	-	-
	2,350		5617	6086	6.170		2027	-	-	-	-
	2,445		6087	6575	6.170		2028	-	-	-	-
	2,545		6576	7084	6.170		2029	-	-	-	-
	2,650		7085	7614	6.170		2030	-	-	-	-
	2,760		7615	8166	6.170		2031	-	-	-	-
	2,870		8167	8740	6.170		2032	-	-	-	-
	2,990		8741	9338	6.220		2033	-	-	-	-
	33,560		9339	16050	6.220		2034	-	-	-	-
	4,495	(a)	16051	16949	5.920		2035	4,495	-	-	4,495
	4,670	(a)	16950	17883	5.920		2036	4,670	-	-	4,670
	4,855	(a)	17884	18854	5.920		2037	4,855	-	-	4,855
	5,045	(a)	18855	19863	5.920		2038	5,045	-	-	5,045
	5,240	(a)	19864	20911	5.920		2039	5,240	-	-	5,240
	5,445	(a)	20912	22000	5.920		2040	5,445	-	-	5,445
	<u>\$ 110,000</u>							<u>\$ 29,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,750</u>

(a) Term bonds having a stated maturity of May 15, 2040 are subject to redemption prior to stated maturity, at the option of the City, on any date, in whole or in part, at the Make-Whole Redemption Price or, upon the occurrence of an Extraordinary Event, at the Extraordinary Redemption Price.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
										Issued	Retired	
Water System Revenue	\$ -					- %	15-May	2011	\$ -	\$ -	\$ -	\$ -
Refunding Bonds, Series 2011	1,670	NONE	1	334	Serial	3.000		2012	-	-	-	-
Paying Agent: USBank	1,960	NONE	335	726	Serial	3.000		2013	-	-	-	-
Bonds Dated: 04-27-11	2,060	NONE	727	1138	Serial	4.000		2014	-	-	-	-
	2,205	NONE	1139	1579	Serial	5.000		2015	-	-	-	-
	2,340	NONE	1580	2047	Serial	4.000		2016	-	-	-	-
	2,675	NONE	2048	2582	Serial	5.000		2017	-	-	-	-
	2,855	NONE	2583	3153	Serial	5.000		2018	-	-	-	-
	1,350	NONE	3154	3423	Serial	3.000		2019	-	-	-	-
	1,585	NONE	3424	3740	Serial	5.000		2019	-	-	-	-
	3,295	NONE	3741	4399	Serial	5.000		2020	-	-	-	-
	3,505	NONE	4400	5100	Serial	5.000		2021	3,505	-	3,505	-
	3,720	(a)	5101	5844	Serial	5.000		2022	3,720	-	3,720	-
	3,950	(a)	5845	6634	Serial	5.000		2023	3,950	-	3,950	-
	4,195	(a)	6635	7473	Serial	5.000		2024	4,195	-	4,195	-
	4,455	(a)	7474	8364	Serial	5.000		2025	4,455	-	4,455	-
	4,735	(a)	8365	9311	Serial	5.000		2026	4,735	-	4,735	-
	<u>\$ 46,555</u>								<u>\$ 24,560</u>	<u>\$ -</u>	<u>\$ 24,560</u>	<u>\$ -</u>

(a) Bonds stated to mature on and after May 15, 2022 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2021, or any date thereafter, in whole or in part, at the par value plus accrued interest to the redemption date.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
										Issued	Retired	
Water System Revenue	\$ -					- %	15-May	2012	\$ -	\$ -	\$ -	\$ -
Refunding Bonds, Series 2012	2,610	NONE	1	522	Serial	2.000		2013	-	-	-	-
Paying Agent: USBank	2,650	NONE	523	1052	Serial	3.000		2014	-	-	-	-
Bonds Dated: 02-29-12	2,720	NONE	1053	1596	Serial	4.000		2015	-	-	-	-
	2,795	NONE	1597	2155	Serial	4.000		2016	-	-	-	-
	7,085	NONE	2156	3572	Serial	5.000		2017	-	-	-	-
	7,360	NONE	3573	5044	Serial	4.000		2018	-	-	-	-
	4,345	NONE	5045	5913	Serial	4.000		2019	-	-	-	-
	12,910	NONE	5914	8495	Serial	5.000		2020	-	-	-	-
	13,510	NONE	8496	11197	Serial	5.000		2021	13,510	-	13,510	-
	16,050	NONE	11198	14407	Serial	5.000		2022	5,875	-	-	5,875
	16,840	(a)	14408	17775	Serial	5.000		2023	6,160	-	-	6,160
	17,675	(a)	17776	21310	Serial	5.000		2024	6,465	-	-	6,465
	18,540	(a)	21311	25018	Serial	5.000		2025	6,785	-	-	6,785
	19,450	(a)	25019	28908	Serial	5.000		2026	7,115	-	-	7,115
	39,450	(a)	28909	36798	Serial	5.000	(a)	2027	14,440	-	-	14,440
	41,265	(a)	36799	45051	Serial	4.000		2028	15,100	-	-	15,100
	<u>\$ 225,255</u>								<u>\$ 75,450</u>	<u>\$ -</u>	<u>\$ 13,510</u>	<u>\$ 61,940</u>

(a) Bonds stated to mature on and after May 15, 2023 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2022, or any date thereafter, in whole or in part, at the par value plus accrued interest to the redemption date.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

<i>WATER SYSTEM REVENUE BONDS</i>	Original Issue	Call Options	Bond		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
			Numbers							Issued	Retired	
Water System Revenue	\$ -					- %	15-May	2012	\$ -	\$ -	\$ -	\$ -
Refunding Bonds, Series 2012A	1,705	NONE	1	341	Serial	2.000		2013	-	-	-	-
Paying Agent: USBank	2,655	NONE	342	872	Serial	3.000		2014	-	-	-	-
Bonds Dated: 10-02-12	2,750	NONE	873	1422	Serial	4.000		2015	-	-	-	-
	2,880	NONE	1423	1998	Serial	5.000		2016	-	-	-	-
	3,025	NONE	1999	2603	Serial	5.000		2017	-	-	-	-
	3,180	NONE	2604	3239	Serial	5.000		2018	-	-	-	-
	3,345	NONE	3240	3908	Serial	5.000		2019	-	-	-	-
	3,500	NONE	3909	4608	Serial	4.000		2020	-	-	-	-
	3,660	NONE	4609	5340	Serial	5.000		2021	3,315	-	3,315	-
	3,850	NONE	5341	6110	Serial	5.000		2022	1,410	-	-	1,410
	4,045	(a)	6111	6919	Serial	5.000		2023	1,480	-	-	1,480
	4,255	(a)	6920	7770	Serial	5.000		2024	1,555	-	-	1,555
	4,470	(a)	7771	8664	Serial	5.000		2025	1,635	-	-	1,635
	4,700	(a)	8665	9604	Serial	5.000		2026	1,720	-	-	1,720
	4,940	(a)	9605	10592	Serial	5.000		2027	1,810	-	-	1,810
	5,195	(a)	10593	11631	Serial	5.000		2028	1,900	-	-	1,900
	5,460	(a)	11632	12723	Serial	5.000		2029	5,460	-	-	5,460
	5,740	(a)	12724	13871	Serial	5.000		2030	5,740	-	-	5,740
	6,035	(a)	13872	15078	Serial	5.000		2031	6,035	-	-	6,035
	6,310	(a)	15079	16340	2034 Term	4.000		2032	6,310	-	-	6,310
	6,570	(a)	16341	17654	2034 Term	4.000		2033	6,570	-	-	6,570
	6,840	(a)	17655	19022	2034 Term	4.000		2034	6,840	-	-	6,840
	7,155	(a)	19023	20453	Serial	5.000		2035	7,155	-	-	7,155
	7,520	(a)	20454	21957	Serial	5.000		2036	7,520	-	-	7,520
	4,140	(a)	21958	22785	Serial	5.000		2037	4,140	-	-	4,140
	3,765	(a)	22786	23538	2040 Term	5.000		2037	3,765	-	-	3,765
	8,310	(a)	23539	25200	2040 Term	5.000		2038	8,310	-	-	8,310
	8,740	(a)	25201	26948	2040 Term	5.000		2039	8,740	-	-	8,740
	9,185	(a)	26949	28785	2040 Term	5.000		2040	9,185	-	-	9,185
	9,585	(a)	28786	30702	2042 Term	3.500		2041	9,585	-	-	9,585
	9,925	(a)	30703	32687	2042 Term	3.500		2042	9,925	-	-	9,925
	<u>\$ 163,435</u>								<u>\$ 120,105</u>	<u>\$ -</u>	<u>\$ 3,315</u>	<u>\$ 116,790</u>

(a) Bonds stated to mature on and after May 15, 2023 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2022, or any date thereafter, in whole or in part, at the par value plus accrued interest to the redemption date.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances	Transactions		Balances
									Outstanding January 1, 2021	Issued	Retired	Outstanding December 31, 2021
Water System Junior Lien	\$ -					- %	15-May	2011	\$ -	\$ -	\$ -	\$ -
Revenue Bonds,	1,120	NONE	1	224	Serial	-		2012	-	-	-	-
Series 2011	1,175	NONE	225	459	Serial	-		2013	-	-	-	-
Paying Agent: US Bank N.A.	1,175	NONE	460	694	Serial	-		2014	-	-	-	-
Bonds Dated: 08-18-11	1,175	NONE	695	929	Serial	-		2015	-	-	-	-
	1,175	NONE	930	1164	Serial	-		2016	-	-	-	-
	1,175	NONE	1165	1399	Serial	-		2017	-	-	-	-
	1,175	NONE	1400	1634	Serial	0.060		2018	-	-	-	-
	1,175	NONE	1635	1869	Serial	0.360		2019	-	-	-	-
	1,180	NONE	1870	2105	Serial	0.590		2020	-	-	-	-
	1,190	NONE	2106	2343	Serial	0.790		2021	1,190	-	1,190	-
	1,200	(a)	2344	2583	Serial	0.980		2022	1,200	-	1,200	-
	1,215	(a)	2584	2826	Serial	1.150		2023	1,215	-	1,215	-
	1,230	(a)	2827	3072	Serial	1.320		2024	1,230	-	1,230	-
	1,245	(a)	3073	3321	Serial	1.490		2025	1,245	-	1,245	-
	1,265	(a)	3322	3574	Serial	1.620		2026	1,265	-	1,265	-
	1,285	(a)	3575	3831	Serial	1.720		2027	1,285	-	1,285	-
	1,310	(a)	3832	4093	Serial	1.820		2028	1,310	-	1,310	-
	1,335	(a)	4094	4360	Serial	1.920		2029	1,335	-	1,335	-
	1,360	(a)	4361	4632	Serial	2.070		2030	1,360	-	1,360	-
	1,390	(a)	4633	4910	Serial	2.070		2031	1,390	-	1,390	-
	<u>\$ 24,550</u>								<u>\$ 14,025</u>	<u>\$ -</u>	<u>\$ 14,025</u>	<u>\$ -</u>

(a) Consistent with the call provisions, these bonds were called on May 15, 2021.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances	Transactions		Balances
									Outstanding January 1, 2021	Issued	Retired	Outstanding December 31, 2021
Water System Junior Lien	\$ -					- %	15-May	2011	\$ -	\$ -	\$ -	\$ -
Revenue and Refunding	335	NONE	1	67	Serial	-		2012	-	-	-	-
Bonds, Series 2011A	455	NONE	68	158	Serial	-		2013	-	-	-	-
Paying Agent: US Bank N.A.	455	NONE	159	249	Serial	-		2014	-	-	-	-
Bonds Dated: 08-18-11	455	NONE	250	340	Serial	0.350		2015	-	-	-	-
	455	NONE	341	431	Serial	0.650		2016	-	-	-	-
	460	NONE	432	523	Serial	0.950		2017	-	-	-	-
	465	NONE	524	616	Serial	1.250		2018	-	-	-	-
	475	NONE	617	711	Serial	1.550		2019	-	-	-	-
	480	NONE	712	807	Serial	1.800		2020	-	-	-	-
	490	NONE	808	905	Serial	2.000		2021	490	-	490	-
	500	(a)	906	1005	Serial	2.200		2022	500	-	500	-
	510	(a)	1006	1107	Serial	2.400		2023	510	-	510	-
	525	(a)	1108	1212	Serial	2.550		2024	525	-	525	-
	540	(a)	1213	1320	Serial	2.700		2025	540	-	540	-
	555	(a)	1321	1431	Serial	2.850		2026	555	-	555	-
	570	(a)	1432	1545	Serial	2.950		2027	570	-	570	-
	590	(a)	1546	1663	Serial	3.050		2028	590	-	590	-
	605	(a)	1664	1784	Serial	3.150		2029	605	-	605	-
	625	(a)	1785	1909	Serial	3.250		2030	625	-	625	-
	645	(a)	1910	2038	Serial	3.300		2031	645	-	645	-
	670	(a)	2039	2172	Serial	3.400		2032	670	-	670	-
	690	(a)	2173	2310	Serial	3.500		2033	690	-	690	-
	715	(a)	2311	2453	Serial	3.550		2034	715	-	715	-
	745	(a)	2454	2602	Serial	3.650		2035	745	-	745	-
	770	(a)	2603	2756	Serial	3.700		2036	770	-	770	-
	800	(a)	2757	2916	Serial	3.700		2037	800	-	800	-
	830	(a)	2917	3082	Serial	3.700		2038	830	-	830	-
	860	(a)	3083	3254	Serial	3.700		2039	860	-	860	-
	895	(a)	3255	3433	Serial	3.700		2040	895	-	895	-
	930	(a)	3434	3619	Serial	3.900		2041	930	-	930	-
	<u>\$ 18,095</u>								<u>\$ 14,060</u>	<u>\$ -</u>	<u>\$ 14,060</u>	<u>\$ -</u>

(a) Consistent with the call provisions, these bonds were called on July 28, 2021.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
										Issued	Retired	
Water System Junior Lien	\$ -					- %	15-May	2012	\$ -	\$ -	\$ -	\$ -
Revenue Refunding Bonds, Series 2012 (No Reserve Fund)	2,895	NONE	1	579	Serial	2.000		2013	-	-	-	-
Paying Agent: Bank of New York Bonds Dated: 04-11-12	2,965	NONE	580	1172	Serial	2.000		2014	-	-	-	-
	3,055	NONE	1173	1783	Serial	4.000		2015	-	-	-	-
	3,210	NONE	1784	2425	Serial	4.000		2016	-	-	-	-
	3,135	NONE	2426	3052	Serial	4.000		2017	-	-	-	-
	3,290	NONE	3053	3710	Serial	4.000		2018	-	-	-	-
	4,265	NONE	3132	4563	Serial	4.000		2019	-	-	-	-
	3,545	NONE	4564	5272	Serial	4.500		2020	-	-	-	-
	3,735	NONE	5273	6019	Serial	4.500		2021	3,735	-	3,735	-
	1,795	NONE	6020	6378	Serial	5.000		2022	1,795	-	-	1,795
	<u>\$ 31,890</u>								<u>\$ 5,530</u>	<u>\$ -</u>	<u>\$ 3,735</u>	<u>\$ 1,795</u>

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

<i>WATER SYSTEM</i> <i>REVENUE BONDS</i>	Original Issue	Call Options	Bond		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
			Numbers							Issued	Retired	
Water System Junior Lien	\$ -					- %	15-May	2012	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2012	545	NONE	1	109	Serial	-		2013	-	-	-	-
Paying Agent: US Bank N.A.	590	NONE	110	227	Serial	-		2014	-	-	-	-
Bonds Dated: 08-28-12	590	NONE	228	345	Serial	-		2015	-	-	-	-
	590	NONE	346	463	Serial	-		2016	-	-	-	-
	590	NONE	464	581	Serial	-		2017	-	-	-	-
	590	NONE	582	699	Serial	-		2018	-	-	-	-
	590	NONE	700	817	Serial	0.140		2019	-	-	-	-
	595	NONE	818	936	Serial	0.389		2020	-	-	-	-
	595	NONE	937	1055	Serial	0.580		2021	595	-	595	-
	600	NONE	1056	1175	Serial	0.710		2022	600	-	-	600
	605	(a)	1176	1296	Serial	0.830		2023	605	-	-	605
	610	(a)	1297	1418	Serial	0.920		2024	610	-	-	610
	615	(a)	1419	1541	Serial	1.010		2025	615	-	-	615
	625	(a)	1542	1666	Serial	1.090		2026	625	-	-	625
	630	(a)	1667	1792	Serial	1.160		2027	630	-	-	630
	635	(a)	1793	1919	Serial	1.230		2028	635	-	-	635
	645	(a)	1920	2048	Serial	1.300		2029	645	-	-	645
	655	(a)	2049	2179	Serial	1.370		2030	655	-	-	655
	665	(a)	2180	2312	Serial	1.430		2031	665	-	-	665
	675	(a)	2313	2447	Serial	1.490		2032	675	-	-	675
	685	(a)	2448	2584	Serial	1.550		2033	685	-	-	685
	695	(a)	2585	2723	Serial	1.620		2034	695	-	-	695
	705	(a)	2724	2864	Serial	1.690		2035	705	-	-	705
	720	(a)	2865	3008	Serial	1.750		2036	720	-	-	720
	730	(a)	3009	3154	Serial	1.790		2037	730	-	-	730
	745	(a)	3155	3303	Serial	1.810		2038	745	-	-	745
	760	(a)	3304	3455	Serial	1.820		2039	760	-	-	760
	770	(a)	3456	3609	Serial	1.830		2040	770	-	-	770
	785	(a)	3610	3766	Serial	1.840		2041	785	-	-	785
	800	(a)	3767	3926	Serial	1.850		2042	800	-	-	800
	<u>\$ 19,630</u>								<u>\$ 14,950</u>	<u>\$ -</u>	<u>\$ 595</u>	<u>\$ 14,355</u>

(a) Bonds stated to mature on and after May 15, 2023 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on May 15, 2022, or any date thereafter, in whole or in part, at the par value plus accrued interest to the redemption date.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

<i>WATER SYSTEM REVENUE BONDS</i>	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
								Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May 2013	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2013A	2,395	NONE	1	479	0.000	2014	-	-	-	-
Paying Agent: Bank of New York	2,390	NONE	480	957	0.000	2015	-	-	-	-
Bonds Dated: 05-07-13	2,390	NONE	958	1435	0.000	2016	-	-	-	-
	2,390	NONE	1436	1913	0.000	2017	-	-	-	-
	2,390	NONE	1914	2391	0.000	2018	-	-	-	-
	2,395	NONE	2392	2870	0.090	2019	-	-	-	-
	2,400	NONE	2871	3350	0.300	2020	-	-	-	-
	2,410	NONE	3351	3832	0.480	2021	2,410	-	2,410	-
	2,420	NONE	3833	4316	0.670	2022	2,420	-	-	2,420
	2,440	NONE	4317	4804	0.850	2023	2,440	-	-	2,440
	2,460	(a)	4805	5296	0.940	2024	2,460	-	-	2,460
	2,485	(a)	5297	5793	1.020	2025	2,485	-	-	2,485
	2,515	(a)	5794	6296	1.090	2026	2,515	-	-	2,515
	2,540	(a)	6297	6804	1.150	2027	2,540	-	-	2,540
	2,570	(a)	6805	7318	1.220	2028	2,570	-	-	2,570
	2,605	(a)	7319	7839	1.270	2029	2,605	-	-	2,605
	2,635	(a)	7840	8366	1.330	2030	2,635	-	-	2,635
	2,675	(a)	8367	8901	1.380	2031	2,675	-	-	2,675
	2,720	(a)	8902	9445	2.050	2032	2,720	-	-	2,720
	2,775	(a)	9446	10000	2.050	2033	2,775	-	-	2,775
	<u>\$ 50,000</u>						<u>\$ 33,250</u>	<u>\$ -</u>	<u>\$ 2,410</u>	<u>\$ 30,840</u>

(a) Bonds stated to mature on and after May 15, 2024 shall be subject to redemption prior to Stated Maturities, in inverse order of stated maturity, at the option of the City, on May 15, 2023, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

<i>WATER SYSTEM REVENUE BONDS</i>	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
						15-May	2013		Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2013	\$ -	\$ -	\$ -	\$ -
Revenue Refunding Bonds, Series 2013B (No Reserve Fund)	1,875	NONE	1	375	2.000		2014	-	-	-	-
Paying Agent: US Bank	3,715	NONE	376	1118	4.000		2015	-	-	-	-
Bonds Dated: 06-06-13	3,870	NONE	1119	1892	4.000		2016	-	-	-	-
	4,030	NONE	1893	2698	4.000		2017	-	-	-	-
	4,200	NONE	2699	3538	5.000		2018	-	-	-	-
	4,410	NONE	3539	4420	5.000		2019	-	-	-	-
	4,640	NONE	4421	5348	5.000		2020	-	-	-	-
	4,875	NONE	5349	6323	5.000		2021	4,875	-	4,875	-
	5,125	NONE	6324	7348	5.000		2022	5,125	-	-	5,125
	3,620	NONE	7349	8072	5.000		2023	3,620	-	-	3,620
	2,970	(a)	8073	8666	5.000		2024	2,970	-	-	2,970
	3,120	(a)	8667	9290	5.000		2025	3,120	-	-	3,120
	3,285	(a)	9291	9947	5.000		2026	3,285	-	-	3,285
	3,450	(a)	9948	10637	5.000		2027	3,450	-	-	3,450
	3,630	(a)	10638	11363	5.000		2028	3,630	-	-	3,630
	3,815	(a)	11364	12126	5.000		2029	3,815	-	-	3,815
	4,015	(a)	12127	12929	5.000		2030	4,015	-	-	4,015
	4,220	(a)	12930	13773	5.000		2031	4,220	-	-	4,220
	4,440	(a)	13774	14661	5.000		2032	4,440	-	-	4,440
	4,670	(a)	14662	15595	5.000		2033	4,670	-	-	4,670
	4,910	(a)	15596	16577	5.000		2034	4,910	-	-	4,910
	<u>\$ 82,885</u>							<u>\$ 56,145</u>	<u>\$ -</u>	<u>\$ 4,875</u>	<u>\$ 51,270</u>

(a) Bonds stated to mature on and after May 15, 2024 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2023, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

<i>WATER SYSTEM</i> <i>REVENUE BONDS</i>	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances Outstanding December 31, 2021
							Outstanding January 1, 2021		Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May 2013	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2013C	1,230	NONE	1 246	Serial	0.000	2014	-	-	-	-	-
Paying Agent: Bank of New York	1,210	NONE	247 488	Serial	0.000	2015	-	-	-	-	-
Bonds Dated: 12-05-13	1,210	NONE	489 730	Serial	0.000	2016	-	-	-	-	-
	1,210	NONE	731 972	Serial	0.000	2017	-	-	-	-	-
	1,210	NONE	973 1214	Serial	0.400	2018	-	-	-	-	-
	1,210	NONE	1215 1456	Serial	0.420	2019	-	-	-	-	-
	1,220	NONE	1457 1700	Serial	0.790	2020	-	-	-	-	-
	1,230	NONE	1701 1946	Serial	1.110	2021	1,230	-	1,230	-	-
	1,245	NONE	1947 2195	Serial	1.300	2022	1,245	-	-	-	1,245
	1,260	NONE	2196 2447	Serial	1.480	2023	1,260	-	-	-	1,260
	1,280	(a)	2448 2703	Serial	1.650	2024	1,280	-	-	-	1,280
	1,305	(a)	2704 2964	Serial	1.810	2025	1,305	-	-	-	1,305
	1,330	(a)	2965 3230	Serial	1.970	2026	1,330	-	-	-	1,330
	1,355	(a)	3231 3501	Serial	2.120	2027	1,355	-	-	-	1,355
	1,385	(a)	3502 3778	Serial	2.270	2028	1,385	-	-	-	1,385
	1,420	(a)	3779 4062	Serial	2.390	2029	1,420	-	-	-	1,420
	1,455	(a)	4063 4353	Serial	2.510	2030	1,455	-	-	-	1,455
	1,495	(a)	4354 4652	Serial	2.590	2031	1,495	-	-	-	1,495
	1,535	(a)	4653 4959	Serial	2.680	2032	1,535	-	-	-	1,535
	1,575	(a)	4960 5274	Serial	2.740	2033	1,575	-	-	-	1,575
	<u>\$ 26,370</u>						<u>\$ 17,870</u>	<u>\$ -</u>	<u>\$ 1,230</u>	<u>\$ -</u>	<u>\$ 16,640</u>

(a) Bonds stated to mature on and after May 15, 2024 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on May 15, 2023, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
									Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2013	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2013D	1,495	NONE	1	299	0.000		2014	-	-	-	-
Paying Agent: Bank of New York	1,555	NONE	300	610	0.000		2015	-	-	-	-
Bonds Dated: 10-31-13	1,555	NONE	611	921	0.000		2016	-	-	-	-
	1,555	NONE	922	1232	0.000		2017	-	-	-	-
	1,560	NONE	1233	1544	0.450		2018	-	-	-	-
	1,565	NONE	1545	1857	0.770		2019	-	-	-	-
	1,580	NONE	1858	2173	1.030		2020	-	-	-	-
	1,600	NONE	2174	2493	1.340		2021	1,600	-	1,600	-
	1,625	NONE	2494	2818	1.580		2022	1,625	-	-	1,625
	1,650	NONE	2819	3148	1.770		2023	1,650	-	-	1,650
	1,680	(a)	3149	3484	1.960		2024	1,680	-	-	1,680
	1,715	(a)	3485	3827	2.150		2025	1,715	-	-	1,715
	1,755	(a)	3828	4178	2.340		2026	1,755	-	-	1,755
	1,800	(a)	4179	4538	2.470		2027	1,800	-	-	1,800
	1,845	(a)	4539	4907	2.590		2028	1,845	-	-	1,845
	1,895	(a)	4908	5286	2.710		2029	1,895	-	-	1,895
	1,950	(a)	5287	5676	2.820		2030	1,950	-	-	1,950
	2,005	(a)	5677	6077	2.900		2031	2,005	-	-	2,005
	2,065	(a)	6078	6490	2.980		2032	2,065	-	-	2,065
	2,130	(a)	6491	6916	3.050		2033	2,130	-	-	2,130
	2,195	(a)	6917	7355	3.110		2034	2,195	-	-	2,195
	2,265	(a)	7356	7808	3.170		2035	2,265	-	-	2,265
	2,340	(a)	7809	8276	3.220		2036	2,340	-	-	2,340
	2,415	(a)	8277	8759	3.260		2037	2,415	-	-	2,415
	2,495	(a)	8760	9258	3.300		2038	2,495	-	-	2,495
	2,580	(a)	9259	9774	3.330		2039	2,580	-	-	2,580
	2,665	(a)	9775	10307	3.350		2040	2,665	-	-	2,665
	2,760	(a)	10308	10859	3.370		2041	2,760	-	-	2,760
	2,855	(a)	10860	11430	3.380		2042	2,855	-	-	2,855
	2,950	(a)	11431	12020	3.390		2043	2,950	-	-	2,950
	<u>\$ 60,100</u>							<u>\$ 49,235</u>	<u>\$ -</u>	<u>\$ 1,600</u>	<u>\$ 47,635</u>

(a) Bonds stated to mature on and after May 15, 2024 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on May 15, 2023, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
									Issued	Retired	
Water System Junior Lien	\$ -				2.000 %	15-May	2013	\$ -	\$ -	\$ -	\$ -
Revenue and Refunding Bonds, Series 2013E (No Reserve Fund)	3,180	NONE	1	636	Serial		2014	-	-	-	-
Paying Agent: USBank	3,370	NONE	637	1310	Serial		2015	-	-	-	-
Bonds Dated: 11-06-13	3,505	NONE	1311	2011	Serial		2016	-	-	-	-
	3,670	NONE	2012	2745	Serial		2017	-	-	-	-
	3,840	NONE	2746	3513	Serial		2018	-	-	-	-
	4,015	NONE	3514	4316	Serial		2019	-	-	-	-
	4,200	NONE	4317	5156	Serial		2020	-	-	-	-
	4,395	NONE	5157	6035	Serial		2021	4,395	-	4,395	-
	4,620	NONE	6036	6959	Serial		2022	4,620	-	-	4,620
	4,855	NONE	6960	7930	Serial		2023	4,855	-	-	4,855
	5,105	(a)	7931	8951	Serial		2024	5,105	-	-	5,105
	5,365	(a)	8952	10024	Serial		2025	5,365	-	-	5,365
	5,640	(a)	10025	11152	Serial		2026	5,640	-	-	5,640
	5,930	(a)	11153	12338	Serial		2027	5,930	-	-	5,930
	6,235	(a)	12339	13585	Serial		2028	6,235	-	-	6,235
	6,555	(a)	13586	14896	Serial		2029	6,555	-	-	6,555
	4,870	(a)	14897	15870	Serial		2030	4,870	-	-	4,870
	<u>\$ 79,350</u>							<u>\$ 53,570</u>	<u>\$ -</u>	<u>\$ 4,395</u>	<u>\$ 49,175</u>

(a) Bonds stated to mature on and after May 15, 2024 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2023, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original	Call	Bond	Bond	Interest	Maturity Dates		Balances	Transactions		Balances
	Issue	Options	Numbers	Type	Rates^(b)	%	1-May	Outstanding January 1, 2021	Issued	Retired	Outstanding December 31, 2021
Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2013F (No Reserve Fund)	\$ -	NONE					2013	\$ -	\$ -	\$ -	\$ -
Paying Agent: USBank	-	NONE					2014	-	-	-	-
Bonds Dated: 11-06-13	-	NONE					2015	-	-	-	-
	-	NONE					2016	-	-	-	-
	-	NONE					2017	-	-	-	-
	-	NONE					2018	-	-	-	-
	-	NONE					2019	-	-	-	-
	-	NONE					2020	-	-	-	-
	-	NONE					2021	-	-	-	-
	-	NONE					2022	-	-	-	-
	-	NONE					2023	-	-	-	-
	-	NONE					2024	-	-	-	-
	-	NONE					2025	-	-	-	-
	-	NONE					2026	-	-	-	-
	-	NONE					2027	-	-	-	-
	-	NONE					2028	-	-	-	-
	-	NONE					2029	-	-	-	-
	1,025	(a)	1	205	Term	Variable	2030	1,025	-	375	650
	6,075	(a)	206	1420	Term	Variable	2031	6,075	-	-	6,075
	6,290	(a)	1421	2678	Term	Variable	2032	6,290	-	-	6,290
	6,515	(a)	2679	3981	Term	Variable	2033	6,515	-	-	6,515
	6,745	(a)	3982	5330	Term	Variable	2034	6,745	-	-	6,745
	6,980	(a)	5331	6726	Term	Variable	2035	6,980	-	-	6,980
	7,225	(a)	6727	8171	Term	Variable	2036	7,225	-	-	7,225
	7,475	(a)	8172	9666	Term	Variable	2037	7,475	-	-	7,475
	7,735	(a)	9667	11213	Term	Variable	2038	7,735	-	-	7,735
	7,995	(a)	11214	12812	Term	Variable	2039	7,995	-	-	7,995
	8,260	(a)	12813	14464	Term	Variable	2040	8,260	-	-	8,260
	8,540	(a)	14465	16172	Term	Variable	2041	8,540	-	-	8,540
	8,825	(a)	16173	17937	Term	Variable	2042	8,825	-	-	8,825
	9,110	(a)	17938	19759	Term	Variable	2043	9,110	-	-	9,110
	<u>\$ 98,795</u>							<u>\$ 98,795</u>	<u>\$ -</u>	<u>\$ 375</u>	<u>\$ 98,420</u>

(a) On November 1, 2026, the Bonds are subject to mandatory tender without right of retention at a purchase price equal to 100% of the principal amount plus accrued interest, if any. The Bonds are subject to mandatory sinking fund redemption prior to their stated maturities on May 1 of the years and in the principal amounts indicated above.

(b) The Bonds are multi modal variable rate bonds, initially issued in a SIFMA Index Mode which expired on October 31, 2016. On November 1, 2016, the bonds were mandatorily tendered for purchase and remarketed into a fixed rate mode for a five-year interest rate period, ending October 31, 2021 at an interest rate of 2.00%. On November 1, 2021, the bonds were again remarketed into a fixed rate Term Mode for a five-year period ending October 31, 2026 at 1.00%. At the end of the second remarketing period, the Bonds will be remarketed or refunded into another term period or will be converted into another mode.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
									Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2014	\$ -	\$ -	\$ -	\$ -
Revenue and Refunding Bonds, Series 2014A (No Reserve Fund)	3,140	NONE	1 628	Serial	2.000		2015	-	-	-	-
Paying Agent: USBank	4,480	NONE	629 1524	Serial	3.000		2016	-	-	-	-
Bonds Dated: 04-30-14	3,425	NONE	1525 2209	Serial	4.000		2017	-	-	-	-
	3,655	NONE	2210 2940	Serial	3.000		2018	-	-	-	-
	7,710	NONE	2941 4482	Serial	5.000		2019	-	-	-	-
	7,960	NONE	4483 6074	Serial	5.000		2020	-	-	-	-
	8,375	NONE	6075 7749	Serial	5.000		2021	8,375	-	8,375	-
	8,800	NONE	7750 9509	Serial	5.000		2022	8,800	-	-	8,800
	9,265	NONE	9510 11362	Serial	5.000		2023	9,265	-	-	9,265
	9,735	(a)	11363 13309	Serial	5.000		2024	9,735	-	-	9,735
	10,235	(a)	13310 15356	Serial	5.000		2025	10,235	-	-	10,235
	10,770	(a)	15357 17510	Serial	5.000		2026	10,770	-	-	10,770
	5,190	(a)	17511 18548	Serial	5.000		2027	5,190	-	-	5,190
	5,455	(a)	18549 19639	Serial	5.000		2028	5,455	-	-	5,455
	5,735	(a)	19640 20786	Serial	5.000		2029	5,735	-	-	5,735
	<u>\$ 103,930</u>							<u>\$ 73,560</u>	<u>\$ -</u>	<u>\$ 8,375</u>	<u>\$ 65,185</u>

(a) Bonds stated to mature on and after May 15, 2024 shall be subject to redemption prior to stated maturities at the option of the City, on November 15, 2023, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original	Call	Bond	Bond	Interest	Maturity Dates		Balances	Transactions		Balances
	Issue	Options	Numbers	Type	Rates^(b)			Outstanding	Issued	Retired	Outstanding
								January 1, 2021			December 31, 2021
Water System Variable Junior	\$ -	NONE			- %	1-May	2014	\$ -	\$ -	\$ -	\$ -
Lien Revenue and Refunding Bonds,	-	NONE					2015	-	-	-	-
Series 2014B (No Reserve Fund)	-	NONE					2016	-	-	-	-
Paying Agent: USBank	-	NONE					2017	-	-	-	-
Bonds Dated: 04-30-14	-	NONE					2018	-	-	-	-
	-	NONE					2019	-	-	-	-
	-	NONE					2020	-	-	-	-
	-	NONE					2021	-	-	-	-
	-	NONE					2022	-	-	-	-
	-	NONE					2023	-	-	-	-
	-	NONE					2024	-	-	-	-
	-	NONE					2025	-	-	-	-
	-	NONE					2026	-	-	-	-
	-	NONE					2027	-	-	-	-
	-	NONE					2028	-	-	-	-
	-	NONE					2029	-	-	-	-
	5,690	(a)	1	1138	Variable		2030	5,690	-	-	5,690
	5,810	(a)	1139	2300	Variable		2031	5,810	-	-	5,810
	5,935	(a)	2301	3487	Variable		2032	5,935	-	-	5,935
	6,065	(a)	3488	4700	Variable		2033	6,065	-	-	6,065
	6,200	(a)	4701	5940	Variable		2034	6,200	-	-	6,200
	6,335	(a)	5941	7207	Variable		2035	6,335	-	-	6,335
	6,470	(a)	7208	8501	Variable		2036	6,470	-	-	6,470
	6,610	(a)	8502	9823	Variable		2037	6,610	-	-	6,610
	6,755	(a)	9824	11174	Variable		2038	6,755	-	-	6,755
	6,900	(a)	11175	12554	Variable		2039	6,900	-	-	6,900
	7,050	(a)	12555	13964	Variable		2040	7,050	-	-	7,050
	7,205	(a)	13965	15405	Variable		2041	7,205	-	-	7,205
	7,360	(a)	15406	16877	Variable		2042	7,360	-	-	7,360
	7,520	(a)	16878	18381	Variable		2043	7,520	-	-	7,520
	7,685	(a)	18382	19918	Variable		2044	7,685	-	-	7,685
	<u>\$ 99,590</u>							<u>\$ 99,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,590</u>

(a) On November 1, 2022, the Bonds are subject to mandatory tender without right of retention at a purchase price equal to 100% of the principal amount plus accrued interest, if any. The Bonds are subject to mandatory sinking fund redemption prior to their stated maturities on May 1 of the years and in the principal amounts indicated above.

(b) The Bonds are multi modal variable rate bonds, initially issued in a SIFMA Index Mode which expired on October 31, 2017. On November 1, 2017, the bonds were mandatorily tendered for purchase and remarketed into a fixed rate mode for a five-year interest rate period, ending October 31, 2022 at an interest rate of 2.00%. At the end of the second remarketing period, the Bonds will be remarketed or refunded into another term period or will be converted into another mode.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
									Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2014	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2014C	1,070	NONE	1	214	0.000		2015	-	-	-	-
Paying Agent: Bank of New York	1,070	NONE	215	428	0.000		2016	-	-	-	-
Bonds Dated: 06-18-14	1,070	NONE	429	642	0.000		2017	-	-	-	-
	1,070	NONE	643	856	0.000		2018	-	-	-	-
	1,070	NONE	857	1070	0.150		2019	-	-	-	-
	1,075	NONE	1071	1285	0.450		2020	-	-	-	-
	1,080	NONE	1286	1501	0.740		2021	1,080	-	1,080	-
	1,090	NONE	1502	1719	0.970		2022	1,090	-	-	1,090
	1,100	NONE	1720	1939	1.150		2023	1,100	-	-	1,100
	1,115	NONE	1940	2162	1.290		2024	1,115	-	-	1,115
	1,130	(a)	2163	2388	1.420		2025	1,130	-	-	1,130
	1,145	(a)	2389	2617	1.550		2026	1,145	-	-	1,145
	1,165	(a)	2618	2850	1.650		2027	1,165	-	-	1,165
	1,185	(a)	2851	3087	1.740		2028	1,185	-	-	1,185
	1,205	(a)	3088	3328	1.830		2029	1,205	-	-	1,205
	1,230	(a)	3329	3574	1.910		2030	1,230	-	-	1,230
	1,250	(a)	3575	3824	1.990		2031	1,250	-	-	1,250
	1,280	(a)	3825	4080	2.070		2032	1,280	-	-	1,280
	1,305	(a)	4081	4341	2.140		2033	1,305	-	-	1,305
	1,335	(a)	4342	4608	2.200		2034	1,335	-	-	1,335
	1,365	(a)	4609	4881	2.260		2035	1,365	-	-	1,365
	1,395	(a)	4882	5160	2.310		2036	1,395	-	-	1,395
	1,430	(a)	5161	5446	2.350		2037	1,430	-	-	1,430
	1,465	(a)	5447	5739	2.380		2038	1,465	-	-	1,465
	1,500	(a)	5740	6039	2.410		2039	1,500	-	-	1,500
	1,535	(a)	6040	6346	2.430		2040	1,535	-	-	1,535
	1,575	(a)	6347	6661	2.450		2041	1,575	-	-	1,575
	1,610	(a)	6662	6983	2.450		2042	1,610	-	-	1,610
	1,650	(a)	6984	7313	2.460		2043	1,650	-	-	1,650
	1,695	(a)	7314	7652	2.460		2044	1,695	-	-	1,695
	<u>\$ 38,260</u>							<u>\$ 31,835</u>	<u>\$ -</u>	<u>\$ 1,080</u>	<u>\$ 30,755</u>

(a) Bonds stated to mature on and after May 15, 2025 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on May 15, 2024, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
									Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2014	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2014D	1,055	NONE	1	211	0.000		2015	-	-	-	-
Paying Agent: Bank of New York	1,050	NONE	212	421	0.000		2016	-	-	-	-
Bonds Dated: 06-19-14	1,050	NONE	422	631	0.000		2017	-	-	-	-
	1,050	NONE	632	841	0.000		2018	-	-	-	-
	1,055	NONE	842	1052	0.020		2019	-	-	-	-
	1,055	NONE	1053	1263	0.300		2020	-	-	-	-
	1,060	NONE	1264	1475	0.590		2021	1,060	-	1,060	-
	1,065	NONE	1476	1688	0.810		2022	1,065	-	-	1,065
	1,075	NONE	1689	1903	1.000		2023	1,075	-	-	1,075
	1,090	NONE	1904	2121	1.120		2024	1,090	-	-	1,090
	1,100	(a)	2122	2341	1.240		2025	1,100	-	-	1,100
	1,115	(a)	2342	2564	1.350		2026	1,115	-	-	1,115
	1,130	(a)	2565	2790	1.440		2027	1,130	-	-	1,130
	1,145	(a)	2791	3019	1.530		2028	1,145	-	-	1,145
	1,165	(a)	3020	3252	1.620		2029	1,165	-	-	1,165
	1,185	(a)	3253	3489	1.690		2030	1,185	-	-	1,185
	1,205	(a)	3490	3730	1.760		2031	1,205	-	-	1,205
	1,225	(a)	3731	3975	1.830		2032	1,225	-	-	1,225
	1,250	(a)	3976	4225	1.900		2033	1,250	-	-	1,250
	1,275	(a)	4226	4480	1.960		2034	1,275	-	-	1,275
	<u>\$ 22,400</u>							<u>\$ 16,085</u>	<u>\$ -</u>	<u>\$ 1,060</u>	<u>\$ 15,025</u>

(a) Bonds stated to mature on and after May 15, 2025 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on May 15, 2024, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding
							January 1, 2021	December 31, 2021	Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May 2015	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2015A	2,180	NONE	1 436	Serial	0.000	2016	-	-	-	-	-
Paying Agent: Bank of New York	2,180	NONE	437 872	Serial	0.000	2017	-	-	-	-	-
Bonds Dated: 01-21-15	2,180	NONE	873 1308	Serial	0.000	2018	-	-	-	-	-
	2,180	NONE	1309 1744	Serial	0.030	2019	-	-	-	-	-
	2,185	NONE	1745 2181	Serial	0.320	2020	-	-	-	-	-
	2,195	NONE	2182 2620	Serial	0.580	2021	2,195	-	2,195	-	-
	2,210	NONE	2621 3062	Serial	0.770	2022	2,210	-	-	-	2,210
	2,230	NONE	3063 3508	Serial	0.910	2023	2,230	-	-	-	2,230
	2,250	NONE	3509 3958	Serial	1.020	2024	2,250	-	-	-	2,250
	2,275	(a)	3959 4413	Serial	1.150	2025	2,275	-	-	-	2,275
	2,305	(a)	4414 4874	Serial	1.250	2026	2,305	-	-	-	2,305
	2,330	(a)	4875 5340	Serial	1.330	2027	2,330	-	-	-	2,330
	2,365	(a)	5341 5813	Serial	1.390	2028	2,365	-	-	-	2,365
	2,400	(a)	5814 6293	Serial	1.440	2029	2,400	-	-	-	2,400
	2,435	(a)	6294 6780	Serial	1.490	2030	2,435	-	-	-	2,435
	2,470	(a)	6781 7274	Serial	1.540	2031	2,470	-	-	-	2,470
	2,510	(a)	7275 7776	Serial	1.590	2032	2,510	-	-	-	2,510
	2,550	(a)	7777 8286	Serial	1.640	2033	2,550	-	-	-	2,550
	2,595	(a)	8287 8805	Serial	1.690	2034	2,595	-	-	-	2,595
	2,640	(a)	8806 9333	Serial	1.740	2035	2,640	-	-	-	2,640
	2,685	(a)	9334 9870	Serial	1.780	2036	2,685	-	-	-	2,685
	2,735	(a)	9871 10417	Serial	1.810	2037	2,735	-	-	-	2,735
	2,785	(a)	10418 10974	Serial	1.840	2038	2,785	-	-	-	2,785
	2,835	(a)	10975 11541	Serial	1.870	2039	2,835	-	-	-	2,835
	2,890	(a)	11542 12119	Serial	1.900	2040	2,890	-	-	-	2,890
	2,945	(a)	12120 12708	Serial	1.930	2041	2,945	-	-	-	2,945
	3,005	(a)	12709 13309	Serial	1.950	2042	3,005	-	-	-	3,005
	3,065	(a)	13310 13922	Serial	1.960	2043	3,065	-	-	-	3,065
	3,125	(a)	13923 14547	Serial	1.970	2044	3,125	-	-	-	3,125
	3,185	(a)	14548 15184	Serial	1.970	2045	3,185	-	-	-	3,185
	<u>\$ 75,920</u>						<u>\$ 65,015</u>	<u>\$ -</u>	<u>\$ 2,195</u>	<u>\$ 62,820</u>	

(a) Bonds stated to mature on and after May 15, 2025 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on November 15, 2024, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

<i>WATER SYSTEM</i> <i>REVENUE BONDS</i>	Original Issue	Call Options	Bond		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
			Numbers							Issued	Retired	
Water System Junior Lien	\$ 1,950	NONE	1	390	Serial	2.000 %	15-May	2015	\$ -	\$ -	\$ -	\$ -
Revenue and Refunding Bonds, Series 2015B (No Reserve Fund)	3,115	NONE	391	1013	Serial	5.000		2016	-	-	-	-
Paying Agent: USBank	3,265	NONE	1014	1666	Serial	5.000		2017	-	-	-	-
Bonds Dated: 02-18-15	3,435	NONE	1667	2353	Serial	5.000		2018	-	-	-	-
	3,555	NONE	2354	3064	Serial	2.000		2019	-	-	-	-
	3,690	NONE	3065	3802	Serial	5.000		2020	-	-	-	-
	3,875	NONE	3803	4577	Serial	5.000		2021	3,875	-	3,875	-
	4,075	NONE	4578	5392	Serial	5.000		2022	4,075	-	-	4,075
	4,280	NONE	5393	6248	Serial	5.000		2023	4,280	-	-	4,280
	3,535	NONE	6249	6955	Serial	5.000		2024	3,535	-	-	3,535
	1,710	NONE	6956	7297	Serial	2.500		2025	1,710	-	-	1,710
	1,775	(a)	7298	7652	Serial	5.000		2026	1,775	-	-	1,775
	1,865	(a)	7653	8025	Serial	5.000		2027	1,865	-	-	1,865
	1,960	(a)	8026	8417	Serial	5.000		2028	1,960	-	-	1,960
	2,065	(a)	8418	8830	Serial	5.000		2029	2,065	-	-	2,065
	2,170	(a)	8831	9264	Serial	5.000		2030	2,170	-	-	2,170
	2,280	(a)	9265	9720	Serial	5.000		2031	2,280	-	-	2,280
	2,395	(a)	9721	10199	Serial	5.000		2032	2,395	-	-	2,395
	2,520	(a)	10200	10703	Serial	5.000		2033	2,520	-	-	2,520
	2,650	(a)	10704	11233	Serial	5.000		2034	2,650	-	-	2,650
	15,515	(a)	11234	14336	Serial	4.000		2035	15,515	-	-	15,515
	18,260	(a)	14337	17988	Serial	5.000		2035	18,260	-	-	18,260
	16,120	(a)	17989	21212	Serial	4.000		2036	16,120	-	-	16,120
	19,225	(a)	21213	25057	Serial	5.000		2036	19,225	-	-	19,225
	36,880	(a)	25058	32433	Serial	4.000		2037	36,880	-	-	36,880
	38,585	(a)	32434	40150	2039 Term	5.000		2038	38,585	-	-	38,585
	40,565	(a)	40151	48263	2039 Term	5.000		2039	40,565	-	-	40,565
	42,425	(a)	48264	56748	Serial	4.000		2040	42,425	-	-	42,425
	3,595	(a)	56749	57467	2045 Term	4.000		2041	3,595	-	-	3,595
	3,740	(a)	57468	58215	2045 Term	4.000		2042	3,740	-	-	3,740
	3,895	(a)	58216	58994	2045 Term	4.000		2043	3,895	-	-	3,895
	4,050	(a)	58995	59804	2045 Term	4.000		2044	4,050	-	-	4,050
	4,215	(a)	59805	60647	2045 Term	4.000		2045	4,215	-	-	4,215
	<u>\$ 303,235</u>								<u>\$ 284,225</u>	<u>\$ -</u>	<u>\$ 3,875</u>	<u>\$ 280,350</u>

(a) Bonds stated to mature on and after May 15, 2026 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2025, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
						15-May	2016		Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2016	\$ -	\$ -	\$ -	\$ -
Revenue Refunding Bonds, Series 2016A (No Reserve Fund)	-				-		2017	-	-	-	-
Paying Agent: USBank	5,055	NONE	1	1011	5.000		2018	-	-	-	-
Bonds Dated: 02-25-16	3,335	NONE	1012	1678	5.000		2019	-	-	-	-
	10,710	NONE	1679	3820	5.000		2020	-	-	-	-
	1,225	NONE	3821	4065	4.000		2021	1,225	-	1,225	-
	10,030	NONE	4066	6071	5.000		2021	10,030	-	10,030	-
	11,820	NONE	6072	8435	5.000		2022	11,820	-	-	11,820
	9,520	NONE	8436	10339	5.000		2023	9,520	-	-	9,520
	9,995	NONE	10340	12338	5.000		2024	9,995	-	-	9,995
	10,500	NONE	12339	14438	5.000		2025	10,500	-	-	10,500
	8,900	NONE	14439	16218	5.000		2026	8,900	-	-	8,900
	5,970	(a)	16219	17412	5.000		2027	5,970	-	-	5,970
	1,880	(a)	17413	17788	5.000		2028	1,880	-	-	1,880
	9,930	(a)	17789	19774	5.000		2029	9,930	-	-	9,930
	10,425	(a)	19775	21859	5.000		2030	10,425	-	-	10,425
	16,205	(a)	21860	25100	5.000		2031	16,205	-	-	16,205
	17,015	(a)	25101	28503	5.000		2032	17,015	-	-	17,015
	5,805	(a)	28504	29664	5.000		2033	5,805	-	-	5,805
	6,095	(a)	29665	30883	5.000		2034	6,095	-	-	6,095
	6,350	(a)	30884	32153	3.000		2035	6,350	-	-	6,350
	2,940	(a)	32154	32741	3.000		2036	2,940	-	-	2,940
	3,035	(a)	32742	33348	3.000		2037	3,035	-	-	3,035
	3,160	(a)	33349	33980	3.125		2038	3,160	-	-	3,160
	3,320	(a)	33981	34644	5.000		2039	3,320	-	-	3,320
	345	(a)	34645	34713	3.250		2040	345	-	-	345
	<u>\$ 173,565</u>							<u>\$ 154,465</u>	<u>\$ -</u>	<u>\$ 11,255</u>	<u>\$ 143,210</u>

(a) Bonds stated to mature on and after May 15, 2027 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2026, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

<i>WATER SYSTEM REVENUE BONDS</i>	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
										Issued	Retired	
Water System Junior Lien	\$ 7,155		1	1431	Serial	0.550 %	15-May	2016	\$ -	\$ -	\$ -	\$ -
Revenue Refunding Bonds, Taxable	7,895		1432	3010	Serial	0.935		2017	-	-	-	-
Series 2016B (No Reserve Fund)	7,960		3011	4602	Serial	1.054		2018	-	-	-	-
Paying Agent: USBank	6,995		4603	6001	Serial	1.234		2019	-	-	-	-
Bonds Dated: 02-25-16	-					0.000		2020	-	-	-	-
	-					0.000		2021	-	-	-	-
	-					0.000		2022	-	-	-	-
	-					0.000		2023	-	-	-	-
	-					0.000		2024	-	-	-	-
	-					0.000		2025	-	-	-	-
	-					0.000		2026	-	-	-	-
	-					0.000		2027	-	-	-	-
	2,840	(a)	6002	6569	Serial	3.026		2028	2,840	-	-	2,840
	4,885	(a)	6570	7546	Serial	3.126		2029	4,885	-	-	4,885
	5,045	(a)	7547	8555	Serial	3.206		2030	5,045	-	-	5,045
	<u>\$ 42,775</u>								<u>\$ 12,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,770</u>

(a) Bonds are subject to redemption at the option of the City on any date from the Date of Delivery through stated maturity at the Make-Whole Redemption Price.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
								Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May 2016	\$ -	\$ -	\$ -	\$ -
Revenue and Refunding Bonds, Series 2016C (No Reserve Fund)	-				-	2017	-	-	-	-
	-				-	2018	-	-	-	-
Paying Agent: USBank	3,360	NONE	1	672	3.000	2019	-	-	-	-
Bonds Dated: 11-01-16	3,505	NONE	673	1373	5.000	2020	-	-	-	-
	3,685	NONE	1374	2110	5.000	2021	3,685	-	3,685	-
	3,875	NONE	2111	2885	5.000	2022	3,875	-	-	3,875
	4,075	NONE	2886	3700	5.000	2023	4,075	-	-	4,075
	7,290	NONE	3701	5158	5.000	2024	7,290	-	-	7,290
	7,670	NONE	5159	6692	5.000	2025	7,670	-	-	7,670
	8,065	NONE	6693	8305	5.000	2026	8,065	-	-	8,065
	8,470	(a)	8306	9999	5.000	2027	8,470	-	-	8,470
	8,910	(a)	10000	11781	5.000	2028	8,910	-	-	8,910
	9,365	(a)	11782	13654	5.000	2029	9,365	-	-	9,365
	9,845	(a)	13655	15623	5.000	2030	9,845	-	-	9,845
	10,345	(a)	15624	17692	5.000	2031	10,345	-	-	10,345
	10,885	(a)	17693	19869	5.000	2032	10,885	-	-	10,885
	28,635	(a)	19870	25596	5.000	2033	28,635	-	-	28,635
	35,180	(a)	25597	32632	5.000	2034	35,180	-	-	35,180
	18,595	(a)	32633	36351	5.000	2035	18,595	-	-	18,595
	19,555	(a)	36352	40262	5.000	2036	19,555	-	-	19,555
	20,450	(a)	40263	44352	4.000	2037	20,450	-	-	20,450
	14,470	(a)	44353	47246	4.000	2038	14,470	-	-	14,470
	15,140	(a)	47247	50274	5.000	2039	15,140	-	-	15,140
	6,570	(a)	50275	51588	5.000	2040	6,570	-	-	6,570
	6,905	(a)	51589	52969	5.000	2041	6,905	-	-	6,905
	7,260	(a)	52970	54421	5.000	2042	7,260	-	-	7,260
	7,635	(a)	54422	55948	5.000	2043	7,635	-	-	7,635
	8,025	(a)	55949	57553	5.000	2044	8,025	-	-	8,025
	8,435	(a)	57554	59240	5.000	2045	8,435	-	-	8,435
	8,865	(a)	59241	61013	5.000	2046	8,865	-	-	8,865
	<u>\$ 305,065</u>						<u>\$ 298,200</u>	<u>\$ -</u>	<u>\$ 3,685</u>	<u>\$ 294,515</u>

(a) Bonds stated to mature on and after May 15, 2027 shall be subject to redemption prior to stated maturities at the option of the City, on November 15, 2026, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

<i>WATER SYSTEM REVENUE BONDS</i>	Original Issue	Call Options	Bond		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
			Numbers							Issued	Retired	
Water System Junior Lien	\$ -					- %	15-May	2016	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2016D	165	NONE	1	33	Serial	0.000		2017	-	-	-	-
Paying Agent: USBank	385	NONE	34	110	Serial	0.000		2018	-	-	-	-
Bonds Dated: 12-15-16	385	NONE	111	187	Serial	0.000		2019	-	-	-	-
	385	NONE	188	264	Serial	0.000		2020	-	-	-	-
	385	NONE	265	341	Serial	0.000		2021	385	-	385	-
	385	NONE	342	418	Serial	0.080		2022	385	-	-	385
	390	NONE	419	496	Serial	0.240		2023	390	-	-	390
	390	NONE	497	574	Serial	0.410		2024	390	-	-	390
	390	NONE	575	652	Serial	0.550		2025	390	-	-	390
	390	NONE	653	730	Serial	0.660		2026	390	-	-	390
	395	(a)	731	809	Serial	0.770		2027	395	-	-	395
	400	(a)	810	889	Serial	0.880		2028	400	-	-	400
	400	(a)	890	969	Serial	0.980		2029	400	-	-	400
	405	(a)	970	1050	Serial	1.050		2030	405	-	-	405
	410	(a)	1051	1132	Serial	1.120		2031	410	-	-	410
	415	(a)	1133	1215	Serial	1.190		2032	415	-	-	415
	420	(a)	1216	1299	Serial	1.250		2033	420	-	-	420
	425	(a)	1300	1384	Serial	1.300		2034	425	-	-	425
	430	(a)	1385	1470	Serial	1.340		2035	430	-	-	430
	435	(a)	1471	1557	Serial	1.370		2036	435	-	-	435
	440	(a)	1558	1645	Serial	1.400		2037	440	-	-	440
	450	(a)	1646	1735	Serial	1.430		2038	450	-	-	450
	455	(a)	1736	1826	Serial	1.460		2039	455	-	-	455
	460	(a)	1827	1918	Serial	1.470		2040	460	-	-	460
	465	(a)	1919	2011	Serial	1.480		2041	465	-	-	465
	475	(a)	2012	2106	Serial	1.490		2042	475	-	-	475
	480	(a)	2107	2202	Serial	1.500		2043	480	-	-	480
	490	(a)	2203	2300	Serial	1.510		2044	490	-	-	490
	495	(a)	2301	2399	Serial	1.520		2045	495	-	-	495
	505	(a)	2400	2500	Serial	1.530		2046	505	-	-	505
	<u>\$ 12,500</u>								<u>\$ 11,180</u>	<u>\$ -</u>	<u>\$ 385</u>	<u>\$ 10,795</u>

(a) Bonds stated to mature on and after May 15, 2027 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on November 15, 2026, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
										Issued	Retired	
Water System Junior Lien	\$ -					- %	15-May	2016	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2016E	185	NONE	1	37	Serial	0.000		2017	-	-	-	-
Paying Agent: USBank	440	NONE	38	125	Serial	0.000		2018	-	-	-	-
Bonds Dated: 12-15-16	440	NONE	126	213	Serial	0.000		2019	-	-	-	-
	440	NONE	214	301	Serial	0.000		2020	-	-	-	-
	440	NONE	302	389	Serial	0.040		2021	440	-	440	-
	445	NONE	390	478	Serial	0.130		2022	445	-	-	445
	445	NONE	479	567	Serial	0.290		2023	445	-	-	445
	445	NONE	568	656	Serial	0.460		2024	445	-	-	445
	445	NONE	657	745	Serial	0.600		2025	445	-	-	445
	450	NONE	746	835	Serial	0.710		2026	450	-	-	450
	450	(a)	836	925	Serial	0.820		2027	450	-	-	450
	455	(a)	926	1016	Serial	0.930		2028	455	-	-	455
	460	(a)	1017	1108	Serial	1.030		2029	460	-	-	460
	465	(a)	1109	1201	Serial	1.100		2030	465	-	-	465
	470	(a)	1202	1295	Serial	1.170		2031	470	-	-	470
	475	(a)	1296	1390	Serial	1.240		2032	475	-	-	475
	480	(a)	1391	1486	Serial	1.300		2033	480	-	-	480
	490	(a)	1487	1584	Serial	1.350		2034	490	-	-	490
	495	(a)	1585	1683	Serial	1.390		2035	495	-	-	495
	500	(a)	1684	1783	Serial	1.420		2036	500	-	-	500
	510	(a)	1784	1885	Serial	1.450		2037	510	-	-	510
	515	(a)	1886	1988	Serial	1.480		2038	515	-	-	515
	525	(a)	1989	2093	Serial	1.510		2039	525	-	-	525
	530	(a)	2094	2199	Serial	1.520		2040	530	-	-	530
	540	(a)	2200	2307	Serial	1.530		2041	540	-	-	540
	550	(a)	2308	2417	Serial	1.540		2042	550	-	-	550
	555	(a)	2418	2528	Serial	1.550		2043	555	-	-	555
	565	(a)	2529	2641	Serial	1.560		2044	565	-	-	565
	575	(a)	2642	2756	Serial	1.570		2045	575	-	-	575
	580	(a)	2757	2872	Serial	1.580		2046	580	-	-	580
	<u>\$ 14,360</u>								<u>\$ 12,855</u>	<u>\$ -</u>	<u>\$ 440</u>	<u>\$ 12,415</u>

(a) Bonds stated to mature on and after May 15, 2027 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on November 15, 2026, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

<i>WATER SYSTEM REVENUE BONDS</i>	Original Issue	Call Options	Bond		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
			Numbers							Issued	Retired	
Water System Junior Lien	\$ 8,170	NONE	1	1634	Serial	3.000 %	15-May	2017	\$ -	\$ -	\$ -	\$ -
Revenue Refunding Bonds, Series 2017A (No Reserve Fund)	4,010	NONE	1635	2436	Serial	3.000		2018	-	-	-	-
Paying Agent: USBank	2,660	NONE	2437	2968	Serial	4.000		2019	-	-	-	-
Bonds Dated: 02-28-17	2,780	NONE	2969	3524	Serial	5.000		2020	-	-	-	-
	2,930	NONE	3525	4110	Serial	5.000		2021	2,930	-	2,930	-
	3,070	NONE	4111	4724	Serial	5.000		2022	3,070	-	-	3,070
	3,235	NONE	4725	5371	Serial	5.000		2023	3,235	-	-	3,235
	3,405	NONE	5372	6052	Serial	5.000		2024	3,405	-	-	3,405
	3,575	NONE	6053	6767	Serial	5.000		2025	3,575	-	-	3,575
	3,760	NONE	6768	7519	Serial	5.000		2026	3,760	-	-	3,760
	250	NONE	7520	7569	Serial	4.000		2027	250	-	-	250
	-							2028	-	-	-	-
	4,910	(a)	7570	8551	Serial	5.000		2029	4,910	-	-	4,910
	5,160	(a)	8552	9583	Serial	5.000		2030	5,160	-	-	5,160
	5,415	(a)	9584	10666	Serial	5.000		2031	5,415	-	-	5,415
	5,690	(a)	10667	11804	Serial	5.000		2032	5,690	-	-	5,690
	9,045	(a)	11805	13613	Serial	5.000		2033	9,045	-	-	9,045
	11,945	(a)	13614	16002	Serial	4.000		2034	11,945	-	-	11,945
	3,455	(a)	16003	16693	Serial	5.000		2035	3,455	-	-	3,455
	3,630	(a)	16694	17419	Serial	5.000		2036	3,630	-	-	3,630
	3,820	(a)	17420	18183	Serial	5.000		2037	3,820	-	-	3,820
	<u>\$ 90,915</u>								<u>\$ 73,295</u>	<u>\$ -</u>	<u>\$ 2,930</u>	<u>\$ 70,365</u>

(a) Bonds stated to mature on and after May 15, 2029 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2027, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
						%	15-May		2018	2019	
Water System Junior Lien	\$ -							\$ -	\$ -	\$ -	\$ -
Revenue and Refunding Bonds, Series 2018A (No Reserve Fund)	2,220	NONE	1	444	Serial			5,000	-	-	-
Paying Agent: UMB Bank	2,330	NONE	445	910	Serial			5,000	-	-	-
Bonds Dated: 05-23-18	2,450	NONE	911	1400	Serial			5,000	-	2,450	-
	2,575	NONE	1401	1915	Serial			5,000	-	-	2,575
	2,710	NONE	1916	2457	Serial			5,000	-	-	2,710
	2,845	NONE	2458	3026	Serial			5,000	-	-	2,845
	2,990	NONE	3027	3624	Serial			5,000	-	-	2,990
	3,145	NONE	3625	4253	Serial			5,000	-	-	3,145
	3,310	NONE	4254	4915	Serial			5,000	-	-	3,310
	3,475	NONE	4916	5610	Serial			5,000	-	-	3,475
	6,475	(a)	5611	6905	Serial			5,000	-	-	6,475
	6,770	(a)	6906	8259	Serial			4,000	-	-	6,770
	7,085	(a)	8260	9676	Serial			5,000	-	-	7,085
	7,455	(a)	9677	11167	Serial			5,000	-	-	7,455
	7,830	(a)	11168	12733	Serial			5,000	-	-	7,830
	8,230	(a)	12734	14379	Serial			5,000	-	-	8,230
	8,655	(a)	14380	16110	Serial			5,000	-	-	8,655
	9,105	(a)	16111	17931	Serial			5,000	-	-	9,105
	9,575	(a)	17932	19846	Serial			5,000	-	-	9,575
	9,940	(a)	19847	21834	Serial			5,000	-	-	9,940
	7,875	(a)	21835	23409	Serial			5,000	-	-	7,875
	8,280	(a)	23410	25065	Serial			5,000	-	-	8,280
	8,705	(a)	25066	26806	2043 Term			5,000	-	-	8,705
	9,150	(a)	26807	28636	2043 Term			5,000	-	-	9,150
	9,620	(a)	28637	30560	2043 Term			5,000	-	-	9,620
	10,115	(a)	30561	32583	2048 Term			5,000	-	-	10,115
	10,630	(a)	32584	34709	2048 Term			5,000	-	-	10,630
	11,175	(a)	34710	36944	2048 Term			5,000	-	-	11,175
	11,750	(a)	36945	39294	2048 Term			5,000	-	-	11,750
	12,355	(a)	39295	41765	2048 Term			5,000	-	-	12,355
	<u>\$ 208,825</u>							<u>\$ 204,275</u>	<u>\$ -</u>	<u>\$ 2,450</u>	<u>\$ 201,825</u>

(a) Bonds stated to mature on and after May 15, 2029 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2028, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

<i>WATER SYSTEM REVENUE BONDS</i>	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
						%			Issued	Retired	
Water System Junior Lien	\$					%	15-May 2018	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2018B	290	NONE	1	58	Serial	0.430	2019	-	-	-	-
Paying Agent: UMB Bank	295	NONE	59	117	Serial	0.570	2020	-	-	-	-
Bonds Dated: 06-14-18	295	NONE	118	176	Serial	0.670	2021	295	-	295	-
	295	NONE	177	235	Serial	0.760	2022	295	-	-	295
	300	NONE	236	295	Serial	0.840	2023	300	-	-	300
	300	NONE	296	355	Serial	0.960	2024	300	-	-	300
	305	NONE	356	416	Serial	1.040	2025	305	-	-	305
	310	NONE	417	478	Serial	1.120	2026	310	-	-	310
	310	NONE	479	540	Serial	1.200	2027	310	-	-	310
	315	NONE	541	603	Serial	1.260	2028	315	-	-	315
	320	(a)	604	667	Serial	1.330	2029	320	-	-	320
	325	(a)	668	732	Serial	1.390	2030	325	-	-	325
	330	(a)	733	798	Serial	1.440	2031	330	-	-	330
	335	(a)	799	865	Serial	1.490	2032	335	-	-	335
	340	(a)	866	933	Serial	1.540	2033	340	-	-	340
	345	(a)	934	1002	Serial	1.590	2034	345	-	-	345
	350	(a)	1003	1072	Serial	1.630	2035	350	-	-	350
	355	(a)	1073	1143	Serial	1.660	2036	355	-	-	355
	360	(a)	1144	1215	Serial	1.690	2037	360	-	-	360
	370	(a)	1216	1289	Serial	1.710	2038	370	-	-	370
	375	(a)	1290	1364	Serial	1.730	2039	375	-	-	375
	380	(a)	1365	1440	Serial	1.750	2040	380	-	-	380
	385	(a)	1441	1517	Serial	1.760	2041	385	-	-	385
	395	(a)	1518	1596	Serial	1.770	2042	395	-	-	395
	400	(a)	1597	1676	Serial	1.780	2043	400	-	-	400
	410	(a)	1677	1758	Serial	1.790	2044	410	-	-	410
	415	(a)	1759	1841	Serial	1.800	2045	415	-	-	415
	425	(a)	1842	1926	Serial	1.810	2046	425	-	-	425
	430	(a)	1927	2012	Serial	1.820	2047	430	-	-	430
	440	(a)	2013	2100	Serial	1.830	2048	440	-	-	440
	<u>\$ 10,500</u>							<u>\$ 9,915</u>	<u>\$ -</u>	<u>\$ 295</u>	<u>\$ 9,620</u>

(a) Bonds stated to mature on and after May 15, 2029 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on May 15, 2028, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original	Call	Bond	Bond	Interest	Maturity Dates	Balances		Transactions		Balances
	Issue	Options	Numbers	Type	Rates^(b)		Outstanding	January 1, 2021	Issued	Retired	Outstanding
Water System Variable Junior Lien Revenue Bonds, Series 2019A (No Reserve Fund) Paying Agent: UMB Bank Bonds Dated: 01-29-19	\$ -	-	-	-	%	1-May	2019	\$ -	\$ -	\$ -	\$ -
							2020	-	-	-	-
							2021	-	-	-	-
							2022	-	-	-	-
							2023	-	-	-	-
							2024	-	-	-	-
							2025	-	-	-	-
							2026	-	-	-	-
							2027	-	-	-	-
	5,425	(a)	1	1085	Term	Variable	2028	5,425	-	-	5,425
	5,590	(a)	1086	2203	Term	Variable	2029	5,590	-	-	5,590
	5,760	(a)	2204	3355	Term	Variable	2030	5,760	-	-	5,760
	5,935	(a)	3356	4542	Term	Variable	2031	5,935	-	-	5,935
	6,115	(a)	4543	5765	Term	Variable	2032	6,115	-	-	6,115
	6,300	(a)	5766	7025	Term	Variable	2033	6,300	-	-	6,300
	6,495	(a)	7026	8324	Term	Variable	2034	6,495	-	-	6,495
	6,690	(a)	8325	9662	Term	Variable	2035	6,690	-	-	6,690
	6,895	(a)	9663	11041	Term	Variable	2036	6,895	-	-	6,895
	7,105	(a)	11042	12462	Term	Variable	2037	7,105	-	-	7,105
	7,320	(a)	12463	13926	Term	Variable	2038	7,320	-	-	7,320
	7,545	(a)	13927	15435	Term	Variable	2039	7,545	-	-	7,545
	7,775	(a)	15436	16990	Term	Variable	2040	7,775	-	-	7,775
	8,010	(a)	16991	18592	Term	Variable	2041	8,010	-	-	8,010
	8,255	(a)	18593	20243	Term	Variable	2042	8,255	-	-	8,255
	8,505	(a)	20244	21944	Term	Variable	2043	8,505	-	-	8,505
	8,765	(a)	21945	23697	Term	Variable	2044	8,765	-	-	8,765
	9,030	(a)	23698	25503	Term	Variable	2045	9,030	-	-	9,030
	9,305	(a)	25504	27364	Term	Variable	2046	9,305	-	-	9,305
	9,590	(a)	27365	29282	Term	Variable	2047	9,590	-	-	9,590
	9,885	(a)	29283	31259	Term	Variable	2048	9,885	-	-	9,885
	10,185	(a)	31260	33296	Term	Variable	2049	10,185	-	-	10,185
	<u>\$ 166,480</u>							<u>\$ 166,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,480</u>

(a) On May 1, 2024, the Bonds are subject to mandatory tender without right of retention at a purchase price equal to 100% of the principal amount plus accrued interest, if any. The Bonds are subject to mandatory sinking fund redemption prior to their stated maturities on May 1 of the years and in the principal amounts indicated above.

(b) The Bonds are multi modal variable rate bonds, initially issued in a term mode which expires on April 30, 2024 at an interest rate of 2.625%. At the end of the initial term, the Bonds will be remarketed or refunded into another term period or will be converted into another mode.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
									Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2019	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2019B	985	NONE	1	197	0.000		2020	-	-	-	-
Paying Agent: UMB Bank	1,000	NONE	198	397	0.000		2021	1,000	-	1,000	-
Bonds Dated: 06-25-19	1,000	NONE	398	597	0.000		2022	1,000	-	-	1,000
	1,000	NONE	598	797	0.000		2023	1,000	-	-	1,000
	1,000	NONE	798	997	0.000		2024	1,000	-	-	1,000
	1,000	NONE	998	1197	0.000		2025	1,000	-	-	1,000
	1,000	NONE	1198	1397	0.000		2026	1,000	-	-	1,000
	1,000	NONE	1398	1597	0.000		2027	1,000	-	-	1,000
	1,000	NONE	1598	1797	0.000		2028	1,000	-	-	1,000
	1,000	NONE	1798	1997	0.000		2029	1,000	-	-	1,000
	1,000	(a)	1998	2197	0.000		2030	1,000	-	-	1,000
	1,000	(a)	2198	2397	0.090		2031	1,000	-	-	1,000
	1,000	(a)	2398	2597	0.160		2032	1,000	-	-	1,000
	1,005	(a)	2598	2798	0.220		2033	1,005	-	-	1,005
	1,010	(a)	2799	3000	0.280		2034	1,010	-	-	1,010
	1,010	(a)	3001	3202	0.380		2035	1,010	-	-	1,010
	1,015	(a)	3203	3405	0.420		2036	1,015	-	-	1,015
	1,020	(a)	3406	3609	0.460		2037	1,020	-	-	1,020
	1,025	(a)	3610	3814	0.500		2038	1,025	-	-	1,025
	1,030	(a)	3815	4020	0.540		2039	1,030	-	-	1,030
	1,035	(a)	4021	4227	0.580		2040	1,035	-	-	1,035
	1,040	(a)	4228	4435	0.610		2041	1,040	-	-	1,040
	1,050	(a)	4436	4645	0.640		2042	1,050	-	-	1,050
	1,055	(a)	4646	4856	0.670		2043	1,055	-	-	1,055
	1,060	(a)	4857	5068	0.680		2044	1,060	-	-	1,060
	1,070	(a)	5069	5282	0.690		2045	1,070	-	-	1,070
	1,075	(a)	5283	5497	0.700		2046	1,075	-	-	1,075
	1,085	(a)	5498	5714	0.710		2047	1,085	-	-	1,085
	1,095	(a)	5715	5933	0.720		2048	1,095	-	-	1,095
	1,100	(a)	5934	6153	0.730		2049	1,100	-	-	1,100
	<u>\$ 30,765</u>							<u>\$ 29,780</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 28,780</u>

(a) Bonds stated to mature on and after May 15, 2030 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on November 15, 2029, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
									Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2019	\$ -	\$ -	\$ -	\$ -
Revenue Refunding Bonds, Series 2019C (No Reserve Fund)	1,185	NONE	1	12543	5.000		2020	-	-	-	-
Paying Agent: UMB Bank	2,210	NONE	12544	12985	5.000		2021	2,210	-	2,210	-
Bonds Dated: 10-23-19	2,320	NONE	12986	13449	5.000		2022	2,320	-	-	2,320
	2,440	NONE	13450	13937	5.000		2023	2,440	-	-	2,440
	2,560	NONE	13938	14449	5.000		2024	2,560	-	-	2,560
	2,700	NONE	14450	14989	5.000		2025	2,700	-	-	2,700
	2,835	NONE	14990	15556	5.000		2026	2,835	-	-	2,835
	2,980	NONE	15557	16152	5.000		2027	2,980	-	-	2,980
	2,640	NONE	16153	16680	5.000		2028	2,640	-	-	2,640
	2,770	NONE	16681	17234	5.000		2029	2,770	-	-	2,770
	2,910	(a)	17235	17816	5.000		2030	2,910	-	-	2,910
	3,060	(a)	17817	18428	5.000		2031	3,060	-	-	3,060
	3,220	(a)	18429	19072	5.000		2032	3,220	-	-	3,220
	1,335	(a)	19073	19339	5.000		2033	1,335	-	-	1,335
	2,050	(a)	19340	19749	4.000		2033	2,050	-	-	2,050
	26,600	(a)	19750	25069	5.000		2034	26,600	-	-	26,600
	7,500	(a)	25070	26569	4.000		2034	7,500	-	-	7,500
	2,030	(a)	26570	26975	5.000		2035	2,030	-	-	2,030
	2,135	(a)	26976	27402	5.000		2036	2,135	-	-	2,135
	2,245	(a)	27403	27851	5.000		2037	2,245	-	-	2,245
	2,360	(a)	27852	28323	5.000		2038	2,360	-	-	2,360
	2,480	(a)	28324	28819	5.000		2039	2,480	-	-	2,480
	<u>\$ 82,565</u>							<u>\$ 81,380</u>	<u>\$ -</u>	<u>\$ 2,210</u>	<u>\$ 79,170</u>

(a) Bonds stated to mature on and after May 15, 2030 shall be subject to redemption prior to stated maturities at the option of the City, on November 15, 2029, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances	Transactions		Balances
									Outstanding January 1, 2021	Issued	Retired	Outstanding December 31, 2021
Water System Junior Lien	\$ -					%	15-May	2020	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2020A	6,960	NONE	1	1392	Serial	5.000		2021	6,960	-	6,960	-
Paying Agent: UMB Bank	7,345	NONE	1393	2861	Serial	5.000		2022	7,345	-	-	7,345
Bonds Dated: 02-19-20	8,115	NONE	2862	4484	Serial	5.000		2023	8,115	-	-	8,115
	8,620	NONE	4485	6208	Serial	5.000		2024	8,620	-	-	8,620
	8,930	NONE	6209	7994	Serial	2.000		2025	8,930	-	-	8,930
	9,230	NONE	7995	9840	Serial	5.000		2026	9,230	-	-	9,230
	12,265	NONE	9841	12293	Serial	5.000		2027	12,265	-	-	12,265
	13,495	NONE	12294	14992	Serial	5.000		2028	13,495	-	-	13,495
	12,265	NONE	14993	17445	Serial	5.000		2029	12,265	-	-	12,265
	12,890	NONE	17446	20023	Serial	5.000		2030	12,890	-	-	12,890
	13,550	(a)	20024	22733	Serial	5.000		2031	13,550	-	-	13,550
	14,250	(a)	22734	25583	Serial	5.000		2032	14,250	-	-	14,250
	6,460	(a)	25584	26875	Serial	5.000		2033	6,460	-	-	6,460
	6,790	(a)	26876	28233	Serial	5.000		2034	6,790	-	-	6,790
	7,145	(a)	28234	29662	Serial	5.000		2035	7,145	-	-	7,145
	7,510	(a)	29663	31164	Serial	5.000		2036	7,510	-	-	7,510
	7,890	(a)	31165	32742	Serial	5.000		2037	7,890	-	-	7,890
	8,260	(a)	32743	34394	Serial	4.000		2038	8,260	-	-	8,260
	8,640	(a)	34395	36122	Serial	5.000		2039	8,640	-	-	8,640
	9,040	(a)	36123	37930	Serial	4.000		2040	9,040	-	-	9,040
	6,890	(a)	37931	39308	Serial	5.000		2041	6,890	-	-	6,890
	7,240	(a)	39309	40756	Serial	5.000		2042	7,240	-	-	7,240
	7,615	(a)	40757	42279	2045 Term	5.000		2043	7,615	-	-	7,615
	8,005	(a)	42280	43880	2045 Term	5.000		2044	8,005	-	-	8,005
	8,415	(a)	43881	45563	2045 Term	5.000		2045	8,415	-	-	8,415
	8,845	(a)	45564	47332	2050 Term	5.000		2046	8,845	-	-	8,845
	9,300	(a)	47333	49192	2050 Term	5.000		2047	9,300	-	-	9,300
	9,775	(a)	49193	51147	2050 Term	5.000		2048	9,775	-	-	9,775
	10,275	(a)	51148	53202	2050 Term	5.000		2049	10,275	-	-	10,275
	10,805	(a)	53203	55363	2050 Term	5.000		2050	10,805	-	-	10,805
	<u>\$ 276,815</u>								<u>\$ 276,815</u>	<u>\$ -</u>	<u>\$ 6,960</u>	<u>\$ 269,855</u>

(a) Bonds stated to mature on and after May 15, 2031 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2030, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances	Transactions		Balances
									Outstanding January 1, 2021	Issued	Retired	Outstanding December 31, 2021
Water System Junior Lien	\$					%	15-May	2020	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2020B	820	NONE	1	164	Serial	0.000		2021	820	-	820	-
Paying Agent: UMB Bank	820	NONE	165	328	Serial	0.000		2022	820	-	-	820
Bonds Dated: 03-18-20	820	NONE	329	492	Serial	0.000		2023	820	-	-	820
	820	NONE	493	656	Serial	0.000		2024	820	-	-	820
	820	NONE	657	820	Serial	0.000		2025	820	-	-	820
	820	NONE	821	984	Serial	0.000		2026	820	-	-	820
	820	NONE	985	1148	Serial	0.000		2027	820	-	-	820
	820	NONE	1149	1312	Serial	0.000		2028	820	-	-	820
	820	NONE	1313	1476	Serial	0.000		2029	820	-	-	820
	820	NONE	1477	1640	Serial	0.030		2030	820	-	-	820
	820	(a)	1641	1804	Serial	0.090		2031	820	-	-	820
	820	(a)	1805	1968	Serial	0.180		2032	820	-	-	820
	825	(a)	1969	2133	Serial	0.250		2033	825	-	-	825
	825	(a)	2134	2298	Serial	0.300		2034	825	-	-	825
	830	(a)	2299	2464	Serial	0.350		2035	830	-	-	830
	830	(a)	2465	2630	Serial	0.390		2036	830	-	-	830
	835	(a)	2631	2797	Serial	0.420		2037	835	-	-	835
	840	(a)	2798	2965	Serial	0.460		2038	840	-	-	840
	845	(a)	2966	3134	Serial	0.510		2039	845	-	-	845
	845	(a)	3135	3303	Serial	0.540		2040	845	-	-	845
	850	(a)	3304	3473	Serial	0.570		2041	850	-	-	850
	855	(a)	3474	3644	Serial	0.600		2042	855	-	-	855
	860	(a)	3645	3816	Serial	0.630		2043	860	-	-	860
	870	(a)	3817	3990	Serial	0.650		2044	870	-	-	870
	875	(a)	3991	4165	Serial	0.670		2045	875	-	-	875
	880	(a)	4166	4341	Serial	0.690		2046	880	-	-	880
	885	(a)	4342	4518	Serial	0.700		2047	885	-	-	885
	890	(a)	4519	4696	Serial	0.710		2048	890	-	-	890
	900	(a)	4697	4876	Serial	0.720		2049	900	-	-	900
	905	(a)	4877	5057	Serial	0.730		2050	905	-	-	905
	<u>\$ 25,285</u>								<u>\$ 25,285</u>	<u>\$ -</u>	<u>\$ 820</u>	<u>\$ 24,465</u>

(a) Bonds stated to mature on and after May 15, 2031 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on May 15, 2030, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
									Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2020	\$ -	\$ -	\$ -	\$ -
Revenue Refunding Bonds, Series 2020C (No Reserve Fund)	-				-		2021	-	-	-	-
Paying Agent: UMB Bank	-				-		2022	-	-	-	-
Bonds Dated: 08-11-20	-				-		2023	-	-	-	-
	-				-		2024	-	-	-	-
	-				-		2025	-	-	-	-
	3,555	NONE	1	711	5.000		2026	3,555	-	-	3,555
	3,735	NONE	712	1458	5.000		2027	3,735	-	-	3,735
	3,930	NONE	1459	2244	5.000		2028	3,930	-	-	3,930
	4,130	NONE	2245	3070	5.000		2029	4,130	-	-	4,130
	4,340	NONE	3071	3938	5.000		2030	4,340	-	-	4,340
	4,565	(a)	3939	4851	5.000		2031	4,565	-	-	4,565
	4,800	(a)	4852	5811	5.000		2032	4,800	-	-	4,800
	5,045	(a)	5812	6820	5.000		2033	5,045	-	-	5,045
	-						2034	-	-	-	-
	5,305	(a)	6821	7881	5.000		2035	5,305	-	-	5,305
	5,575	(a)	7882	8996	5.000		2036	5,575	-	-	5,575
	5,830	(a)	8997	10162	4.000		2037	5,830	-	-	5,830
	6,070	(a)	10163	11376	4.000		2038	6,070	-	-	6,070
	6,350	(a)	11377	12646	5.000		2039	6,350	-	-	6,350
	6,575	(a)	12647	13961	2.125		2040	6,575	-	-	6,575
	6,815	(a)	13962	15324	5.000		2041	6,815	-	-	6,815
	7,095	(a)	15325	16743	3.000		2042	7,095	-	-	7,095
	1,350	(a)	16744	17013	4.000		2043	1,350	-	-	1,350
	6,030	(a)	17014	18219	5.000		2043	6,030	-	-	6,030
	1,380	(a)	18220	18495	4.000		2044	1,380	-	-	1,380
	6,365	(a)	18496	19768	5.000		2044	6,365	-	-	6,365
	1,380	(a)	19769	20044	4.000		2045	1,380	-	-	1,380
	6,745	(a)	20045	21393	5.000		2045	6,745	-	-	6,745
	1,420	(a)	21394	21677	4.000		2046	1,420	-	-	1,420
	7,110	(a)	21678	23099	5.000		2046	7,110	-	-	7,110
	8,915	(a)	23100	24882	4.000		2047	8,915	-	-	8,915
	9,275	(a)	24883	26737	4.000		2048	9,275	-	-	9,275
	9,655	(a)	26738	28668	4.000		2049	9,655	-	-	9,655
	10,050	(a)	28669	30678	4.000		2050	10,050	-	-	10,050
	<u>\$ 153,390</u>							<u>\$ 153,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,390</u>

(a) Bonds stated to mature on and after May 15, 2031 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2030, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

<i>WATER SYSTEM</i> <i>REVENUE BONDS</i>	Original Issue	Call Options	Bond		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
			Numbers				%			Issued	Retired	
Water System Junior Lien	\$						15-May	2020	\$ -	\$ -	\$ -	-
Revenue Bonds, Series 2020D	395	NONE	1	79	Serial	0.000		2021	395	-	395	-
Paying Agent: UMB Bank	395	NONE	80	158	Serial	0.000		2022	395	-	-	395
Bonds Dated: 12-03-20	395	NONE	159	237	Serial	0.000		2023	395	-	-	395
	395	NONE	238	316	Serial	0.000		2024	395	-	-	395
	395	NONE	317	395	Serial	0.000		2025	395	-	-	395
	395	NONE	396	474	Serial	0.000		2026	395	-	-	395
	390	NONE	475	552	Serial	0.000		2027	390	-	-	390
	390	NONE	553	630	Serial	0.000		2028	390	-	-	390
	390	NONE	631	708	Serial	0.000		2029	390	-	-	390
	390	NONE	709	786	Serial	0.000		2030	390	-	-	390
	390	(a)	787	864	Serial	0.000		2031	390	-	-	390
	390	(a)	865	942	Serial	0.000		2032	390	-	-	390
	390	(a)	943	1020	Serial	0.000		2033	390	-	-	390
	390	(a)	1021	1098	Serial	0.000		2034	390	-	-	390
	390	(a)	1099	1176	Serial	0.000		2035	390	-	-	390
	390	(a)	1177	1254	Serial	0.000		2036	390	-	-	390
	390	(a)	1255	1332	Serial	0.000		2037	390	-	-	390
	390	(a)	1333	1410	Serial	0.000		2038	390	-	-	390
	395	(a)	1411	1489	Serial	0.010		2039	395	-	-	395
	395	(a)	1490	1568	Serial	0.050		2040	395	-	-	395
	395	(a)	1569	1647	Serial	0.090		2041	395	-	-	395
	395	(a)	1648	1726	Serial	0.130		2042	395	-	-	395
	395	(a)	1727	1805	Serial	0.160		2043	395	-	-	395
	395	(a)	1806	1884	Serial	0.190		2044	395	-	-	395
	395	(a)	1885	1963	Serial	0.220		2045	395	-	-	395
	395	(a)	1964	2042	Serial	0.230		2046	395	-	-	395
	395	(a)	2043	2121	Serial	0.240		2047	395	-	-	395
	400	(a)	2122	2201	Serial	0.250		2048	400	-	-	400
	400	(a)	2202	2281	Serial	0.260		2049	400	-	-	400
	400	(a)	2282	2361	Serial	0.270		2050	400	-	-	400
	<u>\$ 11,805</u>								<u>\$ 11,805</u>	<u>\$ -</u>	<u>\$ 395</u>	<u>\$ 11,410</u>

(a) Bonds stated to mature on and after May 15, 2031 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on November 15, 2030, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2021
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2021	Transactions		Balances Outstanding December 31, 2021
										Issued	Retired	
Water System Junior Lien	\$ -					%	15-May	2021	\$ -	\$ -	\$ -	\$ -
Revenue and Refunding Bonds, Series 2021A (No Reserve Fund)	4,610	NONE	1	922	Serial	5.000		2022	-	4,610	-	4,610
Paying Agent: UMB Bank	4,845	NONE	923	1891	Serial	5.000		2023	-	4,845	-	4,845
Bonds Dated: 07-01-21	5,095	NONE	1892	2910	Serial	5.000		2024	-	5,095	-	5,095
	5,355	NONE	2911	3981	Serial	5.000		2025	-	5,355	-	5,355
	5,630	NONE	3982	5107	Serial	5.000		2026	-	5,630	-	5,630
	5,920	NONE	5108	6291	Serial	5.000		2027	-	5,920	-	5,920
	6,220	NONE	6292	7535	Serial	5.000		2028	-	6,220	-	6,220
	6,540	NONE	7536	8843	Serial	5.000		2029	-	6,540	-	6,540
	6,870	NONE	8844	10217	Serial	5.000		2030	-	6,870	-	6,870
	7,225	NONE	10218	11662	Serial	5.000		2031	-	7,225	-	7,225
	7,595	(a)	11663	13181	Serial	5.000		2032	-	7,595	-	7,595
	7,985	(a)	13182	14778	Serial	5.000		2033	-	7,985	-	7,985
	565	(a)	14779	14891	Serial	5.000		2034	-	565	-	565
	8,425	(a)	14892	16576	Serial	5.000		2035	-	8,425	-	8,425
	8,860	(a)	16577	18348	Serial	5.000		2036	-	8,860	-	8,860
	9,310	(a)	18349	20210	Serial	5.000		2037	-	9,310	-	9,310
	9,740	(a)	20211	22158	Serial	4.000		2038	-	9,740	-	9,740
	10,140	(a)	22159	24186	Serial	4.000		2039	-	10,140	-	10,140
	10,555	(a)	24187	26297	Serial	4.000		2040	-	10,555	-	10,555
	10,985	(a)	26298	28494	Serial	4.000		2041	-	10,985	-	10,985
	10,625	(a)	28495	30619	Serial	4.000		2042	-	10,625	-	10,625
	11,115	(a)	30620	32842	2046 Term	5.000		2043	-	11,115	-	11,115
	11,685	(a)	32843	35179	2046 Term	5.000		2044	-	11,685	-	11,685
	12,285	(a)	35180	37636	2046 Term	5.000		2045	-	12,285	-	12,285
	12,915	(a)	37637	40219	2046 Term	5.000		2046	-	12,915	-	12,915
	13,505	(a)	40220	42920	2051 Term	4.000		2047	-	13,505	-	13,505
	14,060	(a)	42921	45732	2051 Term	4.000		2048	-	14,060	-	14,060
	14,635	(a)	45733	48659	2051 Term	4.000		2049	-	14,635	-	14,635
	15,230	(a)	48660	51705	2051 Term	4.000		2050	-	15,230	-	15,230
	15,850	(a)	51706	54875	2051 Term	4.000		2051	-	15,850	-	15,850
	<u>\$ 274,375</u>								<u>\$ -</u>	<u>\$ 274,375</u>	<u>\$ -</u>	<u>\$ 274,375</u>

(a) Bonds stated to mature on and after May 15, 2032 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2031, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System
WATER SYSTEM REVENUE BONDS
TOTAL DEBT SERVICE TO MATURITY**

(amounts in thousands)

Page 1 of 3

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy*</u>	<u>Net Interest</u>	<u>Total Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
01-May-2022	\$	\$	3,673	\$	3,673	\$	\$
15-May-2022	80,910	54,124	954	53,170	134,080		
01-Nov-2022		3,673		3,673	3,673		
15-Nov-2022		53,860	954	52,906	52,906	194,332	2,826,950
01-May-2023		4,171		4,171	4,171		
15-May-2023	78,310	53,860	954	52,906	131,216		
01-Nov-2023		4,171		4,171	4,171		
15-Nov-2023		52,184	954	51,230	51,230	190,788	2,748,640
01-May-2024		4,171		4,171	4,171		
15-May-2024	83,010	52,184	954	51,230	134,240		
01-Nov-2024		4,483		4,483	4,483		
15-Nov-2024		50,391	954	49,437	49,437	192,331	2,665,630
01-May-2025		4,483		4,483	4,483		
15-May-2025	88,200	50,391	954	49,437	137,637		
01-Nov-2025		4,483		4,483	4,483		
15-Nov-2025		48,601	921	47,680	47,680	194,283	2,577,430
01-May-2026		4,483		4,483	4,483		
15-May-2026	94,575	48,601	921	47,680	142,255		
01-Nov-2026		4,483		4,483	4,483		
15-Nov-2026		46,490	876	45,614	45,614	196,835	2,482,855
01-May-2027		5,467		5,467	5,467		
15-May-2027	93,865	46,490	876	45,614	139,479		
01-Nov-2027		5,467		5,467	5,467		
15-Nov-2027		44,398	840	43,558	43,558	193,971	2,388,990
01-May-2028	5,425	5,467		5,467	10,892		
15-May-2028	95,480	44,398	840	43,558	139,038		
01-Nov-2028		5,386		5,386	5,386		
15-Nov-2028		42,370	810	41,560	41,560	196,876	2,288,085
01-May-2029	5,590	5,386		5,386	10,976		
15-May-2029	103,855	42,370	810	41,560	145,415		
01-Nov-2029		5,302		5,302	5,302		
15-Nov-2029		40,066	771	39,295	39,295	200,988	2,178,640
01-May-2030	12,100	5,302		5,302	17,402		
15-May-2030	100,385	40,066	771	39,295	139,680		
01-Nov-2030		5,122		5,122	5,122		
15-Nov-2030		37,908	731	37,177	37,177	199,381	2,066,155
01-May-2031	17,820	5,122		5,122	22,942		
15-May-2031	99,720	37,908	731	37,177	136,897		
01-Nov-2031		4,853		4,853	4,853		
15-Nov-2031		35,659	689	34,970	34,970	199,662	1,948,615
01-May-2032	18,340	4,853		4,853	23,193		
15-May-2032	104,215	35,659	689	34,970	139,185		
01-Nov-2032		4,578		4,578	4,578		
15-Nov-2032		33,319	645	32,674	32,674	199,630	1,826,060
01-May-2033	18,880	4,578		4,578	23,458		
15-May-2033	108,570	33,319	645	32,674	141,244		
01-Nov-2033		4,294		4,294	4,294		
15-Nov-2033		30,883	600	30,283	30,283	199,279	1,698,610
01-May-2034	19,440	4,294		4,294	23,734		
15-May-2034	133,960	30,883	600	30,283	164,243		
01-Nov-2034		4,003		4,003	4,003		
15-Nov-2034		27,836	553	27,283	27,283	219,263	1,545,210
01-May-2035	20,005	4,003		4,003	24,008		
15-May-2035	121,125	27,836	553	27,283	148,408		
01-Nov-2035		3,703		3,703	3,703		
15-Nov-2035		25,082	460	24,622	24,622	200,741	1,404,080

San Antonio Water System
WATER SYSTEM REVENUE BONDS
TOTAL DEBT SERVICE TO MATURITY

(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy*</u>	<u>Net Interest</u>	<u>Total Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
01-May-2036	20,590	3,703		3,703	24,293		
15-May-2036	122,965	25,082	460	24,622	147,587		
01-Nov-2036		3,394		3,394	3,394		
15-Nov-2036		22,247	364	21,883	21,883	197,157	1,260,525
01-May-2037	21,190	3,394		3,394	24,584		
15-May-2037	128,320	22,247	364	21,883	150,203		
01-Nov-2037		3,077		3,077	3,077		
15-Nov-2037		19,516	265	19,251	19,251	197,115	1,111,015
01-May-2038	21,810	3,077		3,077	24,887		
15-May-2038	122,890	19,516	265	19,251	142,141		
01-Nov-2038		2,750		2,750	2,750		
15-Nov-2038		16,768	160	16,608	16,608	186,386	966,315
01-May-2039	22,440	2,750		2,750	25,190		
15-May-2039	125,875	16,768	160	16,608	142,483		
01-Nov-2039		2,413		2,413	2,413		
15-Nov-2039		13,800	53	13,747	13,747	183,833	818,000
01-May-2040	23,085	2,413		2,413	25,498		
15-May-2040	109,925	13,800	53	13,747	123,672		
01-Nov-2040		2,067		2,067	2,067		
15-Nov-2040		11,610		11,610	11,610	162,847	684,990
01-May-2041	23,755	2,067		2,067	25,822		
15-May-2041	65,220	11,610		11,610	76,830		
01-Nov-2041		1,710		1,710	1,710		
15-Nov-2041		10,298		10,298	10,298	114,660	596,015
01-May-2042	24,440	1,710		1,710	26,150		
15-May-2042	67,025	10,298		10,298	77,323		
01-Nov-2042		1,344		1,344	1,344		
15-Nov-2042		9,018		9,018	9,018	113,835	504,550
01-May-2043	25,135	1,344		1,344	26,479		
15-May-2043	58,670	9,018		9,018	67,688		
01-Nov-2043		966		966	966		
15-Nov-2043		7,745		7,745	7,745	102,878	420,745
01-May-2044	16,450	966		966	17,416		
15-May-2044	58,235	7,745		7,745	65,980		
01-Nov-2044		720		720	720		
15-Nov-2044		6,461		6,461	6,461	90,577	346,060
01-May-2045	9,030	720		720	9,750		
15-May-2045	59,115	6,461		6,461	65,576		
01-Nov-2045		584		584	584		
15-Nov-2045		5,136		5,136	5,136	81,046	277,915
01-May-2046	9,305	584		584	9,889		
15-May-2046	54,190	5,136		5,136	59,326		
01-Nov-2046		445		445	445		
15-Nov-2046		3,866		3,866	3,866	73,526	214,420
01-May-2047	9,590	445		445	10,035		
15-May-2047	46,265	3,866		3,866	50,131		
01-Nov-2047		301		301	301		
15-Nov-2047		2,880		2,880	2,880	63,347	158,565
01-May-2048	9,885	301		301	10,186		
15-May-2048	48,290	2,880		2,880	51,170		
01-Nov-2048		153		153	153		
15-Nov-2048		1,847		1,847	1,847	113,603	100,390
01-May-2049	10,185	153		153	10,338		
15-May-2049	36,965	1,847		1,847	38,812		
01-Nov-2049		-		-	-		
15-Nov-2049		1,097		1,097	1,097	50,247	53,240

**San Antonio Water System
WATER SYSTEM REVENUE BONDS
TOTAL DEBT SERVICE TO MATURITY**

(amounts in thousands)

Page 3 of 3

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy*</u>	<u>Net Interest</u>	<u>Total Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
01-May-2050	-	-	-	-	-		
15-May-2050	37,390	1,097	-	1,097	38,487		
01-Nov-2050	-	-	-	-	-		
15-Nov-2050	-	317	-	317	317	38,804	15,850
01-May-2051	-	-	-	-	-		
15-May-2051	15,850	317	-	317	16,167		
						16,167	-
	<u>\$ 2,907,860</u>	<u>\$ 1,630,435</u>	<u>\$ 24,154</u>	<u>\$ 1,606,281</u>	<u>\$ 4,514,141</u>	<u>\$ 4,564,388</u>	<u>\$ 73,068,865</u>

* Interest rate subsidy reduced by sequestration rate of 5.7% as of federal fiscal year 2021.

San Antonio Water System
WATER SYSTEM SENIOR LIEN REVENUE BONDS
TOTAL DEBT SERVICE TO MATURITY

(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy*</u>	<u>Net Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
15-May-2022	\$ 7,285	\$ 5,565	\$ 954	\$ 4,611	\$ 11,896	\$	\$ 273,280
15-Nov-2022		6,856	954	5,902	5,902	17,798	
15-May-2023	7,640	6,856	954	5,902	13,542		265,640
15-Nov-2023		6,665	954	5,711	5,711	19,253	
15-May-2024	8,020	6,665	954	5,711	13,731		257,620
15-Nov-2024		6,465	954	5,511	5,511	19,242	
15-May-2026	13,830	6,154	921	5,233	19,063		231,720
15-Nov-2026		5,795	876	4,919	4,919	23,982	
15-May-2027	20,215	5,795	876	4,919	25,134		211,505
15-Nov-2027		5,280	840	4,440	4,440	29,574	
15-May-2028	20,300	5,280	840	4,440	24,740		191,205
15-Nov-2028		4,839	810	4,029	4,029	28,769	
15-May-2029	9,690	4,839	810	4,029	13,719		181,515
15-Nov-2029		4,587	771	3,816	3,816	17,535	
15-May-2030	10,125	4,587	771	3,816	13,941		171,390
15-May-2025	12,070	6,465	954	5,511	17,581		245,550
15-Nov-2025		6,154	921	5,233	5,233	22,814	
15-Nov-2030		4,320	731	3,589	3,589	17,530	
15-May-2031	10,585	4,320	731	3,589	14,174		160,805
15-Nov-2031		4,042	689	3,353	3,353	17,527	
15-May-2032	11,025	4,042	689	3,353	14,378		149,780
15-Nov-2032		3,784	645	3,139	3,139	17,517	
15-May-2033	11,460	3,784	645	3,139	14,599		138,320
15-Nov-2033		3,516	600	2,916	2,916	17,515	
15-May-2034	11,915	3,516	600	2,916	14,831		126,405
15-Nov-2034		3,237	553	2,684	2,684	17,515	
15-May-2035	16,910	3,237	553	2,684	19,594		109,495
15-Nov-2035		2,777	460	2,317	2,317	21,911	
15-May-2036	17,645	2,777	460	2,317	19,962		91,850
15-Nov-2036		2,297	364	1,933	1,933	21,895	
15-May-2037	18,420	2,297	364	1,933	20,353		73,430
15-Nov-2037		1,798	265	1,533	1,533	21,886	
15-May-2038	19,225	1,798	265	1,533	20,758		54,205
15-Nov-2038		1,276	160	1,116	1,116	21,874	
15-May-2039	20,065	1,276	160	1,116	21,181		34,140
15-Nov-2039		732	53	679	679	21,860	
15-May-2040	14,630	732	53	679	15,309		19,510
15-Nov-2040		341	-	341	341	15,650	
15-May-2041	9,585	341	-	341	9,926		9,925
15-Nov-2041		174	-	174	174	10,100	
15-May-2042	9,925	174	-	174	10,099		-
						10,099	
	<u>\$ 280,565</u>	<u>\$ 155,435</u>	<u>\$ 24,154</u>	<u>\$ 131,281</u>	<u>\$ 411,846</u>	<u>\$ 411,846</u>	

* Interest rate subsidy reduced by sequestration rate of 5.7% as of federal fiscal year 2022.

San Antonio Water System
WATER SYSTEM REVENUE TAXABLE BONDS
SERIES 2009B
(DIRECT SUBSIDY - BUILD AMERICA BONDS)
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy*</u>	<u>Total Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2022	\$ -	\$ 2,009	\$ 663	\$ 1,346	\$ 1,346	\$ -
15-Nov-2022		2,009	663	1,346	1,346	2,692
15-May-2023	-	2,009	663	1,346	1,346	
15-Nov-2023		2,009	663	1,346	1,346	2,692
15-May-2024	-	2,009	663	1,346	1,346	
15-Nov-2024		2,009	663	1,346	1,346	2,692
15-May-2025	3,650	2,009	663	1,346	4,996	
15-Nov-2025		1,909	630	1,279	1,279	6,275
15-May-2026	4,995	1,909	630	1,279	6,274	
15-Nov-2026		1,771	585	1,186	1,186	7,460
15-May-2027	3,965	1,771	585	1,186	5,151	
15-Nov-2027		1,662	549	1,113	1,113	6,264
15-May-2028	3,300	1,662	549	1,113	4,413	
15-Nov-2028		1,571	519	1,052	1,052	5,465
15-May-2029	4,230	1,571	519	1,052	5,282	
15-Nov-2029		1,455	480	975	975	6,257
15-May-2030	4,385	1,455	480	975	5,360	
15-Nov-2030		1,332	440	892	892	6,252
15-May-2031	4,550	1,332	440	892	5,442	
15-Nov-2031		1,205	398	807	807	6,249
15-May-2032	4,715	1,205	398	807	5,522	
15-Nov-2032		1,073	354	719	719	6,241
15-May-2033	4,890	1,073	354	719	5,609	
15-Nov-2033		936	309	627	627	6,236
15-May-2034	5,075	936	309	627	5,702	
15-Nov-2034		794	262	532	532	6,234
15-May-2035	5,260	794	262	532	5,792	
15-Nov-2035		646	213	433	433	6,225
15-May-2036	5,455	646	213	433	5,888	
15-Nov-2036		493	163	330	330	6,218
15-May-2037	5,660	493	163	330	5,990	
15-Nov-2037		335	111	224	224	6,214
15-May-2038	5,870	335	111	224	6,094	
15-Nov-2038		170	56	114	114	6,208
15-May-2039	6,085	170	56	114	6,199	
						6,199
	<u>\$ 72,085</u>	<u>\$ 44,767</u>	<u>\$ 14,779</u>	<u>\$ 29,988</u>	<u>\$ 102,073</u>	<u>\$ 102,073</u>

* Interest rate subsidy reduced by sequestration rate of 5.7% as of federal fiscal year 2022.

San Antonio Water System
WATER SYSTEM REVENUE TAXABLE BONDS
SERIES 2010B
(DIRECT SUBSIDY - BUILD AMERICA BONDS)
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy*</u>	<u>Total Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2022	\$ -	\$ 881	\$ 291	\$ 590	\$ 590	\$ -
15-Nov-2022		881	291	590	590	1,180
15-May-2023	-	881	291	590	590	
15-Nov-2023		881	291	590	590	1,180
15-May-2024	-	881	291	590	590	
15-Nov-2024		881	291	590	590	1,180
15-May-2025	-	881	291	590	590	
15-Nov-2025		881	291	590	590	1,180
15-May-2026	-	881	291	590	590	
15-Nov-2026		881	291	590	590	1,180
15-May-2027	-	881	291	590	590	
15-Nov-2027		881	291	590	590	1,180
15-May-2028	-	881	291	590	590	
15-Nov-2028		881	291	590	590	1,180
15-May-2029	-	881	291	590	590	
15-Nov-2029		881	291	590	590	1,180
15-May-2030	-	881	291	590	590	
15-Nov-2030		881	291	590	590	1,180
15-May-2031	-	881	291	590	590	
15-Nov-2031		881	291	590	590	1,180
15-May-2032	-	881	291	590	590	
15-Nov-2032		881	291	590	590	1,180
15-May-2033	-	881	291	590	590	
15-Nov-2033		881	291	590	590	1,180
15-May-2034	-	881	291	590	590	
15-Nov-2034		881	291	590	590	1,180
15-May-2035	4,495	881	291	590	5,085	
15-Nov-2035		748	247	501	501	5,586
15-May-2036	4,670	748	247	501	5,171	
15-Nov-2036		609	201	408	408	5,579
15-May-2037	4,855	609	201	408	5,263	
15-Nov-2037		466	154	312	312	5,575
15-May-2038	5,045	466	154	312	5,357	
15-Nov-2038		316	104	212	212	5,569
15-May-2039	5,240	316	104	212	5,452	
15-Nov-2039		161	53	108	108	5,560
15-May-2040	5,445	161	53	108	5,553	
						5,553
	<u>\$ 29,750</u>	<u>\$ 28,387</u>	<u>\$ 9,375</u>	<u>\$ 19,012</u>	<u>\$ 48,762</u>	<u>\$ 48,762</u>

* Interest rate subsidy reduced by sequestration rate of 5.7% as of federal fiscal year 2022.

San Antonio Water System
WATER SYSTEM REVENUE REFUNDING BONDS
SERIES 2012
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 5,875	\$	-	\$	5,875	\$	
15-Nov-2022			1,326		1,326		7,201
15-May-2023	6,160		1,326		7,486		
15-Nov-2023			1,172		1,172		8,658
15-May-2024	6,465		1,172		7,637		
15-Nov-2024			1,011		1,011		8,648
15-May-2025	6,785		1,011		7,796		
15-Nov-2025			841		841		8,637
15-May-2026	7,115		841		7,956		
15-Nov-2026			663		663		8,619
15-May-2027	14,440		663		15,103		
15-Nov-2027			302		302		15,405
15-May-2028	15,100		302		15,402		
							15,402
	<u>\$ 61,940</u>	<u>\$</u>	<u>10,630</u>	<u>\$</u>	<u>72,570</u>	<u>\$</u>	<u>72,570</u>

San Antonio Water System
WATER SYSTEM REVENUE AND REFUNDING BONDS
SERIES 2012A
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2022	\$ 1,410	\$ 2,675	\$ 4,085	\$
15-Nov-2022		2,640	2,640	6,725
15-May-2023	1,480	2,640	4,120	
15-Nov-2023		2,603	2,603	6,723
15-May-2024	1,555	2,603	4,158	
15-Nov-2024		2,564	2,564	6,722
15-May-2025	1,635	2,564	4,199	
15-Nov-2025		2,523	2,523	6,722
15-May-2026	1,720	2,523	4,243	
15-Nov-2026		2,480	2,480	6,723
15-May-2027	1,810	2,480	4,290	
15-Nov-2027		2,435	2,435	6,725
15-May-2028	1,900	2,435	4,335	
15-Nov-2028		2,387	2,387	6,722
15-May-2029	5,460	2,387	7,847	
15-Nov-2029		2,251	2,251	10,098
15-May-2030	5,740	2,251	7,991	
15-Nov-2030		2,107	2,107	10,098
15-May-2031	6,035	2,107	8,142	
15-Nov-2031		1,956	1,956	10,098
15-May-2032	6,310	1,956	8,266	
15-Nov-2032		1,830	1,830	10,096
15-May-2033	6,570	1,830	8,400	
15-Nov-2033		1,699	1,699	10,099
15-May-2034	6,840	1,699	8,539	
15-Nov-2034		1,562	1,562	10,101
15-May-2035	7,155	1,562	8,717	
15-Nov-2035		1,383	1,383	10,100
15-May-2036	7,520	1,383	8,903	
15-Nov-2036		1,195	1,195	10,098
15-May-2037	7,905	1,195	9,100	
15-Nov-2037		997	997	10,097
15-May-2038	8,310	997	9,307	
15-Nov-2038		790	790	10,097
15-May-2039	8,740	790	9,530	
15-Nov-2039		571	571	10,101
15-May-2040	9,185	571	9,756	
15-Nov-2040		341	341	10,097
15-May-2041	9,585	341	9,926	
15-Nov-2041		174	174	10,100
15-May-2042	9,925	174	10,099	
				10,099
	\$ 116,790	\$ 71,651	\$ 188,441	\$ 188,441

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
TOTAL DEBT SERVICE TO MATURITY

(amounts in thousands)

Page 1 of 2

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
01-May-2022	\$ -	\$ 3,673	\$ 3,673		
15-May-2022	73,625	48,559	122,184		
01-Nov-2022		3,673	3,673		
15-Nov-2022		47,004	47,004	176,534	2,553,670
01-May-2023	-	4,171	4,171		
15-May-2023	70,670	47,004	117,674		
01-Nov-2023		4,171	4,171		
15-Nov-2023		45,519	45,519	171,535	2,483,000
01-May-2024	-	4,171	4,171		
15-May-2024	74,990	45,519	120,509		
01-Nov-2024		4,483	4,483		
15-Nov-2024		43,926	43,926	173,089	2,408,010
01-May-2025	-	4,483	4,483		
15-May-2025	76,130	43,926	120,056		
01-Nov-2025		4,483	4,483		
15-Nov-2025		42,447	42,447	171,469	2,331,880
01-May-2026	-	4,483	4,483		
15-May-2026	80,745	42,447	123,192		
01-Nov-2026		4,483	4,483		
15-Nov-2026		40,695	40,695	172,853	2,251,135
01-May-2027	-	5,467	5,467		
15-May-2027	73,650	40,695	114,345		
01-Nov-2027		5,467	5,467		
15-Nov-2027		39,118	39,118	164,397	2,177,485
01-May-2028	5,425	5,467	10,892		
15-May-2028	75,180	39,118	114,298		
01-Nov-2028		5,386	5,386		
15-Nov-2028		37,531	37,531	168,107	2,096,880
01-May-2029	5,590	5,386	10,976		
15-May-2029	94,165	37,531	131,696		
01-Nov-2029		5,302	5,302		
15-Nov-2029		35,479	35,479	183,453	1,997,125
01-May-2030	12,100	5,302	17,402		
15-May-2030	90,260	35,479	125,739		
01-Nov-2030		5,122	5,122		
15-Nov-2030		33,588	33,588	181,851	1,894,765
01-May-2031	17,820	5,122	22,942		
15-May-2031	89,135	33,588	122,723		
01-Nov-2031		4,853	4,853		
15-Nov-2031		31,617	31,617	182,135	1,787,810
01-May-2032	18,340	4,853	23,193		
15-May-2032	93,190	31,617	124,807		
01-Nov-2032		4,578	4,578		
15-Nov-2032		29,535	29,535	182,113	1,676,280
01-May-2033	18,880	4,578	23,458		
15-May-2033	97,110	29,535	126,645		
01-Nov-2033		4,294	4,294		
15-Nov-2033		27,367	27,367	181,764	1,560,290

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
TOTAL DEBT SERVICE TO MATURITY

(amounts in thousands)

Page 2 of 3

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
01-May-2034	19,440	4,294	23,734		
15-May-2034	122,045	27,367	149,412		
01-Nov-2034		4,003	4,003		
15-Nov-2034		24,599	24,599	201,748	1,418,805
01-May-2035	20,005	4,003	24,008		
15-May-2035	104,215	24,599	128,814		
01-Nov-2035		3,703	3,703		
15-Nov-2035		22,305	22,305	178,830	1,294,585
01-May-2036	20,590	3,703	24,293		
15-May-2036	105,320	22,305	127,625		
01-Nov-2036		3,394	3,394		
15-Nov-2036		19,950	19,950	175,262	1,168,675
01-May-2037	21,190	3,394	24,584		
15-May-2037	109,900	19,950	129,850		
01-Nov-2037		3,077	3,077		
15-Nov-2037		17,718	17,718	175,229	1,037,585
01-May-2038	21,810	3,077	24,887		
15-May-2038	103,665	17,718	121,383		
01-Nov-2038		2,750	2,750		
15-Nov-2038		15,492	15,492	164,512	912,110
01-May-2039	22,440	2,750	25,190		
15-May-2039	105,810	15,492	121,302		
01-Nov-2039		2,413	2,413		
15-Nov-2039		13,068	13,068	161,973	783,860
01-May-2040	23,085	2,413	25,498		
15-May-2040	95,295	13,068	108,363		
01-Nov-2040		2,067	2,067		
15-Nov-2040		11,269	11,269	147,197	665,480
01-May-2041	23,755	2,067	25,822		
15-May-2041	55,635	11,269	66,904		
01-Nov-2041		1,710	1,710		
15-Nov-2041		10,124	10,124	104,560	586,090
01-May-2042	24,440	1,710	26,150		
15-May-2042	57,100	10,124	67,224		
01-Nov-2042		1,344	1,344		
15-Nov-2042		9,018	9,018	103,736	504,550
01-May-2043	25,135	1,344	26,479		
15-May-2043	58,670	9,018	67,688		
01-Nov-2043		966	966		
15-Nov-2043		7,745	7,745	102,878	420,745
01-May-2044	16,450	966	17,416		
15-May-2044	58,235	7,745	65,980		
01-Nov-2044		720	720		
15-Nov-2044		6,461	6,461	90,577	346,060
01-May-2045	9,030	720	9,750		
15-May-2045	59,115	6,461	65,576		
01-Nov-2045		584	584		
15-Nov-2045		5,136	5,136	81,046	277,915
01-May-2046	9,305	584	9,889		
15-May-2046	54,190	5,136	59,326		
01-Nov-2046		445	445		
15-Nov-2046		3,866	3,866	73,526	214,420

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
TOTAL DEBT SERVICE TO MATURITY
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
01-May-2047	9,590	445	10,035		
15-May-2047	46,265	3,866	50,131		
01-Nov-2047		301	301		
15-Nov-2047		2,880	2,880	63,347	158,565
01-May-2048	9,885	301	10,186		
15-May-2048	48,290	2,880	51,170		
01-Nov-2048		153	153		
15-Nov-2048		1,847	1,847	63,356	100,390
01-May-2049	10,185	153	10,338		
15-May-2049	36,965	1,847	38,812		
01-Nov-2049		-	-		
15-Nov-2049		1,097	1,097	50,247	53,240
01-May-2050	-	-	-		
15-May-2050	37,390	1,097	38,487		
01-Nov-2050		-	-		
15-Nov-2050		317	317	38,804	15,850
01-May-2051	-	-	-		
15-May-2051	15,850	317	16,167		
				16,167	-
	<u>\$ 2,627,295</u>	<u>\$ 1,475,000</u>	<u>\$ 4,102,295</u>	<u>\$ 4,102,295</u>	

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS
SERIES 2012 (No Reserve Fund)
(amounts in thousands)

		<u><i>Principal</i></u>		<u><i>Interest</i></u>		<u><i>Total Semi- Annual Payment</i></u>		<u><i>Total Annual Payment</i></u>
15-May-2022	\$	1,795	\$	45	\$	1,840	\$	
						-		1,840
	\$	1,795	\$	45	\$	1,840	\$	1,840

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2012
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 600	\$	105	\$	705	\$	
15-Nov-2022			103		103		808
15-May-2023	605		103		708		
15-Nov-2023			100		100		808
15-May-2024	610		100		710		
15-Nov-2024			98		98		808
15-May-2025	615		98		713		
15-Nov-2025			94		94		807
15-May-2026	625		94		719		
15-Nov-2026			91		91		810
15-May-2027	630		91		721		
15-Nov-2027			87		87		808
15-May-2028	635		87		722		
15-Nov-2028			84		84		806
15-May-2029	645		84		729		
15-Nov-2029			79		79		808
15-May-2030	655		79		734		
15-Nov-2030			75		75		809
15-May-2031	665		75		740		
15-Nov-2031			70		70		810
15-May-2032	675		70		745		
15-Nov-2032			65		65		810
15-May-2033	685		65		750		
15-Nov-2033			60		60		810
15-May-2034	695		60		755		
15-Nov-2034			54		54		809
15-May-2035	705		54		759		
15-Nov-2035			48		48		807
15-May-2036	720		48		768		
15-Nov-2036			42		42		810
15-May-2037	730		42		772		
15-Nov-2037			35		35		807
15-May-2038	745		35		780		
15-Nov-2038			29		29		809
15-May-2039	760		29		789		
15-Nov-2039			22		22		811
15-May-2040	770		22		792		
15-Nov-2040			15		15		807
15-May-2041	785		15		800		
15-Nov-2041			7		7		807
15-May-2042	800		7		807		
							807
	\$ 14,355	\$	2,621	\$	16,976	\$	16,976

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2013A
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 2,420	\$	196	\$	2,616	\$	
15-Nov-2022			187		187		2,803
15-May-2023	2,440		187		2,627		
15-Nov-2023			177		177		2,804
15-May-2024	2,460		177		2,637		
15-Nov-2024			166		166		2,803
15-May-2025	2,485		166		2,651		
15-Nov-2025			153		153		2,804
15-May-2026	2,515		153		2,668		
15-Nov-2026			139		139		2,807
15-May-2027	2,540		139		2,679		
15-Nov-2027			125		125		2,804
15-May-2028	2,570		125		2,695		
15-Nov-2028			109		109		2,804
15-May-2029	2,605		109		2,714		
15-Nov-2029			92		92		2,806
15-May-2030	2,635		92		2,727		
15-Nov-2030			75		75		2,802
15-May-2031	2,675		75		2,750		
15-Nov-2031			56		56		2,806
15-May-2032	2,720		56		2,776		
15-Nov-2032			28		28		2,804
15-May-2033	2,775		28		2,803		
					-		2,803
	<u>\$ 30,840</u>	<u>\$</u>	<u>2,810</u>	<u>\$</u>	<u>33,650</u>	<u>\$</u>	<u>33,650</u>

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS
SERIES 2013B (No Reserve Fund)
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 5,125	\$	1,282	\$	6,407	\$	
15-Nov-2022			1,154		1,154		7,561
15-May-2023	3,620		1,154		4,774		
15-Nov-2023			1,063		1,063		5,837
15-May-2024	2,970		1,063		4,033		
15-Nov-2024			989		989		5,022
15-May-2025	3,120		989		4,109		
15-Nov-2025			911		911		5,020
15-May-2026	3,285		911		4,196		
15-Nov-2026			829		829		5,025
15-May-2027	3,450		829		4,279		
15-Nov-2027			743		743		5,022
15-May-2028	3,630		743		4,373		
15-Nov-2028			652		652		5,025
15-May-2029	3,815		652		4,467		
15-Nov-2029			556		556		5,023
15-May-2030	4,015		556		4,571		
15-Nov-2030			456		456		5,027
15-May-2031	4,220		456		4,676		
15-Nov-2031			351		351		5,027
15-May-2032	4,440		351		4,791		
15-Nov-2032			240		240		5,031
15-May-2033	4,670		240		4,910		
15-Nov-2033			123		123		5,033
15-May-2034	4,910		123		5,033		
							5,033
	\$ 51,270	\$	17,416	\$	68,686	\$	68,686

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2013C
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 1,245	\$	180	\$	1,425	\$	
15-Nov-2022			172		172		1,597
15-May-2023	1,260		172		1,432		
15-Nov-2023			162		162		1,594
15-May-2024	1,280		162		1,442		
15-Nov-2024			152		152		1,594
15-May-2025	1,305		152		1,457		
15-Nov-2025			140		140		1,597
15-May-2026	1,330		140		1,470		
15-Nov-2026			127		127		1,597
15-May-2027	1,355		127		1,482		
15-Nov-2027			112		112		1,594
15-May-2028	1,385		112		1,497		
15-Nov-2028			97		97		1,594
15-May-2029	1,420		97		1,517		
15-Nov-2029			80		80		1,597
15-May-2030	1,455		80		1,535		
15-Nov-2030			62		62		1,597
15-May-2031	1,495		62		1,557		
15-Nov-2031			42		42		1,599
15-May-2032	1,535		42		1,577		
15-Nov-2032			22		22		1,599
15-May-2033	1,575		22		1,597		
							1,597
	<u>\$ 16,640</u>	<u>\$</u>	<u>2,516</u>	<u>\$</u>	<u>19,156</u>	<u>\$</u>	<u>19,156</u>

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2013D
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 1,625	\$	695	\$	2,320	\$	
15-Nov-2022			682		682		3,002
15-May-2023	1,650		682		2,332		
15-Nov-2023			668		668		3,000
15-May-2024	1,680		668		2,348		
15-Nov-2024			651		651		2,999
15-May-2025	1,715		651		2,366		
15-Nov-2025			633		633		2,999
15-May-2026	1,755		633		2,388		
15-Nov-2026			612		612		3,000
15-May-2027	1,800		612		2,412		
15-Nov-2027			590		590		3,002
15-May-2028	1,845		590		2,435		
15-Nov-2028			566		566		3,001
15-May-2029	1,895		566		2,461		
15-Nov-2029			540		540		3,001
15-May-2030	1,950		540		2,490		
15-Nov-2030			513		513		3,003
15-May-2031	2,005		513		2,518		
15-Nov-2031			484		484		3,002
15-May-2032	2,065		484		2,549		
15-Nov-2032			453		453		3,002
15-May-2033	2,130		453		2,583		
15-Nov-2033			421		421		3,004
15-May-2034	2,195		421		2,616		
15-Nov-2034			386		386		3,002
15-May-2035	2,265		386		2,651		
15-Nov-2035			351		351		3,002
15-May-2036	2,340		351		2,691		
15-Nov-2036			313		313		3,004
15-May-2037	2,415		313		2,728		
15-Nov-2037			274		274		3,002
15-May-2038	2,495		274		2,769		
15-Nov-2038			232		232		3,001
15-May-2039	2,580		232		2,812		
15-Nov-2039			189		189		3,001
15-May-2040	2,665		189		2,854		
15-Nov-2040			145		145		2,999
15-May-2041	2,760		145		2,905		
15-Nov-2041			98		98		3,003
15-May-2042	2,855		98		2,953		
15-Nov-2042			50		50		3,003
15-May-2043	2,950		50		3,000		
							3,000
	\$ 47,635	\$	18,397	\$	66,032	\$	66,032

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2013E (No Reserve Fund)
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 4,620	\$	1,205	\$	5,825	\$	
15-Nov-2022			1,090		1,090		6,915
15-May-2023	4,855		1,090		5,945		
15-Nov-2023			968		968		6,913
15-May-2024	5,105		968		6,073		
15-Nov-2024			841		841		6,914
15-May-2025	5,365		841		6,206		
15-Nov-2025			706		706		6,912
15-May-2026	5,640		706		6,346		
15-Nov-2026			565		565		6,911
15-May-2027	5,930		565		6,495		
15-Nov-2027			417		417		6,912
15-May-2028	6,235		417		6,652		
15-Nov-2028			261		261		6,913
15-May-2029	6,555		261		6,816		
15-Nov-2029			97		97		6,913
15-May-2030	4,870		97		4,967		
							4,967
	<u>\$ 49,175</u>	<u>\$</u>	<u>11,095</u>	<u>\$</u>	<u>60,270</u>	<u>\$</u>	<u>60,270</u>

San Antonio Water System
WATER SYSTEM VARIABLE RATE JUNIOR LIEN
REVENUE AND REFUNDING BONDS , SERIES 2013F (No Reserve Fund)*
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
01-May-2022	\$ -	\$ 492	\$ 492	
01-Nov-2022		492	492	984
01-May-2023	-	492	492	
01-Nov-2023		492	492	984
01-May-2024	-	492	492	
01-Nov-2024		492	492	984
01-May-2025	-	492	492	
01-Nov-2025		492	492	984
01-May-2026	-	492	492	
01-Nov-2026		492	492	984
01-May-2027	-	1,476	1,476	
01-Nov-2027		1,476	1,476	2,952
01-May-2028	-	1,476	1,476	
01-Nov-2028		1,476	1,476	2,952
01-May-2029	-	1,476	1,476	
01-Nov-2029		1,476	1,476	2,952
01-May-2030	650	1,476	2,126	
01-Nov-2030		1,467	1,467	3,593
01-May-2031	6,075	1,467	7,542	
01-Nov-2031		1,375	1,375	8,917
01-May-2032	6,290	1,375	7,665	
01-Nov-2032		1,281	1,281	8,946
01-May-2033	6,515	1,281	7,796	
01-Nov-2033		1,183	1,183	8,979
01-May-2034	6,745	1,183	7,928	
01-Nov-2034		1,082	1,082	9,010
01-May-2035	6,980	1,082	8,062	
01-Nov-2035		977	977	9,039
01-May-2036	7,225	977	8,202	
01-Nov-2036		869	869	9,071
01-May-2037	7,475	869	8,344	
01-Nov-2037		757	757	9,101
01-May-2038	7,735	757	8,492	
01-Nov-2038		641	641	9,133
01-May-2039	7,995	641	8,636	
01-Nov-2039		521	521	9,157
01-May-2040	8,260	521	8,781	
01-Nov-2040		397	397	9,178
01-May-2041	8,540	397	8,937	
01-Nov-2041		269	269	9,206
01-May-2042	8,825	269	9,094	
01-Nov-2042		137	137	9,231
01-May-2043	9,110	137	9,247	
				9,247
	<u>\$ 98,420</u>	<u>\$ 37,164</u>	<u>\$ 135,584</u>	<u>\$ 135,584</u>

* The Water System Variable Rate Junior Lien Revenue Refunding Bonds, Series 2013F (No Reserve Fund) are multi-modal variable rate bonds, initially issued in a SIFMA Index Mode, which expired October 31, 2016. On November 1, 2016, the bonds were remarketed into a fixed rate Term Mode for a five-year period ending October 31, 2021 at 2.00%. On November 1, 2021, the bonds were again remarketed into a fixed rate Term Mode for a five-year period ending October 31, 2026 at 1.00%. At the end of the second remarketing period, the Bonds will be remarketed or refunded into another term period or will be converted into another mode. Interest listed above is based on 1.00% through October 31, 2026 and budgeted interest rates thereafter of 3.00%. See Note I for additional information.

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2014A (No Reserve Fund)
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 8,800	\$	1,630	\$	10,430	\$	
15-Nov-2022			1,410		1,410		11,840
15-May-2023	9,265		1,410		10,675		
15-Nov-2023			1,178		1,178		11,853
15-May-2024	9,735		1,178		10,913		
15-Nov-2024			935		935		11,848
15-May-2025	10,235		935		11,170		
15-Nov-2025			679		679		11,849
15-May-2026	10,770		679		11,449		
15-Nov-2026			410		410		11,859
15-May-2027	5,190		410		5,600		
15-Nov-2027			280		280		5,880
15-May-2028	5,455		280		5,735		
15-Nov-2028			143		143		5,878
15-May-2029	5,735		143		5,878		
							5,878
	<u>\$ 65,185</u>	<u>\$</u>	<u>11,700</u>	<u>\$</u>	<u>76,885</u>	<u>\$</u>	<u>76,885</u>

San Antonio Water System
WATER SYSTEM VARIABLE RATE JUNIOR LIEN
REVENUE AND REFUNDING BONDS , SERIES 2014B (No Reserve Fund)*
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
01-May-2022	\$ -	\$ 996	\$ 996	\$
01-Nov-2022		996	996	1,992
01-May-2023	-	1,494	1,494	
01-Nov-2023		1,494	1,494	2,988
01-May-2024	-	1,494	1,494	
01-Nov-2024		1,494	1,494	2,988
01-May-2025	-	1,494	1,494	
01-Nov-2025		1,494	1,494	2,988
01-May-2026	-	1,494	1,494	
01-Nov-2026		1,494	1,494	2,988
01-May-2027	-	1,494	1,494	
01-Nov-2027		1,494	1,494	2,988
01-May-2028	-	1,494	1,494	
01-Nov-2028		1,494	1,494	2,988
01-May-2029	-	1,494	1,494	
01-Nov-2029		1,494	1,494	2,988
01-May-2030	5,690	1,494	7,184	
01-Nov-2030		1,409	1,409	8,593
01-May-2031	5,810	1,409	7,219	
01-Nov-2031		1,321	1,321	8,540
01-May-2032	5,935	1,321	7,256	
01-Nov-2032		1,232	1,232	8,488
01-May-2033	6,065	1,232	7,297	
01-Nov-2033		1,141	1,141	8,438
01-May-2034	6,200	1,141	7,341	
01-Nov-2034		1,048	1,048	8,389
01-May-2035	6,335	1,048	7,383	
01-Nov-2035		953	953	8,336
01-May-2036	6,470	953	7,423	
01-Nov-2036		856	856	8,279
01-May-2037	6,610	856	7,466	
01-Nov-2037		757	757	8,223
01-May-2038	6,755	757	7,512	
01-Nov-2038		656	656	8,168
01-May-2039	6,900	656	7,556	
01-Nov-2039		552	552	8,108
01-May-2040	7,050	552	7,602	
01-Nov-2040		447	447	8,049
01-May-2041	7,205	447	7,652	
01-Nov-2041		338	338	7,990
01-May-2042	7,360	338	7,698	
01-Nov-2042		228	228	7,926
01-May-2043	7,520	228	7,748	
01-Nov-2043		115	115	7,863
01-May-2044	7,685	115	7,800	
				7,800
	<u>\$ 99,590</u>	<u>\$ 46,508</u>	<u>\$ 146,098</u>	<u>\$ 146,098</u>

* The Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2014B (No Reserve Fund) are multi-model variable rate bonds, initially issued in a SIFMA Index Mode, which expired October 31, 2017. On November 1, 2017, the bonds were remarketed into a fixed rate Term Mode for a five-year period ending October 31, 2022 at 2.00%. At the end of the remarketing period, the Bonds will be remarketed or refunded into another term period or will be converted into another mode. Interest listed above is based on 2.00% through October 31, 2022 and budgeted interest rates thereafter of 3.00%. See Note I for additional information.

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2014C
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 1,090	\$	315	\$	1,405	\$	
15-Nov-2022			310		310		1,715
15-May-2023	1,100		310		1,410		
15-Nov-2023			304		304		1,714
15-May-2024	1,115		304		1,419		
15-Nov-2024			297		297		1,716
15-May-2025	1,130		297		1,427		
15-Nov-2025			289		289		1,716
15-May-2026	1,145		289		1,434		
15-Nov-2026			280		280		1,714
15-May-2027	1,165		280		1,445		
15-Nov-2027			270		270		1,715
15-May-2028	1,185		270		1,455		
15-Nov-2028			260		260		1,715
15-May-2029	1,205		260		1,465		
15-Nov-2029			249		249		1,714
15-May-2030	1,230		249		1,479		
15-Nov-2030			237		237		1,716
15-May-2031	1,250		237		1,487		
15-Nov-2031			225		225		1,712
15-May-2032	1,280		225		1,505		
15-Nov-2032			211		211		1,716
15-May-2033	1,305		211		1,516		
15-Nov-2033			197		197		1,713
15-May-2034	1,335		197		1,532		
15-Nov-2034			183		183		1,715
15-May-2035	1,365		183		1,548		
15-Nov-2035			167		167		1,715
15-May-2036	1,395		167		1,562		
15-Nov-2036			151		151		1,713
15-May-2037	1,430		151		1,581		
15-Nov-2037			134		134		1,715
15-May-2038	1,465		134		1,599		
15-Nov-2038			117		117		1,716
15-May-2039	1,500		117		1,617		
15-Nov-2039			99		99		1,716
15-May-2040	1,535		99		1,634		
15-Nov-2040			80		80		1,714
15-May-2041	1,575		80		1,655		
15-Nov-2041			61		61		1,716
15-May-2042	1,610		61		1,671		
15-Nov-2042			41		41		1,712
15-May-2043	1,650		41		1,691		
15-Nov-2043			21		21		1,712
15-May-2044	1,695		21		1,716		
					-		1,716
	\$ 30,755	\$	8,681	\$	39,436	\$	39,436

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2014D
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 1,065	\$	113	\$	1,178	\$	
15-Nov-2022			108		108		1,286
15-May-2023	1,075		108		1,183		
15-Nov-2023			103		103		1,286
15-May-2024	1,090		103		1,193		
15-Nov-2024			97		97		1,290
15-May-2025	1,100		97		1,197		
15-Nov-2025			90		90		1,287
15-May-2026	1,115		90		1,205		
15-Nov-2026			83		83		1,288
15-May-2027	1,130		83		1,213		
15-Nov-2027			74		74		1,287
15-May-2028	1,145		74		1,219		
15-Nov-2028			66		66		1,285
15-May-2029	1,165		66		1,231		
15-Nov-2029			56		56		1,287
15-May-2030	1,185		56		1,241		
15-Nov-2030			46		46		1,287
15-May-2031	1,205		46		1,251		
15-Nov-2031			36		36		1,287
15-May-2032	1,225		36		1,261		
15-Nov-2032			24		24		1,285
15-May-2033	1,250		24		1,274		
15-Nov-2033			12		12		1,286
15-May-2034	1,275		12		1,287		
					-		1,287
	\$ 15,025	\$	1,703	\$	16,728	\$	16,728

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2015A
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 2,210	\$	508	\$	2,718	\$	
15-Nov-2022			499		499		3,217
15-May-2023	2,230		499		2,729		
15-Nov-2023			489		489		3,218
15-May-2024	2,250		489		2,739		
15-Nov-2024			478		478		3,217
15-May-2025	2,275		478		2,753		
15-Nov-2025			465		465		3,218
15-May-2026	2,305		465		2,770		
15-Nov-2026			450		450		3,220
15-May-2027	2,330		450		2,780		
15-Nov-2027			435		435		3,215
15-May-2028	2,365		435		2,800		
15-Nov-2028			418		418		3,218
15-May-2029	2,400		418		2,818		
15-Nov-2029			401		401		3,219
15-May-2030	2,435		401		2,836		
15-Nov-2030			383		383		3,219
15-May-2031	2,470		383		2,853		
15-Nov-2031			364		364		3,217
15-May-2032	2,510		364		2,874		
15-Nov-2032			344		344		3,218
15-May-2033	2,550		344		2,894		
15-Nov-2033			323		323		3,217
15-May-2034	2,595		323		2,918		
15-Nov-2034			301		301		3,219
15-May-2035	2,640		301		2,941		
15-Nov-2035			278		278		3,219
15-May-2036	2,685		278		2,963		
15-Nov-2036			254		254		3,217
15-May-2037	2,735		254		2,989		
15-Nov-2037			229		229		3,218
15-May-2038	2,785		229		3,014		
15-Nov-2038			204		204		3,218
15-May-2039	2,835		204		3,039		
15-Nov-2039			177		177		3,216
15-May-2040	2,890		177		3,067		
15-Nov-2040			150		150		3,217
15-May-2041	2,945		150		3,095		
15-Nov-2041			121		121		3,216
15-May-2042	3,005		121		3,126		
15-Nov-2042			92		92		3,218
15-May-2043	3,065		92		3,157		
15-Nov-2043			62		62		3,219
15-May-2044	3,125		62		3,187		
15-Nov-2044			31		31		3,218
15-May-2045	3,185		31		3,216		
					-		3,216
	\$ 62,820	\$	14,404	\$	77,224	\$	77,224

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2015B (No Reserve Fund)
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 4,075	\$	6,335	\$	10,410	\$	
15-Nov-2022			6,233		6,233		16,643
15-May-2023	4,280		6,233		10,513		
15-Nov-2023			6,126		6,126		16,639
15-May-2024	3,535		6,126		9,661		
15-Nov-2024			6,038		6,038		15,699
15-May-2025	1,710		6,038		7,748		
15-Nov-2025			6,017		6,017		13,765
15-May-2026	1,775		6,017		7,792		
15-Nov-2026			5,972		5,972		13,764
15-May-2027	1,865		5,972		7,837		
15-Nov-2027			5,926		5,926		13,763
15-May-2028	1,960		5,926		7,886		
15-Nov-2028			5,877		5,877		13,763
15-May-2029	2,065		5,877		7,942		
15-Nov-2029			5,825		5,825		13,767
15-May-2030	2,170		5,825		7,995		
15-Nov-2030			5,771		5,771		13,766
15-May-2031	2,280		5,771		8,051		
15-Nov-2031			5,714		5,714		13,765
15-May-2032	2,395		5,714		8,109		
15-Nov-2032			5,654		5,654		13,763
15-May-2033	2,520		5,654		8,174		
15-Nov-2033			5,591		5,591		13,765
15-May-2034	2,650		5,591		8,241		
15-Nov-2034			5,525		5,525		13,766
15-May-2035	33,775		5,525		39,300		
15-Nov-2035			4,758		4,758		44,058
15-May-2036	35,345		4,758		40,103		
15-Nov-2036			3,955		3,955		44,058
15-May-2037	36,880		3,955		40,835		
15-Nov-2037			3,217		3,217		44,052
15-May-2038	38,585		3,217		41,802		
15-Nov-2038			2,253		2,253		44,055
15-May-2039	40,565		2,253		42,818		
15-Nov-2039			1,238		1,238		44,056
15-May-2040	42,425		1,238		43,663		
15-Nov-2040			390		390		44,053
15-May-2041	3,595		390		3,985		
15-Nov-2041			318		318		4,303
15-May-2042	3,740		318		4,058		
15-Nov-2042			243		243		4,301
15-May-2043	3,895		243		4,138		
15-Nov-2043			165		165		4,303
15-May-2044	4,050		165		4,215		
15-Nov-2044			84		84		4,299
15-May-2045	4,215		84		4,299		
					-		4,299
	\$ 280,350	\$	192,115	\$	472,465	\$	472,465

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS
SERIES 2016A (No Reserve Fund)
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 11,820	\$	3,456	\$	15,276	\$	
15-Nov-2022			3,160		3,160		18,436
15-May-2023	9,520		3,160		12,680		
15-Nov-2023			2,922		2,922		15,602
15-May-2024	9,995		2,922		12,917		
15-Nov-2024			2,673		2,673		15,590
15-May-2025	10,500		2,673		13,173		
15-Nov-2025			2,410		2,410		15,583
15-May-2026	8,900		2,410		11,310		
15-Nov-2026			2,188		2,188		13,498
15-May-2027	5,970		2,188		8,158		
15-Nov-2027			2,038		2,038		10,196
15-May-2028	1,880		2,038		3,918		
15-Nov-2028			1,991		1,991		5,909
15-May-2029	9,930		1,991		11,921		
15-Nov-2029			1,743		1,743		13,664
15-May-2030	10,425		1,743		12,168		
15-Nov-2030			1,482		1,482		13,650
15-May-2031	16,205		1,482		17,687		
15-Nov-2031			1,077		1,077		18,764
15-May-2032	17,015		1,077		18,092		
15-Nov-2032			652		652		18,744
15-May-2033	5,805		652		6,457		
15-Nov-2033			507		507		6,964
15-May-2034	6,095		507		6,602		
15-Nov-2034			354		354		6,956
15-May-2035	6,350		354		6,704		
15-Nov-2035			259		259		6,963
15-May-2036	2,940		259		3,199		
15-Nov-2036			215		215		3,414
15-May-2037	3,035		215		3,250		
15-Nov-2037			168		168		3,418
15-May-2038	3,160		168		3,328		
15-Nov-2038			89		89		3,417
15-May-2039	3,320		89		3,409		
15-Nov-2039			6		6		3,415
15-May-2040	345		6		351		
					-		351
	\$ 143,210	\$	51,324	\$	194,534	\$	194,534

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS
TAXABLE SERIES 2016B (No Reserve Fund)
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2022	\$ -	\$ 200	\$ 200	\$ -
15-Nov-2022		200	200	400
15-May-2023	-	200	200	
15-Nov-2023		200	200	400
15-May-2024	-	200	200	
15-Nov-2024		200	200	400
15-May-2025	-	200	200	
15-Nov-2025		200	200	400
15-May-2026	-	200	200	
15-Nov-2026		200	200	400
15-May-2027	-	200	200	
15-Nov-2027		200	200	400
15-May-2028	2,840	200	3,040	
15-Nov-2028		157	157	3,197
15-May-2029	4,885	157	5,042	
15-Nov-2029		81	81	5,123
15-May-2030	5,045	81	5,126	
			-	5,126
	<u>\$ 12,770</u>	<u>\$ 3,076</u>	<u>\$ 15,846</u>	<u>\$ 15,846</u>

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2016C (No Reserve Fund)
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 3,875	\$	7,188	\$	11,063	\$	
15-Nov-2022			7,091		7,091		18,154
15-May-2023	4,075		7,091		11,166		
15-Nov-2023			6,990		6,990		18,156
15-May-2024	7,290		6,990		14,280		
15-Nov-2024			6,807		6,807		21,087
15-May-2025	7,670		6,807		14,477		
15-Nov-2025			6,616		6,616		21,093
15-May-2026	8,065		6,616		14,681		
15-Nov-2026			6,414		6,414		21,095
15-May-2027	8,470		6,414		14,884		
15-Nov-2027			6,202		6,202		21,086
15-May-2028	8,910		6,202		15,112		
15-Nov-2028			5,979		5,979		21,091
15-May-2029	9,365		5,979		15,344		
15-Nov-2029			5,745		5,745		21,089
15-May-2030	9,845		5,745		15,590		
15-Nov-2030			5,499		5,499		21,089
15-May-2031	10,345		5,499		15,844		
15-Nov-2031			5,241		5,241		21,085
15-May-2032	10,885		5,241		16,126		
15-Nov-2032			4,968		4,968		21,094
15-May-2033	28,635		4,968		33,603		
15-Nov-2033			4,253		4,253		37,856
15-May-2034	35,180		4,253		39,433		
15-Nov-2034			3,373		3,373		42,806
15-May-2035	18,595		3,373		21,968		
15-Nov-2035			2,908		2,908		24,876
15-May-2036	19,555		2,908		22,463		
15-Nov-2036			2,419		2,419		24,882
15-May-2037	20,450		2,419		22,869		
15-Nov-2037			2,010		2,010		24,879
15-May-2038	14,470		2,010		16,480		
15-Nov-2038			1,721		1,721		18,201
15-May-2039	15,140		1,721		16,861		
15-Nov-2039			1,342		1,342		18,203
15-May-2040	6,570		1,342		7,912		
15-Nov-2040			1,178		1,178		9,090
15-May-2041	6,905		1,178		8,083		
15-Nov-2041			1,006		1,006		9,089
15-May-2042	7,260		1,006		8,266		
15-Nov-2042			824		824		9,090
15-May-2043	7,635		824		8,459		
15-Nov-2043			633		633		9,092
15-May-2044	8,025		633		8,658		
15-Nov-2044			433		433		9,091
15-May-2045	8,435		433		8,868		
15-Nov-2045			222		222		9,090
15-May-2046	8,865		222		9,087		
					-		9,087
	\$ 294,515	\$	186,936	\$	481,451	\$	481,451

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2016D
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 385	\$	62	\$	447	\$	
15-Nov-2022			62		62		509
15-May-2023	390		62		452		
15-Nov-2023			61		61		513
15-May-2024	390		61		451		
15-Nov-2024			61		61		512
15-May-2025	390		61		451		
15-Nov-2025			60		60		511
15-May-2026	390		60		450		
15-Nov-2026			58		58		508
15-May-2027	395		58		453		
15-Nov-2027			57		57		510
15-May-2028	400		57		457		
15-Nov-2028			55		55		512
15-May-2029	400		55		455		
15-Nov-2029			53		53		508
15-May-2030	405		53		458		
15-Nov-2030			51		51		509
15-May-2031	410		51		461		
15-Nov-2031			49		49		510
15-May-2032	415		49		464		
15-Nov-2032			46		46		510
15-May-2033	420		46		466		
15-Nov-2033			44		44		510
15-May-2034	425		44		469		
15-Nov-2034			41		41		510
15-May-2035	430		41		471		
15-Nov-2035			38		38		509
15-May-2036	435		38		473		
15-Nov-2036			35		35		508
15-May-2037	440		35		475		
15-Nov-2037			32		32		507
15-May-2038	450		32		482		
15-Nov-2038			29		29		511
15-May-2039	455		29		484		
15-Nov-2039			25		25		509
15-May-2040	460		25		485		
15-Nov-2040			22		22		507
15-May-2041	465		22		487		
15-Nov-2041			18		18		505
15-May-2042	475		18		493		
15-Nov-2042			15		15		508
15-May-2043	480		15		495		
15-Nov-2043			11		11		506
15-May-2044	490		11		501		
15-Nov-2044			8		8		509
15-May-2045	495		8		503		
15-Nov-2045			4		4		507
15-May-2046	505		4		509		
					-		509
	\$ 10,795	\$	1,932	\$	12,727	\$	12,727

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2016E
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 445	\$	75	\$	520	\$	
15-Nov-2022			74		74		594
15-May-2023	445		74		519		
15-Nov-2023			74		74		593
15-May-2024	445		74		519		
15-Nov-2024			73		73		592
15-May-2025	445		73		518		
15-Nov-2025			71		71		589
15-May-2026	450		71		521		
15-Nov-2026			70		70		591
15-May-2027	450		70		520		
15-Nov-2027			68		68		588
15-May-2028	455		68		523		
15-Nov-2028			66		66		589
15-May-2029	460		66		526		
15-Nov-2029			63		63		589
15-May-2030	465		63		528		
15-Nov-2030			61		61		589
15-May-2031	470		61		531		
15-Nov-2031			58		58		589
15-May-2032	475		58		533		
15-Nov-2032			55		55		588
15-May-2033	480		55		535		
15-Nov-2033			52		52		587
15-May-2034	490		52		542		
15-Nov-2034			49		49		591
15-May-2035	495		49		544		
15-Nov-2035			45		45		589
15-May-2036	500		45		545		
15-Nov-2036			42		42		587
15-May-2037	510		42		552		
15-Nov-2037			38		38		590
15-May-2038	515		38		553		
15-Nov-2038			34		34		587
15-May-2039	525		34		559		
15-Nov-2039			30		30		589
15-May-2040	530		30		560		
15-Nov-2040			26		26		586
15-May-2041	540		26		566		
15-Nov-2041			22		22		588
15-May-2042	550		22		572		
15-Nov-2042			18		18		590
15-May-2043	555		18		573		
15-Nov-2043			14		14		587
15-May-2044	565		14		579		
15-Nov-2044			9		9		588
15-May-2045	575		9		584		
15-Nov-2045			5		5		589
15-May-2046	580		5		585		
					-		585
	\$ 12,415	\$	2,309	\$	14,724	\$	14,724

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS
SERIES 2017A (No Reserve Fund)
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 3,070	\$	1,698	\$	4,768	\$	
15-Nov-2022			1,621		1,621		6,389
15-May-2023	3,235		1,621		4,856		
15-Nov-2023			1,541		1,541		6,397
15-May-2024	3,405		1,541		4,946		
15-Nov-2024			1,455		1,455		6,401
15-May-2025	3,575		1,455		5,030		
15-Nov-2025			1,366		1,366		6,396
15-May-2026	3,760		1,366		5,126		
15-Nov-2026			1,272		1,272		6,398
15-May-2027	250		1,272		1,522		
15-Nov-2027			1,267		1,267		2,789
15-May-2028	-		1,267		1,267		
15-Nov-2028			1,267		1,267		2,534
15-May-2029	4,910		1,267		6,177		
15-Nov-2029			1,144		1,144		7,321
15-May-2030	5,160		1,144		6,304		
15-Nov-2030			1,015		1,015		7,319
15-May-2031	5,415		1,015		6,430		
15-Nov-2031			880		880		7,310
15-May-2032	5,690		880		6,570		
15-Nov-2032			738		738		7,308
15-May-2033	9,045		738		9,783		
15-Nov-2033			512		512		10,295
15-May-2034	11,945		512		12,457		
15-Nov-2034			273		273		12,730
15-May-2035	3,455		273		3,728		
15-Nov-2035			186		186		3,914
15-May-2036	3,630		186		3,816		
15-Nov-2036			96		96		3,912
15-May-2037	3,820		96		3,916		
							3,916
	<u>\$ 70,365</u>	<u>\$</u>	<u>30,964</u>	<u>\$</u>	<u>101,329</u>	<u>\$</u>	<u>101,329</u>

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2018A (No Reserve Fund)
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 2,575	\$	5,012	\$	7,587	\$	
15-Nov-2022			4,947		4,947		12,534
15-May-2023	2,710		4,947		7,657		
15-Nov-2023			4,880		4,880		12,537
15-May-2024	2,845		4,880		7,725		
15-Nov-2024			4,809		4,809		12,534
15-May-2025	2,990		4,809		7,799		
15-Nov-2025			4,734		4,734		12,533
15-May-2026	3,145		4,734		7,879		
15-Nov-2026			4,655		4,655		12,534
15-May-2027	3,310		4,655		7,965		
15-Nov-2027			4,572		4,572		12,537
15-May-2028	3,475		4,572		8,047		
15-Nov-2028			4,486		4,486		12,533
15-May-2029	6,475		4,486		10,961		
15-Nov-2029			4,324		4,324		15,285
15-May-2030	6,770		4,324		11,094		
15-Nov-2030			4,188		4,188		15,282
15-May-2031	7,085		4,188		11,273		
15-Nov-2031			4,011		4,011		15,284
15-May-2032	7,455		4,011		11,466		
15-Nov-2032			3,825		3,825		15,291
15-May-2033	7,830		3,825		11,655		
15-Nov-2033			3,629		3,629		15,284
15-May-2034	8,230		3,629		11,859		
15-Nov-2034			3,423		3,423		15,282
15-May-2035	8,655		3,423		12,078		
15-Nov-2035			3,207		3,207		15,285
15-May-2036	9,105		3,207		12,312		
15-Nov-2036			2,979		2,979		15,291
15-May-2037	9,575		2,979		12,554		
15-Nov-2037			2,740		2,740		15,294
15-May-2038	9,940		2,740		12,680		
15-Nov-2038			2,491		2,491		15,171
15-May-2039	7,875		2,491		10,366		
15-Nov-2039			2,295		2,295		12,661
15-May-2040	8,280		2,295		10,575		
15-Nov-2040			2,088		2,088		12,663
15-May-2041	8,705		2,088		10,793		
15-Nov-2041			1,870		1,870		12,663
15-May-2042	9,150		1,870		11,020		
15-Nov-2042			1,641		1,641		12,661
15-May-2043	9,620		1,641		11,261		
15-Nov-2043			1,401		1,401		12,662
15-May-2044	10,115		1,401		11,516		
15-Nov-2044			1,148		1,148		12,664
15-May-2045	10,630		1,148		11,778		
15-Nov-2045			882		882		12,660
15-May-2046	11,175		882		12,057		
15-Nov-2046			603		603		12,660
15-May-2047	11,750		603		12,353		
15-Nov-2047			309		309		12,662
15-May-2048	12,355		309		12,664		
							12,664
	\$ 201,825	\$	165,286	\$	367,111	\$	367,111

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2018B
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 295	\$	74	\$	369	\$	
15-Nov-2022			73		73		442
15-May-2023	300		73		373		
15-Nov-2023			71		71		444
15-May-2024	300		71		371		
15-Nov-2024			70		70		441
15-May-2025	305		70		375		
15-Nov-2025			68		68		443
15-May-2026	310		68		378		
15-Nov-2026			67		67		445
15-May-2027	310		67		377		
15-Nov-2027			65		65		442
15-May-2028	315		65		380		
15-Nov-2028			63		63		443
15-May-2029	320		63		383		
15-Nov-2029			61		61		444
15-May-2030	325		61		386		
15-Nov-2030			58		58		444
15-May-2031	330		58		388		
15-Nov-2031			56		56		444
15-May-2032	335		56		391		
15-Nov-2032			54		54		445
15-May-2033	340		54		394		
15-Nov-2033			51		51		445
15-May-2034	345		51		396		
15-Nov-2034			48		48		444
15-May-2035	350		48		398		
15-Nov-2035			45		45		443
15-May-2036	355		45		400		
15-Nov-2036			42		42		442
15-May-2037	360		42		402		
15-Nov-2037			39		39		441
15-May-2038	370		39		409		
15-Nov-2038			36		36		445
15-May-2039	375		36		411		
15-Nov-2039			33		33		444
15-May-2040	380		33		413		
15-Nov-2040			30		30		443
15-May-2041	385		30		415		
15-Nov-2041			26		26		441
15-May-2042	395		26		421		
15-Nov-2042			23		23		444
15-May-2043	400		23		423		
15-Nov-2043			19		19		442
15-May-2044	410		19		429		
15-Nov-2044			16		16		445
15-May-2045	415		16		431		
15-Nov-2045			12		12		443
15-May-2046	425		12		437		
15-Nov-2046			8		8		445
15-May-2047	430		8		438		
15-Nov-2047			4		4		442
15-May-2048	440		4		444		
							444
	\$ 9,620	\$	2,350	\$	11,970	\$	11,970

San Antonio Water System
WATER SYSTEM VARIABLE RATE JUNIOR LIEN
REVENUE BONDS , SERIES 2019A (No Reserve Fund)*
(amounts in thousands)

Page 1 of 2

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
01-May-2022	\$ -	\$ 2,185	\$ 2,185	\$ -
01-Nov-2022		2,185	2,185	4,370
01-May-2023	-	2,185	2,185	
01-Nov-2023		2,185	2,185	4,370
01-May-2024	-	2,185	2,185	
01-Nov-2024		2,497	2,497	4,682
01-May-2025	-	2,497	2,497	
01-Nov-2025		2,497	2,497	4,994
01-May-2026	-	2,497	2,497	
01-Nov-2026		2,497	2,497	4,994
01-May-2027	-	2,497	2,497	
01-Nov-2027		2,497	2,497	4,994
01-May-2028	5,425	2,497	7,922	
01-Nov-2028		2,416	2,416	10,338
01-May-2029	5,590	2,416	8,006	
01-Nov-2029		2,332	2,332	10,338
01-May-2030	5,760	2,332	8,092	
01-Nov-2030		2,246	2,246	10,338
01-May-2031	5,935	2,246	8,181	
01-Nov-2031		2,157	2,157	10,338
01-May-2032	6,115	2,157	8,272	
01-Nov-2032		2,065	2,065	10,337
01-May-2033	6,300	2,065	8,365	
01-Nov-2033		1,970	1,970	10,335
01-May-2034	6,495	1,970	8,465	
01-Nov-2034		1,873	1,873	10,338
01-May-2035	6,690	1,873	8,563	
01-Nov-2035		1,773	1,773	10,336
01-May-2036	6,895	1,773	8,668	
01-Nov-2036		1,669	1,669	10,337
01-May-2037	7,105	1,669	8,774	
01-Nov-2037		1,563	1,563	10,337
01-May-2038	7,320	1,563	8,883	
01-Nov-2038		1,453	1,453	10,336
01-May-2039	7,545	1,453	8,998	
01-Nov-2039		1,340	1,340	10,338
01-May-2040	7,775	1,340	9,115	
01-Nov-2040		1,223	1,223	10,338
01-May-2041	8,010	1,223	9,233	
01-Nov-2041		1,103	1,103	10,336
01-May-2042	8,255	1,103	9,358	
01-Nov-2042		979	979	10,337
01-May-2043	8,505	979	9,484	
01-Nov-2043		851	851	10,335
01-May-2044	8,765	851	9,616	
01-Nov-2044		720	720	10,336
01-May-2045	9,030	720	9,750	
01-Nov-2045		584	584	10,334
01-May-2046	9,305	584	9,889	
01-Nov-2046		445	445	10,334
01-May-2047	9,590	445	10,035	
01-Nov-2047		301	301	10,336

San Antonio Water System
**WATER SYSTEM VARIABLE RATE JUNIOR LIEN
REVENUE BONDS , SERIES 2019A (No Reserve Fund)***
(amounts in thousands)

Page 2 of 2

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
01-May-2048	9,885	301	10,186	
01-Nov-2048		153	153	10,339
01-May-2049	10,185	153	10,338	
				10,338
	<u>\$ 166,480</u>	<u>\$ 89,333</u>	<u>\$ 255,813</u>	<u>\$ 255,813</u>

* The Water System Variable Rate Junior Lien Revenue Bonds, Series 2019A (No Reserve Fund) are multi-modal variable rate bonds, initially issued in a fixed rate Term Mode ending April 30, 2024 at 2.625%. At the end of the remarketing period, the Bonds will be remarketed or refunded into another term period or will be converted into another mode. Interest listed above is based on 2.625% through April 30, 2024 and budgeted interest rates thereafter of 3.00%. See Note I for additional information.

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2019B
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2022	\$ 1,000	\$ 53	\$ 1,053	\$
15-Nov-2022		53	53	1,106
15-May-2023	1,000	53	1,053	
15-Nov-2023		53	53	1,106
15-May-2024	1,000	53	1,053	
15-Nov-2024		53	53	1,106
15-May-2025	1,000	53	1,053	
15-Nov-2025		53	53	1,106
15-May-2026	1,000	53	1,053	
15-Nov-2026		53	53	1,106
15-May-2027	1,000	53	1,053	
15-Nov-2027		53	53	1,106
15-May-2028	1,000	53	1,053	
15-Nov-2028		53	53	1,106
15-May-2029	1,000	53	1,053	
15-Nov-2029		53	53	1,106
15-May-2030	1,000	53	1,053	
15-Nov-2030		53	53	1,106
15-May-2031	1,000	53	1,053	
15-Nov-2031		52	52	1,105
15-May-2032	1,000	52	1,052	
15-Nov-2032		51	51	1,103
15-May-2033	1,005	51	1,056	
15-Nov-2033		49	49	1,105
15-May-2034	1,010	49	1,059	
15-Nov-2034		48	48	1,107
15-May-2035	1,010	48	1,058	
15-Nov-2035		46	46	1,104
15-May-2036	1,015	46	1,061	
15-Nov-2036		44	44	1,105
15-May-2037	1,020	44	1,064	
15-Nov-2037		41	41	1,105
15-May-2038	1,025	41	1,066	
15-Nov-2038		39	39	1,105
15-May-2039	1,030	39	1,069	
15-Nov-2039		36	36	1,105
15-May-2040	1,035	36	1,071	
15-Nov-2040		33	33	1,104
15-May-2041	1,040	33	1,073	
15-Nov-2041		30	30	1,103
15-May-2042	1,050	30	1,080	
15-Nov-2042		26	26	1,106
15-May-2043	1,055	26	1,081	
15-Nov-2043		23	23	1,104
15-May-2044	1,060	23	1,083	
15-Nov-2044		19	19	1,102
15-May-2045	1,070	19	1,089	
15-Nov-2045		16	16	1,105
15-May-2046	1,075	16	1,091	
15-Nov-2046		12	12	1,103
15-May-2047	1,085	12	1,097	
15-Nov-2047		8	8	1,105
15-May-2048	1,095	8	1,103	
15-Nov-2048		4	4	1,107
15-May-2049	1,100	4	1,104	
				1,104
	<u>\$ 28,780</u>	<u>\$ 2,161</u>	<u>\$ 30,941</u>	<u>\$ 30,941</u>

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS
SERIES 2019C (No Reserve Fund)
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2022	\$ 2,320	\$	1,932	\$	4,252	\$	
15-Nov-2022			1,874		1,874		6,126
15-May-2023	2,440		1,874		4,314		
15-Nov-2023			1,813		1,813		6,127
15-May-2024	2,560		1,813		4,373		
15-Nov-2024			1,749		1,749		6,122
15-May-2025	2,700		1,749		4,449		
15-Nov-2025			1,681		1,681		6,130
15-May-2026	2,835		1,681		4,516		
15-Nov-2026			1,610		1,610		6,126
15-May-2027	2,980		1,610		4,590		
15-Nov-2027			1,536		1,536		6,126
15-May-2028	2,640		1,536		4,176		
15-Nov-2028			1,470		1,470		5,646
15-May-2029	2,770		1,470		4,240		
15-Nov-2029			1,400		1,400		5,640
15-May-2030	2,910		1,400		4,310		
15-Nov-2030			1,328		1,328		5,638
15-May-2031	3,060		1,328		4,388		
15-Nov-2031			1,251		1,251		5,639
15-May-2032	3,220		1,251		4,471		
15-Nov-2032			1,171		1,171		5,642
15-May-2033	3,385		1,171		4,556		
15-Nov-2033			1,096		1,096		5,652
15-May-2034	34,100		1,096		35,196		
15-Nov-2034			281		281		35,477
15-May-2035	2,030		281		2,311		
15-Nov-2035			231		231		2,542
15-May-2036	2,135		231		2,366		
15-Nov-2036			177		177		2,543
15-May-2037	2,245		177		2,422		
15-Nov-2037			121		121		2,543
15-May-2038	2,360		121		2,481		
15-Nov-2038			62		62		2,543
15-May-2039	2,480		62		2,542		
					-		2,542
	\$ 79,170	\$	39,634	\$	118,804	\$	118,804

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2020A (No Reserve Fund)
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2022	\$ 7,345	\$ 6,526	\$ 13,871	\$
15-Nov-2022		6,342	6,342	20,213
15-May-2023	8,115	6,342	14,457	
15-Nov-2023		6,139	6,139	20,596
15-May-2024	8,620	6,139	14,759	
15-Nov-2024		5,924	5,924	20,683
15-May-2025	8,930	5,924	14,854	
15-Nov-2025		5,835	5,835	20,689
15-May-2026	9,230	5,835	15,065	
15-Nov-2026		5,604	5,604	20,669
15-May-2027	12,265	5,604	17,869	
15-Nov-2027		5,297	5,297	23,166
15-May-2028	13,495	5,297	18,792	
15-Nov-2028		4,960	4,960	23,752
15-May-2029	12,265	4,960	17,225	
15-Nov-2029		4,653	4,653	21,878
15-May-2030	12,890	4,653	17,543	
15-Nov-2030		4,331	4,331	21,874
15-May-2031	13,550	4,331	17,881	
15-Nov-2031		3,992	3,992	21,873
15-May-2032	14,250	3,992	18,242	
15-Nov-2032		3,636	3,636	21,878
15-May-2033	6,460	3,636	10,096	
15-Nov-2033		3,475	3,475	13,571
15-May-2034	6,790	3,475	10,265	
15-Nov-2034		3,305	3,305	13,570
15-May-2035	7,145	3,305	10,450	
15-Nov-2035		3,126	3,126	13,576
15-May-2036	7,510	3,126	10,636	
15-Nov-2036		2,938	2,938	13,574
15-May-2037	7,890	2,938	10,828	
15-Nov-2037		2,741	2,741	13,569
15-May-2038	8,260	2,741	11,001	
15-Nov-2038		2,576	2,576	13,577
15-May-2039	8,640	2,576	11,216	
15-Nov-2039		2,360	2,360	13,576
15-May-2040	9,040	2,360	11,400	
15-Nov-2040		2,179	2,179	13,579
15-May-2041	6,890	2,179	9,069	
15-Nov-2041		2,007	2,007	11,076
15-May-2042	7,240	2,007	9,247	
15-Nov-2042		1,826	1,826	11,073
15-May-2043	7,615	1,826	9,441	
15-Nov-2043		1,636	1,636	11,077
15-May-2044	8,005	1,636	9,641	
15-Nov-2044		1,435	1,435	11,076
15-May-2045	8,415	1,435	9,850	
15-Nov-2045		1,225	1,225	11,075
15-May-2046	8,845	1,225	10,070	
15-Nov-2046		1,004	1,004	11,074
15-May-2047	9,300	1,004	10,304	
15-Nov-2047		771	771	11,075
15-May-2048	9,775	771	10,546	
15-Nov-2048		527	527	11,073
15-May-2049	10,275	527	10,802	
15-Nov-2049		270	270	11,072
15-May-2050	10,805	270	11,075	
				11,075
	<u>\$ 269,855</u>	<u>\$ 186,754</u>	<u>\$ 456,609</u>	<u>\$ 456,609</u>

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2020B
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2022	\$ 820	\$ 44	\$ 864	\$ 908
15-Nov-2022		44	44	908
15-May-2023	820	44	864	
15-Nov-2023		44	44	908
15-May-2024	820	44	864	
15-Nov-2024		44	44	908
15-May-2025	820	44	864	
15-Nov-2025		44	44	908
15-May-2026	820	44	864	
15-Nov-2026		44	44	908
15-May-2027	820	44	864	
15-Nov-2027		44	44	908
15-May-2028	820	44	864	
15-Nov-2028		44	44	908
15-May-2029	820	44	864	
15-Nov-2029		44	44	908
15-May-2030	820	44	864	
15-Nov-2030		44	44	908
15-May-2031	820	44	864	
15-Nov-2031		43	43	907
15-May-2032	820	43	863	
15-Nov-2032		43	43	906
15-May-2033	825	43	868	
15-Nov-2033		42	42	910
15-May-2034	825	42	867	
15-Nov-2034		40	40	907
15-May-2035	830	40	870	
15-Nov-2035		39	39	909
15-May-2036	830	39	869	
15-Nov-2036		37	37	906
15-May-2037	835	37	872	
15-Nov-2037		36	36	908
15-May-2038	840	36	876	
15-Nov-2038		34	34	910
15-May-2039	845	34	879	
15-Nov-2039		32	32	911
15-May-2040	845	32	877	
15-Nov-2040		29	29	906
15-May-2041	850	29	879	
15-Nov-2041		27	27	906
15-May-2042	855	27	882	
15-Nov-2042		24	24	906
15-May-2043	860	24	884	
15-Nov-2043		22	22	906
15-May-2044	870	22	892	
15-Nov-2044		19	19	911
15-May-2045	875	19	894	
15-Nov-2045		16	16	910
15-May-2046	880	16	896	
15-Nov-2046		13	13	909
15-May-2047	885	13	898	
15-Nov-2047		10	10	908
15-May-2048	890	10	900	
15-Nov-2048		7	7	907
15-May-2049	900	7	907	
15-Nov-2049		3	3	910
15-May-2050	905	3	908	
				908
	\$ 24,465	\$ 1,868	\$ 26,333	\$ 26,333

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2020C (No Reserve Fund)
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2022	\$ -	\$ 3,393	\$ 3,393	\$ -
15-Nov-2022		3,393	3,393	6,786
15-May-2023	-	3,393	3,393	
15-Nov-2023		3,393	3,393	6,786
15-May-2024	-	3,393	3,393	
15-Nov-2024		3,393	3,393	6,786
15-May-2025	-	3,393	3,393	
15-Nov-2025		3,393	3,393	6,786
15-May-2026	3,555	3,393	6,948	
15-Nov-2026		3,304	3,304	10,252
15-May-2027	3,735	3,304	7,039	
15-Nov-2027		3,210	3,210	10,249
15-May-2028	3,930	3,210	7,140	
15-Nov-2028		3,112	3,112	10,252
15-May-2029	4,130	3,112	7,242	
15-Nov-2029		3,009	3,009	10,251
15-May-2030	4,340	3,009	7,349	
15-Nov-2030		2,900	2,900	10,249
15-May-2031	4,565	2,900	7,465	
15-Nov-2031		2,786	2,786	10,251
15-May-2032	4,800	2,786	7,586	
15-Nov-2032		2,666	2,666	10,252
15-May-2033	5,045	2,666	7,711	
15-Nov-2033		2,540	2,540	10,251
15-May-2034	-	2,540	2,540	
15-Nov-2034		2,540	2,540	5,080
15-May-2035	5,305	2,540	7,845	
15-Nov-2035		2,408	2,408	10,253
15-May-2036	5,575	2,408	7,983	
15-Nov-2036		2,268	2,268	10,251
15-May-2037	5,830	2,268	8,098	
15-Nov-2037		2,152	2,152	10,250
15-May-2038	6,070	2,152	8,222	
15-Nov-2038		2,030	2,030	10,252
15-May-2039	6,350	2,030	8,380	
15-Nov-2039		1,871	1,871	10,251
15-May-2040	6,575	1,871	8,446	
15-Nov-2040		1,802	1,802	10,248
15-May-2041	6,815	1,802	8,617	
15-Nov-2041		1,631	1,631	10,248
15-May-2042	7,095	1,631	8,726	
15-Nov-2042		1,525	1,525	10,251
15-May-2043	7,380	1,525	8,905	
15-Nov-2043		1,347	1,347	10,252
15-May-2044	7,745	1,347	9,092	
15-Nov-2044		1,160	1,160	10,252
15-May-2045	8,125	1,160	9,285	
15-Nov-2045		964	964	10,249
15-May-2046	8,530	964	9,494	
15-Nov-2046		758	758	10,252
15-May-2047	8,915	758	9,673	
15-Nov-2047		580	580	10,253
15-May-2048	9,275	580	9,855	
15-Nov-2048		394	394	10,249
15-May-2049	9,655	394	10,049	
15-Nov-2049		201	201	10,250
15-May-2050	10,050	201	10,251	
				10,251
	\$ 153,390	\$ 124,853	\$ 278,243	\$ 278,243

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2020D
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2022	\$ 395	\$ 4	\$ 399	\$ 403
15-Nov-2022		4	4	403
15-May-2023	395	4	399	
15-Nov-2023		4	4	403
15-May-2024	395	4	399	
15-Nov-2024		4	4	403
15-May-2025	395	4	399	
15-Nov-2025		4	4	403
15-May-2026	395	4	399	
15-Nov-2026		4	4	403
15-May-2027	390	4	394	
15-Nov-2027		4	4	398
15-May-2028	390	4	394	
15-Nov-2028		4	4	398
15-May-2029	390	4	394	
15-Nov-2029		4	4	398
15-May-2030	390	4	394	
15-Nov-2030		4	4	398
15-May-2031	390	4	394	
15-Nov-2031		4	4	398
15-May-2032	390	4	394	
15-Nov-2032		4	4	398
15-May-2033	390	4	394	
15-Nov-2033		4	4	398
15-May-2034	390	4	394	
15-Nov-2034		4	4	398
15-May-2035	390	4	394	
15-Nov-2035		4	4	398
15-May-2036	390	4	394	
15-Nov-2036		4	4	398
15-May-2037	390	4	394	
15-Nov-2037		4	4	398
15-May-2038	390	4	394	
15-Nov-2038		4	4	398
15-May-2039	395	4	399	
15-Nov-2039		4	4	403
15-May-2040	395	4	399	
15-Nov-2040		4	4	403
15-May-2041	395	4	399	
15-Nov-2041		4	4	403
15-May-2042	395	4	399	
15-Nov-2042		4	4	403
15-May-2043	395	4	399	
15-Nov-2043		3	3	402
15-May-2044	395	3	398	
15-Nov-2044		3	3	401
15-May-2045	395	3	398	
15-Nov-2045		2	2	400
15-May-2046	395	2	397	
15-Nov-2046		2	2	399
15-May-2047	395	2	397	
15-Nov-2047		2	2	399
15-May-2048	400	2	402	
15-Nov-2048		1	1	403
15-May-2049	400	1	401	
15-Nov-2049		1	1	402
15-May-2050	400	1	401	
				401
	\$ 11,410	\$ 200	\$ 11,610	\$ 11,610

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2021A (No Reserve Fund)
(amounts in thousands)

Page 1 of 2

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2022	\$ 4,610	\$ 6,233	\$ 10,843	\$
15-Nov-2022		6,118	6,118	16,961
15-May-2023	4,845	6,118	10,963	
15-Nov-2023		5,996	5,996	16,959
15-May-2024	5,095	5,996	11,091	
15-Nov-2024		5,869	5,869	16,960
15-May-2025	5,355	5,869	11,224	
15-Nov-2025		5,735	5,735	16,959
15-May-2026	5,630	5,735	11,365	
15-Nov-2026		5,594	5,594	16,959
15-May-2027	5,920	5,594	11,514	
15-Nov-2027		5,446	5,446	16,960
15-May-2028	6,220	5,446	11,666	
15-Nov-2028		5,291	5,291	16,957
15-May-2029	6,540	5,291	11,831	
15-Nov-2029		5,127	5,127	16,958
15-May-2030	6,870	5,127	11,997	
15-Nov-2030		4,956	4,956	16,953
15-May-2031	7,225	4,956	12,181	
15-Nov-2031		4,775	4,775	16,956
15-May-2032	7,595	4,775	12,370	
15-Nov-2032		4,585	4,585	16,955
15-May-2033	7,985	4,585	12,570	
15-Nov-2033		4,386	4,386	16,956
15-May-2034	565	4,386	4,951	
15-Nov-2034		4,371	4,371	9,322
15-May-2035	8,425	4,371	12,796	
15-Nov-2035		4,161	4,161	16,957
15-May-2036	8,860	4,161	13,021	
15-Nov-2036		3,939	3,939	16,960
15-May-2037	9,310	3,939	13,249	
15-Nov-2037		3,707	3,707	16,956
15-May-2038	9,740	3,707	13,447	
15-Nov-2038		3,512	3,512	16,959
15-May-2039	10,140	3,512	13,652	
15-Nov-2039		3,309	3,309	16,961
15-May-2040	10,555	3,309	13,864	
15-Nov-2040		3,098	3,098	16,962
15-May-2041	10,985	3,098	14,083	
15-Nov-2041		2,878	2,878	16,961
15-May-2042	10,625	2,878	13,503	
15-Nov-2042		2,666	2,666	16,169
15-May-2043	11,115	2,666	13,781	
15-Nov-2043		2,388	2,388	16,169
15-May-2044	11,685	2,388	14,073	
15-Nov-2044		2,096	2,096	16,169
15-May-2045	12,285	2,096	14,381	
15-Nov-2045		1,788	1,788	16,169
15-May-2046	12,915	1,788	14,703	
15-Nov-2046		1,466	1,466	16,169
15-May-2047	13,505	1,466	14,971	
15-Nov-2047		1,196	1,196	16,167

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2021A (No Reserve Fund)
(amounts in thousands)

Page 2 of 2

15-May-2048	14,060	1,196	15,256	
15-Nov-2048		914	914	16,170
15-May-2049	14,635	914	15,549	
15-Nov-2049		622	622	16,171
15-May-2050	15,230	622	15,852	
15-Nov-2050		317	317	16,169
15-May-2051	15,850	317	16,167	
				16,167
	\$ 274,375	\$ 218,845	\$ 493,220	\$ 493,220

*This Page
Intentionally Left Blank*

San Antonio Water System
REVENUE BOND DEBT COVERAGE RATIO
For the Year Ended December 31, 2021
(\$ in thousands)

Operating Revenues	\$	779,332
Less Revenues from City Public Service Contract		3,709
		775,623
Nonoperating Revenues		(1,654)
Less: Federal Subsidy - Build America Bonds		1,910
Interest on Project Funds		434
Mark to Market Adjustment		(9,679)
		5,681
Gross Revenues		781,304
Maintenance & Operation Expense before Depreciation per GAAP		349,195
Vista Ridge Infrastructure Payment		60,815
Non-cash Benefit Expense		27,474
Non-cash Write-off of Asset Impairments		(1,407)
Maintenance & Operation Expense before Depreciation and Other Non-Cash Charges		436,077
Pledged Revenues	\$	345,227
Current Annual Bond Debt Service Requirement for all Outstanding Bonds ¹	\$	204,249
Current Annual Combined Debt Coverage Ratio		1.69
Maximum Annual Bond Debt Service Requirement for all Outstanding Bonds ¹	\$	219,263
Maximum Annual Combined Debt Coverage Ratio		1.57

¹Annual debt service requirements consist of principal and interest payments net of the U.S. federal interest subsidy on the Series 2009B & 2010B revenue bonds.

*This Page
Intentionally Left Blank*



A Component Unit of the City of
San Antonio, Texas



2800 U.S. Hwy 281 North | P.O. Box 2449 | San Antonio, Texas 78298-2449
210-704-SAWS (7297) | www.saws.org

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

UNAUDITED FINANCIAL STATEMENTS (THROUGH JUNE 30, 2022)

[THIS PAGE INTENTIONALLY LEFT BLANK]

San Antonio Water System (SAWS)

Summary of Revenues, Expenses and Changes in Net Position - Unaudited

(All amounts in millions)

	Six Months Ended		Twelve Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Revenues				
Water Supply	\$ 149.1	\$ 123.0	\$ 299.1	\$ 294.6
Water Delivery	116.0	100.5	231.0	222.2
Wastewater	148.1	136.7	291.4	271.6
Chilled Water & Steam	5.4	4.8	11.4	10.1
Total operating revenues	418.6	365.0	832.9	798.5
Non-operating revenue	(24.9)	1.4	(28.0)	5.2
Total revenues	393.7	366.4	804.9	803.7
Expenses				
Operating and maintenance	181.7	183.8	347.1	363.6
Depreciation & Amortization expense	103.4	98.9	203.8	202.4
Interest and debt related	67.1	68.8	139.8	138.2
Transfer to City of San Antonio	16.2	14.1	32.3	30.9
Other	(0.2)	(1.2)	(1.4)	(1.7)
Total expenses	368.2	364.4	721.6	733.4
Income before capital contributions	25.5	2.0	83.3	70.3
Capital Contributions	121.1	112.8	248.0	230.9
Change in Net Position	146.6	114.8	331.3	301.2
Beginning Net Position	4,062.7	3,763.2	3,878.0	3,576.8
Ending Net Position	\$ 4,209.3	\$ 3,878.0	\$ 4,209.3	\$ 3,878.0

San Antonio Water System (SAWS)
Summary of Net Position Information - Unaudited
(All amounts in millions)

	June 30,	
	2022	2021
Assets		
Current Assets	\$ 830.0	\$ 768.4
Noncurrent Assets	598.7	430.4
Capital Assets, Net	7,240.6	6,923.7
Total Assets	<u>8,669.3</u>	<u>8,122.5</u>
Deferred Outflows of Resources	89.3	105.4
Total Assets and Deferred Outflows of Resources	<u>8,758.6</u>	<u>8,227.9</u>
Liabilities		
Current Liabilities	218.0	209.0
Long Term Liabilities - Benefits & AROs	80.6	124.2
Long Term Liabilities - Contract Payable	879.9	896.4
Long Term Debt, Net	3,296.6	3,067.6
Total Liabilities	<u>4,475.1</u>	<u>4,297.2</u>
Deferred Inflows of Resources	74.2	52.7
Total Liabilities and Deferred Inflows of Resources	<u>4,549.3</u>	<u>4,349.9</u>
Net Position		
Net Investment in Capital Assets	3,369.1	3,107.5
Restricted	343.0	335.6
Unrestricted	497.2	434.9
Total Net Position	<u>\$ 4,209.3</u>	<u>\$ 3,878.0</u>

APPENDIX D

SELECTED PROVISIONS OF THE ORDINANCE

[THIS PAGE INTENTIONALLY LEFT BLANK]

SELECTED PROVISIONS OF THE ORDINANCE

The following constitutes a summary of certain selected provisions of the Ordinance. This summary should be qualified by reference to other provisions of the Ordinance referred to elsewhere in this Remarketing Memorandum, and all references and summaries pertaining to the Ordinance in this Official Statement are, separately and in whole, qualified by reference to the exact terms of the Ordinance, a copy of which may be obtained from the City.

SECTION 1.1 *Definitions.*

For all purposes of this Ordinance, except as otherwise expressly provided or unless the context otherwise requires, (a) the terms defined in this Section have the meanings assigned to them in this Section, certain terms defined in other sections of and the preamble to this Ordinance have the meanings assigned to them in such sections and preamble, and all such terms include the plural as well as the singular; (b) all references in this Ordinance to designated *Sections, Schedules, Exhibits*, and other subdivisions are to the designated Sections, Schedules, Exhibits, and other subdivisions of this Ordinance as originally adopted; and (c) the words *herein, hereof, and hereunder* and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision.

Additional Junior Lien Obligations means (i) bonds, notes, warrants, certificates of obligation or other obligations hereafter issued by the City payable wholly or in part from and equally and ratably secured, together with the currently outstanding Junior Lien Obligations, by a junior and inferior lien on and pledge of the Net Revenues of the System, that is junior and inferior to the lien thereon and pledge thereof securing the payment of the currently outstanding Senior Lien Obligations and any Additional Senior Lien Obligations hereafter issued by the City, all as further provided in *Section 6.2A(2)*, and (ii) any obligations issued to refund the foregoing that are payable from and secured by a junior lien on and pledge of the Net Revenues of the System as determined by the City Council in accordance with any applicable law.

Additional Senior Lien Obligations means (i) any bonds, notes, warrants, certificates of obligation, or other evidences of indebtedness which the City reserves the right to issue or enter into, as the case may be, in the future under the terms and conditions provided in *Section 6.2A(1)* and which are equally and ratably secured solely by a prior and first lien on and pledge of the Pledged Revenues of the System and (ii) any obligations hereafter issued to refund any of the foregoing if issued in a manner so as to be payable from and secured by a prior and first lien on and pledge of the Pledged Revenues as determined by the City Council in accordance with applicable law.

Additional Subordinate Lien Obligations means (i) any bonds, notes, warrants, certificates of obligation, or other Debt hereafter issued by the City that are payable, in whole or in part, from and equally and ratably secured by a lien on and pledge of the Net Revenues, such pledge being subordinate and inferior to the liens on and pledges of the Net Revenues that are or will be pledged to the payment of the currently outstanding Senior Lien Obligations and Junior Lien Obligations and any Additional Senior Lien Obligations or Additional Junior Lien Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of the Net Revenues that are or will be pledged to the payment of any Inferior Lien Obligations hereafter issued by the City, and (ii) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured, in whole or in part, by a subordinate and inferior lien on and pledge of the Net Revenues as determined by the City Council in accordance with applicable law.

Applicable Spread means the amount, expressed in basis points, to be added to the SIFMA Index while Bonds are in a SIFMA Index Mode, to determine the SIFMA Index Rate, except when Bonds in a

SIFMA Index Mode bear interest at a Stepped Rate as provided in *paragraph (e)(ii)* of the insert to the Bonds set forth in *Section 2.2B*. The Applicable Spread for the Bonds in the initial Interest Period is 40 basis points (0.40%); the Applicable Spread in subsequent periods when the Bonds are in a SIFMA Index Mode shall be evidenced in the Approval Certificate relating to the Bonds in such then-applicable Interest Period. The Applicable Spread for the duration of any Interest Period while the Bonds are in a SIFMA Index Mode (other than the initial Interest Period) shall be as determined by the Remarketing Agent on any Rate Determination Date pursuant to *paragraph (6)* of *Section 2.5E*, or pursuant to any function or scale determined by the Remarketing Agent, prior to the first day of such Interest Period, pursuant to *paragraph (4)* of *Section 2.2E*.

Approval Certificate means a written instrument from time to time executed by a Designated Financial Officer in accordance with *Article II*.

Authorized Officials means any of the Mayor, the City Manager, the City's Chief Financial Officer, the City Clerk, the President/Chief Executive Officer of the Board and/or the Senior Vice President/Chief Financial Officer of the Board.

Average Annual Debt Service Requirements means that average amount which, at the time of computation, will be required to pay the Debt Service Requirements on the Bonds when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total of such Debt Service Requirements by the number of Fiscal Years then remaining before Stated Maturity of such Bonds. For purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year. Interest payments that have been capitalized from proceeds of the Bonds or other bonds shall be excluded in making the aforementioned computation.

Bank Bond means, as of any date, any Bond or portion thereof which has been purchased by a Liquidity Bank pursuant to *paragraph (2)* of *Section 2.5D* on or before such date, if on or before such date and subsequent to such purchase (1) such Bond or portion thereof has not been sold by the Holder thereof through the Remarketing Agent against payment of the Purchase Price therefor and (2) the Bank Bondholder of such Bond or portion thereof shall not have declined to sell such Bond or portion thereof on demand of the Remarketing Agent in accordance with the provisions of the applicable Liquidity Facility.

Bank Bond Register has the meaning stated in *Section 2.3*.

Bank Bondholder when used with respect to any Bank Bond means the Person in whose name such Bank Bond is registered in the Bank Bond Register.

Bank Differential when used with respect to any Bank Bond (or portion thereof) as of any date means the difference, if positive, obtained by subtracting (1) interest accrued thereon to such date from the most recent Interest Payment Date to which interest on such Bond (or portion thereof) has been paid or duly provided for at the Daily Rate, Weekly Rate, Commercial Paper Rate, SIFMA Index Rate, or Term Rate applicable thereto from time to time in effect to such date, determined as if such Bond (or portion thereof) were not a Bank Bond and such interest were not compounded from (2) all interest actually accrued on such Bank Bond (or portion thereof) from such Interest Payment Date to such date.

Bank Rate means, for each day of accrual, the rate defined as such in any Liquidity Facility which Liquidity Facility has been accepted by the Tender Agent pursuant to *Section 4.1C*, provided that the Paying Agent/Registrar shall have received an Opinion of Counsel to the effect that the accrual of interest on Bank Bonds at such different rate is authorized under Texas law and will not adversely affect

any excludability of interest on any Bond from the gross income of the owner thereof for federal income tax purposes.

Bankruptcy Code means Title 11, United States Code, as now or hereafter constituted.

Board or Board of Trustees means the Board of Trustees of the System confirmed and described in *Section 6.10*.

Bond Fund shall mean the special fund or account created and established by the provisions of *Section 5.2*.

Bonds means the CITY OF SAN ANTONIO, TEXAS WATER SYSTEM VARIABLE RATE JUNIOR LIEN REVENUE AND REFUNDING BONDS, SERIES 2014B (NO RESERVE FUND), authorized by this Ordinance.

Book-Entry-Only Bond means any Bond registered in the name of the Securities Depository or its nominee.

Business Day for the Bonds or portions thereof means any day other than (1) a Saturday or a Sunday, (2) a legal holiday or the equivalent on which banking institutions generally are authorized or required to close in the Place of Payment or in the city in which is located the corporate trust office of the Paying Agent/Registrar or, on or before the first day of the Fixed Mode for such Bonds or portions thereof, the principal office of the Remarketing Agent or, while a Credit Facility is in effect, the office of the Credit Enhancer or of its agent at which drafts or demands for payment under the Credit Facility are to be presented or, while a Liquidity Facility is in effect, the office of any Liquidity Bank thereunder or of its agent at which drafts or demands for payment under the Liquidity Facility are to be presented, or (3) a day on which the New York Stock Exchange is closed.

Calculation Agent means a banking institution, financial institution, or other entity selected by the City to serve in such capacity under and to perform the duties described in this Ordinance, which may be the Paying Agent/Registrar or the Remarketing Agent and is, initially, the Paying Agent/Registrar.

Calculation Reset Date means, during a SIFMA Index Mode, the day immediately succeeding the SIFMA Determination Date (which shall generally mean each Thursday) or, if such day is not a Business Day, the immediately preceding Business Day (being the SIFMA Determination Date).

City means the City of San Antonio, Texas, and, where appropriate, the City Council of the City.

Closing Date shall mean the date of physical delivery of the Initial Bonds against payment in full by the Purchasers, anticipated to occur on or about April 30, 2014.

Code means the Internal Revenue Code of 1986, as amended and in force and effect on the Closing Date.

Commercial Paper Mode for any Bond or portion thereof means any period of time, determined in accordance with *Section 2.2C*, during which interest on such Bond or portion thereof (except when a Bank Bond) accrues at the Commercial Paper Rate therefor.

Commercial Paper Rate for any Bond or portion thereof has the meaning stated in *paragraph (f)* of the insert to the Bonds set forth in *Section 2.2B*, to be determined in accordance with *paragraph (3)* of *Section 2.2E*.

CPS Contract means the Wastewater Contract executed on September 15, 1990 between the Alamo Conservation and Reuse District and the City Public Service Board of San Antonio. Pursuant to Ordinance No. 74983 the City Council abolished the Alamo Conservation and Reuse District and assumed all of such entity's assets and obligations by creating the Department of Water Reuse as a new City department and a part of the System pursuant to the provisions of the City's Home Rule Charter.

Credit Agreement means a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase debt, purchase or sale agreements, interest rate swap agreements, or commitments or other contracts or agreements authorized, recognized, and approved by the City as a Credit Agreement in connection with the authorization, issuance, security, or payment of any obligation authorized by Chapter 1371, as amended, Texas Government Code, and which includes any Credit Facility or Liquidity Facility.

Credit Enhancer means the obligor on the Credit Facility, if any, and such obligor's successors in such capacity and assigns.

Credit Enhancer Default means the occurrence and continuance of one or more of the following events: (1) wrongful dishonor of any demand or claim made under a Credit Facility, (2) the issuance, under the applicable laws of any state, of an order of rehabilitation, liquidation, or dissolution of the Credit Enhancer; (3) the commencement by the Credit Enhancer of a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect including, without limitation, the appointment of a Paying Agent/Registrar, receiver, liquidator, custodian, or other similar official for itself or any substantial part of its property; (4) the consent by the Credit Enhancer to any relief referred to in the preceding *Clause (3)* in an involuntary case or other proceeding commenced against it; (5) the making by the Credit Enhancer of an assignment for the benefit of creditors; (6) the failure of the Credit Enhancer generally to pay its debts or claims when due; or (7) the initiation by the Credit Enhancer of any action to authorize any of the foregoing.

Credit Facility means any obligation accepted by the Paying Agent/Registrar pursuant to *Section 4.2K* and then in effect, if any, including all endorsements, amendments, and extensions thereof. There shall initially be no Credit Facility.

Daily Mode for any Bond or portion thereof means any period of time, determined in accordance with *Section 2.2C*, during which interest on such Bond or portion thereof (except when a Bank Bond) accrues at the Daily Rate therefor.

Daily Rate has the meaning stated in *paragraph (c)* of the insert to the Bonds set forth in *Section 2.2B*, to be determined in accordance with *paragraph (1)* of *Section 2.2E*.

Debt means (1) all indebtedness payable from Pledged Revenues and/or Net Revenues incurred or assumed by the City for borrowed money (including indebtedness payable from Pledged Revenues and/or Net Revenues arising under Credit Agreements) and all other financing obligations of the System payable from Pledged Revenues and/or Net Revenues that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet; and (2) all other indebtedness payable from Pledged Revenues and/or Net Revenues (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations pertaining to the System that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the

purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise. For the purpose of determining *Debt*, there shall be excluded any particular Debt if, upon or prior to the maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements of the System in prior Fiscal Years.

Debt Service Requirements means as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the City as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest calculated by assuming (i) that the interest rate for every 12-month period on such bonds is equal to the rate of interest reported in the most recently published edition of *The Bond Buyer* (or its successor) at the time of calculation as the "Revenue Bond Index" or, if such Revenue Bond Index is no longer being maintained by *The Bond Buyer* (or its successor) at the time of calculation, such interest rate shall be assumed to be 80% of the rate of interest then being paid on United States Treasury obligations of like maturity and (ii) that the principal of such bonds is amortized such that annual debt service is substantially level over the remaining stated life of such bonds; and further assuming, in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

Depository means one or more official depository banks of the Board.

Designated Financial Officer means the President/Chief Executive Officer of the Board, the Senior Vice President/Chief Financial Officer of the Board, or such other financial or accounting official of the Board so designated by the City Council.

District Special Project means the Special Project created by the City pursuant to Ordinance No. 2011-10-20-0845 adopted by the City Council on October 20, 2011 for the purpose of assuming and operating the former Bexar Metropolitan Water District until integrated with the System.

DTC Participant means those broker-dealers, banks, and other financial institutions reflected on the books of the Securities Depository.

Eligible Bonds has the meaning stated in any Liquidity Facility or, if not defined in such Liquidity Facility, means the Bonds or portions thereof for which the Liquidity Bank is obligated to pay the Purchase Price when such Bonds or portions are tendered or deemed tendered for purchase in accordance with *Section 2.5C*.

Engineer means an individual, firm, or corporation engaged in the engineering profession, being a registered professional engineer under the laws of the State of Texas, having specific experience with respect to water, wastewater, reuse water, and/or stormwater drainage systems similar to the System and such individual, firm, or corporation may be employed by, or may be an employee of, the City or the Board.

Fiscal Year means the twelve month accounting period used by the Board in connection with the operation of the System, currently ending on December 31 of each year, which may be any twelve consecutive month period established by the Board, but in no event may the Fiscal Year be changed more than one time in any three calendar year period.

Fitch means Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *Fitch* shall mean any other nationally recognized securities rating agency designated by the Board and acceptable to the Credit Enhancer, if any.

Fixed Mode for any Bond or portion thereof means any period of time, determined in accordance with *Section 2.2C*, during which interest on such Bond or portion thereof accrues at the Fixed Rate therefor.

Fixed Rate has the meaning stated in *paragraph (i)* of the insert to the Bonds set forth in *Section 2.2B*, determined in accordance with *paragraph (5)* of *Section 2.2E*.

Government Obligations shall mean (1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (2) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; (3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; or (4) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Bonds.

Gross Revenues for any period means all revenue during such period in respect or on account of the operation or ownership of the System, *excluding* refundable meter deposits, restricted gifts, grants in aid of construction, any amounts payable to the United States as rebate pursuant to the provisions of *Section 6.9*, any impact fees charged by the System pursuant to the provisions of Chapter 395, as amended, Texas Local Government Code, payments received pursuant to the CPS Contract together with earnings and interest thereon, and earnings and income derived from the investment or deposit of money in the Construction Fund and, until the Reserve Fund contains the Required Reserve Amount, the Reserve Fund, *but including*, earnings and income derived from the investment or deposit of money in the Bond Fund, the Reserve Fund after it contains the Required Reserve Amount, and any earnings and income from any special fund or account created and established for the payment or security of the Senior Lien Obligations, the Junior Lien Obligations, the Bonds, the Subordinate Lien Obligations, or Inferior Lien Obligations, unless the ordinance which authorizes the issuance of any such obligations specifically provides that any such earnings and income are to be deposited to another fund or account other than the System Fund.

Holder of any Bond means the Person in whose name such Bond is registered in the Securities Register, subject to *Section 4.2H*.

Ineligible Owner of Bonds means (1) the City, (2) any person (whether for-profit or not-for-profit) which controls or is controlled by or is under common control with the City, and (3) any person who owns such Bonds on behalf or for the benefit or account of the City or a person described in

the preceding *Clause (2)*. For purposes of this definition, a person controls another person when the first person possesses or exercises, directly or indirectly through one or more other affiliates or related entities, the power to direct the management and policies of the other person, whether through the ownership of voting rights, membership, the power to appoint members, trustees, or directors, by contract, or otherwise.

Inferior Lien Obligations means (i) any bonds, notes, warrants, certificates of obligation, or other Debt hereafter issued by the City that are payable from and equally and ratably secured by a lien on and pledge of the Net Revenues that is subordinate and inferior to the pledge thereof securing payment of the currently outstanding Senior Lien Obligations, Junior Lien Obligations, and Subordinate Lien Obligations or any Additional Senior Lien Obligations, Additional Junior Lien Obligations, or Additional Subordinate Lien Obligations hereafter issued by the City, (ii) any obligations that are issued subject to the limitations in Section 1502.052, as amended, Texas Government Code, and (iii) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured, in whole or in part, by an inferior lien on and pledge of the Net Revenues as determined by the City Council in accordance with applicable law.

Initial Bond has the meaning stated in *Section 2.8*.

Interest Mode means any Daily Mode, Weekly Mode, Commercial Paper Mode, SIFMA Index Mode, Term Mode, or Fixed Mode.

Interest Payment Date for any Bond or portion thereof means the date specified in such Bond as a fixed date on which interest on such Bond or portion is due and payable.

Interest Period for any Bond or portion thereof means the period of time from and including the Closing Date or any Rate Adjustment Date for such Bond or portion thereof, as applicable, to but excluding the next succeeding Rate Adjustment Date for, or the date of Maturity of, such Bond or portion thereof, as applicable.

Junior Lien Obligations means the Previously Issued Junior Lien Obligations, the Junior Lien Obligations-No Reserve Fund, and any Additional Junior Lien Obligations (whether issued as Junior Lien Obligations-No Reserve Fund or Reserve Fund-Secured Junior Lien Obligations) hereafter issued by the City or bonds issued to refund any of the foregoing (as determined within the sole discretion of the City Council in accordance with applicable law) if issued in a manner so as to be payable from and equally and ratably secured by a junior lien on and pledge of the Net Revenues of the System.

Junior Lien Obligations - No Reserve Fund means:

“City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Series 2012 (No Reserve Fund)”, dated April 1, 2012, in the original principal amount of \$31,890,000;

“City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Series 2013B (No Reserve Fund)”, dated May 1, 2013, in the original principal amount of \$82,855,000;

“City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2013E (No Reserve Fund)” dated October 1, 2013, in the original principal amount of \$79,350,000;

“City of San Antonio, Texas Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2013F (No Reserve Fund)” dated October 1, 2013, in the original principal amount of \$100,000,000;

Upon issuance, the Series 2014A Bonds; and

Upon issuance, the Bonds;

and any Additional Junior Lien Obligations hereafter issued that are not additionally secured by a lien on and pledge of the Reserve Fund.

Liquidity Bank means the obligor on the Liquidity Facility, if any, and its successors in such capacity and assigns permitted by the terms thereof.

Liquidity Facility means any obligation accepted by the Tender Agent pursuant to *Section 4.1C* and then in effect, and any amendments and extensions thereof so accepted. Initially, there shall be no Liquidity Facility.

Maintenance and Operating Expenses means all current expenses of operating and maintaining the System not paid from the proceeds of any Debt, *including* (1) the cost of all salaries, labor, materials, repairs, and extensions necessary to render efficient service, *but only if*, in the case of repairs and extensions, that are, in the judgment of the Board (reasonably and fairly exercised), necessary to maintain operation of the System and render adequate service to the City and the inhabitants thereof and other customers of the System, or are necessary to meet some physical accident or condition which would otherwise impair the payment of Debt, (2) payments to pension, retirement, health, hospitalization, and other employee benefit funds for employees of the Board engaged in the operation or maintenance of the System, (3) payments under contracts for the purchase of water supply, treatment of sewage, or other materials, goods, or services for the System to the extent authorized by law and the provisions of such contract, (4) payments to auditors, attorneys, and other consultants incurred in complying with the obligations of the City or the Board hereunder, (5) the payments made on or in respect of obtaining and maintaining any Credit Facility, and (6) any legal liability of the City or the Board arising out of the operation, maintenance, or condition of the System, *but excluding* any allowance for depreciation, property retirement, depletion, obsolescence, and other items not requiring an outlay of cash and any interest on the Bonds or any Debt.

Market Rate means the rate determined on any Rate Determination Date pursuant to *paragraph (6) of Section 2.2E*.

Maturity when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration (to the extent acceleration is a permitted remedy) or call for redemption or otherwise, but does not include payment of the portion of the Purchase Price corresponding to principal of such Bond pursuant to *Section 2.5*.

Maximum Rate for any Interest Period for Bonds means the lesser of (a) 15% per annum or (b) the maximum net effective interest rate permitted by law to be paid thereon as provided by Texas Government Code, Section 1204.006, as amended, or the maximum net effective interest rate permitted by applicable law at the time of issuance of the Bonds or the maximum nonusurious rate of interest permitted to be charged by the Liquidity Bank by applicable federal or Texas law (whichever shall permit the higher lawful rate) from time to time in effect.

Moody's means Moody's Investors Services, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *Moody's* shall be deemed to refer to any other nationally recognized Rating Service designated by the Board and acceptable to the Credit Enhancer, if any.

Net Revenues means Gross Revenues of the System, with respect to any period, after deducting the System's Maintenance and Operating Expenses during such period.

Opinion of Counsel means a written opinion of counsel who may (except as otherwise expressly provided in this Ordinance) be counsel for one or more of the City, the Credit Enhancer, or the Liquidity Bank and, when given with respect to the status of interest on any Bond under federal income tax law, shall be counsel of nationally recognized standing in the field of municipal bond law and, when given with respect to any matter under the Bankruptcy Code, shall be counsel of nationally recognized standing in the field of bankruptcy law.

Ordinance means this ordinance adopted by the City Council.

Outstanding, when used in this Ordinance with respect to Bonds means, as of the date of determination, all Bonds issued and delivered under this Ordinance, *except*:

Cancelled Bonds: those Bonds canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

Defeased Bonds: those Bonds for which payment has been duly provided by the City in accordance with the provisions of *Section 4.4* by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Government Obligations, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to Maturity; *provided that*, (a) if such Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to this Ordinance or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived, (b) if such Bonds are in a Daily Mode or Weekly Mode, such Bonds are to be redeemed within 30 days after such deposit, and if such Bonds are in a Commercial Paper Mode, SIFMA Index Mode, or Term Mode, such Bonds or portions thereof are to be redeemed on the next Rate Adjustment Date therefor, and (c) unless the interest rate or rates on such Bonds is fixed to the date of stated maturity or early redemption, or the City has assumed that such Bonds shall bear interest at the Maximum Rate to such date or dates of stated maturity or early redemption, the Paying Agent/Registrar shall have received written confirmation from each Rating Agency that no rating assigned by it to the Bonds will be withdrawn or reduced as a result of such Bonds no longer being Outstanding; and

Replaced Bonds: those Bonds that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in *Section 2.11*.

Paying Agent/Registrar means the financial institution specified in *Section 2.3* or its herein permitted successors and assigns.

Payment Default has the meaning stated in *paragraph (n)(v)* of the insert to the Bonds set forth in *Section 2.2B*. A Payment Default shall exist if it shall have occurred and be continuing.

Person means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

Place of Payment for Bonds means the city in which is located the office designated by the Paying Agent/Registrar at which principal of the Bonds shall be paid at Maturity or earlier redemption.

Pledged Revenues means (1) the Net Revenues, plus (2) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter are pledged by the City to the payment of the Senior Lien Obligations, and excluding those revenues excluded from Gross Revenues.

Predecessor Bond has the meaning stated in *Section 2.7H*.

Previously Issued Junior Lien Obligations means (i) the outstanding and unpaid obligations of the City that are payable solely from and equally and ratably secured by a junior and inferior lien on and pledge of the Pledged Revenues of the System, identified as follows:

(1) “City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2004”, dated July 1, 2004 (the *Series 2004 Bonds*), in the original principal amount of \$10,635,000;

“City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2004-A”, dated July 1, 2004 (the *Series 2004-A Bonds*), in the original principal amount of \$26,365,000;

“City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2007”, dated December 15, 2006 (the *Series 2007 Bonds*), in the original principal amount of \$8,070,000;

“City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2007A”, dated December 15, 2006 (the *Series 2007A Bonds*), in the original principal amount of \$35,375,000;

“City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2008”, dated May 15, 2008, in the original principal amount of \$30,000,000;

“City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2008A”, dated May 15, 2008, in the original principal amount of \$23,260,000;

“City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2009”, dated November 1, 2009, in the original principal amount of \$54,300,000;

“City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2009A”, dated November 1, 2009, in the original principal amount of \$35,000,000;

“City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Series 2010”, dated February 1, 2010, in the original principal amount of \$59,145,000;

“City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2010A”, dated December 1, 2010 (the *Series 2010 Refunding Bonds*), in the original principal amount of \$17,930,000;

“City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2011”, dated May 15, 2011, in the original principal amount of \$24,550,000;

“City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2011A”, dated May 15, 2011, in the original principal amount of \$18,095,000;

“City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2012”, dated August 1, 2012, in the original principal amount of \$19,630,000;

“City of San Antonio, Texas Junior Lien Revenue Bonds, Series 2013A”, dated April 1, 2013, in the original principal amount of \$50,000,000;

“City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2013D”, dated October 1, 2013 in the original principal amount not to exceed \$60,100,000; and

“City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2013C”, dated November 1, 2013 in the original principal amount not to exceed \$26,370,000;

and (ii) obligations hereafter issued to refund any of the foregoing if issued in a manner so as to be payable from and equally and ratably secured by a junior and inferior lien on and pledge of the Net Revenues of the System as determined by the City Council in accordance with any applicable law.

Prudent Utility Practice means any of the practices, methods, and acts, in the exercise of reasonable judgment, in the light of the facts, including but not limited to the practices, methods, and acts engaged in or previously approved by a significant portion of the public utility industry, known at the time the decision was made, that would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather is a spectrum of possible practices, methods, or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. In the case of any facility included in the System which is operated in common with one or more other entities, the term Prudent Utility Practice, as applied to such facility, shall have the meaning set forth in the agreement governing the operation of such facility.

Purchase Date, when used with respect to any Bond or portion thereof, means the date upon which the Paying Agent/Registrar is obligated to effect the purchase of such Bond or portion thereof on the terms described in *Section 2.5A*.

Purchase Fund means the fund of the Tender Agent so defined in *Section 2.5C*.

Purchase Price of any Bond (or portion thereof) required to be purchased pursuant to the terms of *Section 2.5A* means an amount equal to 100% of the principal amount of such Bond (or portion thereof), plus interest, if any, accrued thereon (excluding the Bank Differential, if any, therefor) to the Purchase Date from the most recent Interest Payment Date therefor to which interest thereon has been paid or duly provided for.

Purchasers shall mean the initial purchaser of the Bonds named in *Section 2.12* of this Ordinance.

Rate Adjustment Date for any Bond or portion thereof means (i) each day on which such Bond or portion will, unless a Bank Bond, begin to bear interest at a new Daily Rate, Weekly Rate, Commercial Paper Rate, Term Rate, or Fixed Rate determined in accordance with *paragraph (6) of Section 2.2E*, whether or not such rate is different from the interest rate previously in effect on the Bonds and (ii) the first Business Day of each Interest Period for such Bond or portion thereof in a SIFMA Index Mode.

Rate Determination Date for any Bond or portion thereof means each date on which the Remarketing Agent is, pursuant to *paragraph (6) of Section 2.2E*, required to make a determination of the Daily Rate, Weekly Rate, Commercial Paper Rate, Term Rate, or Fixed Rate to be borne by such Bond or portion thereof, or the Applicable Spread for the Bonds in a SIFMA Index Mode (or function as the Remarketing Agent when determining the Applicable Spread) to be effective on the first day of an Interest Period for such Bond or portion thereof pursuant to *paragraph (4) of Section 2.2E*.

Rating Service means each nationally recognized securities rating service which at the time has a credit rating assigned to the Bonds.

Record Date has the meaning stated in *Section 2.2B*.

Remarketing Agent means, initially, Jefferies LLC and, thereafter, the party selected from time to time by the City to serve as the remarketing agent for the Bonds while the Bonds are Outstanding in a Variable Rate Mode pursuant to *Section 2.5G*.

Remarketing Agreement means the Remarketing Agreement, in substantially the form attached hereto as Exhibit G, between the City and the initial Remarketing Agent and any similar agreement hereafter entered into between the City and a subsequent Remarketing Agent pertaining to the Bonds.

Reserve Fund-Secured Junior Lien Obligations means the Previously Issued Junior Lien Obligations and any Additional Junior Lien Obligations hereafter issued that are secured by a parity lien on and pledge of the Reserve Fund and specifically excluding the Junior Lien Obligations–No Reserve Fund.

S&P means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, **S&P** shall be deemed to refer to any other nationally recognized securities rating agency designated by the Board and acceptable to the Credit Enhancer, if any.

Securities Depository means The Depository Trust Company or any successor Person appointed by ordinance of the City Council to act as Holder of the Bonds, directly or through a nominee, to maintain a system for recording and transferring beneficial interests in such Bonds and distributing payments thereon and notices in respect thereof.

Securities Register has the meaning stated in *Section 2.3*.

Senior Lien Obligations means (i) the outstanding and unpaid obligations of the City that are payable solely from and equally and ratably secured by a prior and first lien on and pledge of the Pledged Revenues of the System, identified as follows:

“City of San Antonio, Texas Water System Revenue and Refunding Bonds, Series 2004”, dated May 15, 2004 in the original principal amount of \$84,700,000;

“City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2005”, dated November 15, 2005 in the original principal amount of \$298,220,000;

“City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2007”, dated January 15, 2007 in the original principal amount of \$311,160,000;

“City of San Antonio, Texas Water System Revenue and Refunding Bonds, Series 2009”, dated January 15, 2009 in the original principal amount of \$163,755,000;

“City of San Antonio, Texas Water System Revenue Bonds, Series 2009A”, dated November 1, 2009 in the original principal amount of \$12,250,000;

“City of San Antonio, Texas Water System Revenue Bonds, Taxable Series 2009B (Direct Subsidy – Build America Bonds)”, dated November 1, 2009 in the original principal amount of \$102,750,000

“City of San Antonio, Texas Water System Revenue Bonds, Taxable Series 2010B (Direct Subsidy – Build America Bonds)”, dated November 15, 2010 in the original principal amount of \$110,000,000;

“City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2011”, dated March 15, 2011 in the original principal amount of \$46,555,000;

“City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2011A”, dated August 15, 2011 in the original principal amount of \$165,090,000;

“City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2012”, dated February 1, 2012 in the original principal amount of \$225,255,000; and

City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2012A”, dated September 1, 2012 in the original principal amount of \$163,435,000;

and (ii) obligations hereafter issued to refund any of the foregoing if issued in a manner so as to be payable from and equally and ratably secured by a first lien on and pledge of the Pledged Revenues of the System as determined by the City Council in accordance with any applicable law.

Series 1992 Bonds means the “City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 1992” originally issued in the aggregate principal amount of \$635,925,000 pursuant to Ordinance No. 75686 that are no longer outstanding.

Series 2014A Bonds means the “City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2014A (No Reserve Fund)”, dated April 1, 2014, in the original principal amount, when combined with the Bonds, not to exceed \$300,350,000, authorized pursuant to a City ordinance adopted by the City Council on March 20, 2014, issued as Additional Junior Lien Obligations that are Junior Lien Obligations – No Reserve Fund for the purpose of financing system improvements, refunding outstanding Senior Lien Obligations and certain commercial paper notes, and paying costs of their issuance.

SIFMA Determination Date means Wednesday of each week or, if Wednesday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day.

SIFMA Index for any day means the level of the most recently effective index rate which is issued weekly and which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association and issued on each SIFMA Determination Date. If such index is no longer published, the *SIFMA Index* for any day will mean the level of the most recently effective *S&P Municipal Bond 7-Day High Grade Rate Index* maintained by Standard & Poor's Securities Evaluations Inc. for a 7-day maturity as published on the day which is one U.S. Government Securities Business Day immediately preceding the effective date of such index. The effective date for each such index is every Thursday (or any other day specified by the Securities Industry and Financial Markets Association, in the case of the first such index), or if any Thursday is not a U.S. Government Securities Business Day, the next preceding U.S. Government Securities Business Day. If neither such index is available, the *SIFMA Index* for a day will be the alternate index for such day identified at the time of conversion of the Bonds or portion thereof to the SIFMA Index Mode.

SIFMA Index Mode for any Bond or portion thereof means any period of time, determined in accordance with *Section 2.2C* during which interest on such Bond or portion thereof (except when a Bank Bond) accrues at a SIFMA Index Rate therefor.

SIFMA Index Rate has the meaning stated in *paragraph (e)* of the insert to the Bonds set forth in *Section 2.2B*, determined from time to time by adding the Applicable Spread (determined in accordance with *paragraph (4)* of *Section 2.2E*) to the SIFMA Index, as calculated and recalculated by the Calculation Agent (and effective with respect to the Bonds bearing interest in a SIFMA Index Mode and prior to the imposition of any Stepped Rate) on each Calculation Reset Date.

Special Payment Date has the meaning stated in *Section 2.3*.

Special Project means, to the extent permitted by law, any water, sewer, wastewater reuse, or municipal drainage system property, improvement, or facility declared by the City, upon the recommendation of the Board, not to be part of the System, for which the costs of acquisition, construction, and installation are paid from proceeds of a financing transaction other than the issuance of bonds payable from ad valorem taxes, Pledged Revenues, or Net Revenues and for which all maintenance and operation expenses are payable from sources other than ad valorem taxes, Pledged Revenues, or Net Revenues, but only to the extent that and for so long as all or any part of the revenues or proceeds of which are or will be pledged to secure the payment or repayment of such costs of acquisition, construction, and installation under such financing transaction and which includes the District Special Project.

Special Record Date has the meaning stated in *Section 2.3*.

Stated Maturity has the meaning stated in *Section 2.2A*.

Stepped Rate means, with respect to Bonds in a SIFMA Index Mode or a Term Mode, the interest rate applicable to such Bonds upon the conclusion of the then-applicable Interest Period and there has occurred a failed remarketing of all or a portion of the affected Bonds, which Stepped Rate shall be determined by the Purchaser or the Remarketing Agent (as applicable), and agreed upon by the City, and evidenced in the Approval Certificate concerning the Bonds and such then-applicable Interest Period (but shall never exceed the Maximum Rate).

Subordinate Lien Obligations means (i) the currently outstanding and unpaid obligations of the City that are payable wholly or in part from a lien on and pledge of the Net Revenues that is subordinate and inferior to the pledge thereof securing payment of the currently outstanding Senior Lien Obligations and the Junior Lien Obligations or any Additional Senior Lien Obligations or Additional Junior Lien Obligations, all as further provided in *Section 6.2A(3)*, identified as follows:

(1) “City of San Antonio, Texas Water System Commercial Paper Notes, Series A” and “City of San Antonio, Texas Water System Commercial Paper Notes, Series B”, authorized in the aggregate principal amount of \$500,000,000, and including the currently outstanding Commercial Paper Notes and Loan Notes (each as defined in the ordinance authorizing the issuance of the Commercial Paper Notes);

and (ii) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured, in whole or in part, by an inferior lien on and pledge of the Net Revenues as determined by the City Council in accordance with applicable law.

Systems means all properties, facilities, and plants currently owned, operated, and maintained by the City and/or the Board for the supply, treatment, and transmission and distribution of treated potable water, chilled water, and steam, for the collection and treatment of wastewater, and for water reuse, together with all future extensions, improvements, purchases, repairs, replacements and additions thereto, whether situated within or without the limits of the City, all water (in any form) owned by the City, and any other projects and programs of the Board; provided, however, that the City expressly retains the right to incorporate (1) a stormwater system as provided by the provisions of Section 402.041 through 402.054, as amended, Texas Local Government Code, or other similar law, and (2) any other related system as provided by the laws of the State of Texas as a part of the System. The System shall not include any Special Project or any water or water-related properties and facilities owned by the City as part of its electric and gas systems.

Tender Agent shall mean, initially, U.S. Bank National Association, Dallas, Texas, or any successor thereto, being a financial institution performing the duties specified in *Section 2.5H*.

Tender Agent Agreement shall mean the Tender Agent Agreement, dated as of March 20, 2014, between the City and the Tender Agent and in substantially the form attached hereto as Exhibit B, pertaining to the Bonds or any similar agreement entered into from time to time with any successor Tender Agent.

Term Mode for any Bond or portion thereof means any period of time, determined in accordance *Section 2.2C*, during which interest on such Bond or portion thereof (except when a Bank Bond) accrues at the Term Rate therefor.

Term Rate for any Bond or portion thereof has the meaning stated in with *paragraph (g)* of the insert to the Bonds set forth in *Section 2.2B*, to be determined in accordance with *paragraph (5)* of *Section 2.2E*.

Untendered Bonds has the meaning stated in *Section 2.5F*.

U.S. Government Securities Business Day means any day except for a Saturday, a Sunday, or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

Variable Rate Mode means the Bonds bearing interest in any interest rate mode other than a Fixed Mode.

Weekly Mode for any Bond means any period of time, determined in accordance with *Section 2.2C*, during which interest on such Bond or portion thereof (except when a Bank Bond) accrues at the Weekly Rate therefor.

Weekly Rate has the meaning stated in *paragraph (d)* of the insert to the Bonds set forth in *Section 2.2B*, to be determined in accordance with *paragraph 2* of *Section 2.2E*.

SECTION 4.3 *Pledge of Net Revenues.*

A. *Pledge.* The City hereby covenants and agrees that the Net Revenues of the System are, subject to the prior lien and pledge of such Pledged Revenues securing the payment of the currently outstanding Senior Lien Obligations and any Additional Senior Lien Obligations hereafter issued by the City, hereby irrevocably pledged to the payment and security of the principal of and interest on (but not the Purchase Price) of the currently outstanding Junior Lien Obligations and the City's obligations under Liquidity Facility, including the establishment and maintenance of the special funds or accounts created and established for the payment and security thereof, all as hereinafter provided; and it is hereby ordained that the currently outstanding Junior Lien Obligations, and the interest thereon, shall constitute a lien on and pledge of the Net Revenues of the System and be valid and binding without any physical delivery thereof or further act by the City, and the lien created hereby on the Net Revenues of the System for the payment and security of the currently outstanding Junior Lien Obligations shall be junior and inferior to the lien on and pledge of the Net Revenues securing payment of the currently outstanding Senior Lien Obligations or any Additional Senior Lien Obligations hereafter issued by the City, but prior in right and claim as to any other indebtedness (including the currently outstanding Subordinate Lien Obligations and any Additional Subordinate Lien Obligations any Inferior Lien Obligations hereafter issued by the City), liability, or obligation of the City or the System.

With respect to the use of Net Revenues to pay debt service on outstanding obligations, the City shall first give consideration as an offset to debt service the receipt or anticipated receipt of a refundable tax credit or similar payment relating to a series of obligations irrevocably designated as refundable tax credit bonds under the Code (including, but not limited to, any Senior Lien Obligations or Junior Lien Obligations designated as "build America bonds" and "qualified bonds" under the Code).

B. *Perfection.* Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of Net Revenues granted by the City under *Subsection A* of this *Section 4.3*, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Net Revenues granted by the City is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in this pledge, the Board 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 & Commerce Code, and enable a filing to perfect the security interest in this pledge to occur.

C. *No Tax Support.* The Bonds are special obligations of the City payable solely from the Net Revenues, and the holders thereof shall never have the right to demand payment out of funds raised or to be raised by taxation.

SECTION 4.4 *Satisfaction of Obligation of City.*

When no Bond remains Outstanding and the obligations of the City under any Liquidity Facility have been paid in full or otherwise discharged, then the lien on and pledge of Net Revenues under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

To provide for the payment of the principal of, premium, if any, and interest on any Bond, the City may irrevocably deposit in trust with the Paying Agent/Registrar, or an authorized escrow agent, (a) money sufficient to pay in full such principal, premium, if any, and interest at Stated Maturity or to the redemption date therefor and/or (b) Government Obligations certified, in the case of a net defeasance, by an independent accounting firm, or such other persons as permitted by the laws of the State of Texas, to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of, premium, if any, and interest on such Bond on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. In the event of a gross defeasance of the Bonds, the City shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, or another qualified third party concerning the deposit of cash and/or Government Obligations to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Bonds. If interest to become due on such Bond on any such date shall accrue at a rate not determined at the time of such deposit, the City shall provide for such interest as if accrued at the maximum possible rate. The City covenants that no deposit of money or Government Obligations will be made under this *Section 4.4* and no use made of any such deposit which would cause the Bonds to be treated as arbitrage bonds within the meaning of section 148 of the Code.

Any money so deposited with the Paying Agent/Registrar or authorized escrow agent, and all income from Government Obligations held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this *Section 4.4* which is not required for the payment of the Bonds, or any principal amount(s) thereof, or interest thereon with respect to which such money has been so deposited shall be remitted to the Board or deposited as directed by the Board. Furthermore, any money held by the Paying Agent/Registrar or authorized escrow agent for the payment of the principal of, premium, if any, or interest on the Bonds and remaining unclaimed for a period of three (3) years after the Stated Maturity, or applicable redemption date, of the Bonds such money was deposited and is held in trust to pay shall upon the request of the Board be remitted to the Board against a written receipt therefor, subject to the unclaimed property laws of the State of Texas.

Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem defeased Bonds that is made in conjunction with the payment arrangements specified in *Clause (a)* or *(b)* above shall be revocable, *provided* that the City (1) in the proceedings providing for such defeasance, expressly reserves the right to call the defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the defeased Bonds immediately following the defeasance; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at the time of the redemption, satisfies the conditions of *Clause (a)* or *(b)* above with respect to such defeased Bonds as though it was being defeased at the time of the exercise of the option to redeem the defeased Bonds, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased Bonds.

SECTION 5.1 *System Fund.*

The City hereby covenants, agrees, and reaffirms that the Gross Revenues of the System shall be deposited, as collected and received, into a separate Fund or account (previously created, established, and to be maintained with the Depository) known as the “City of San Antonio, Texas Water System Revenue Fund” (the *System Fund*) and that the Gross Revenues of the System shall be kept separate and apart from all other funds of the City. All Gross Revenues deposited into the System Fund shall be pledged and appropriated to the extent required for the following uses and in the order of priority shown:

- **FIRST:** to the payment of all necessary and reasonable Maintenance and Operating Expenses as defined herein or required by statute, including, but not limited to, Chapter 1502, as amended, Texas Government Code (formerly Texas Revised Civil Statutes Annotated Article 1113, as amended), to be a first charge on and claim against the Gross Revenues, including a two-month reserve amount based upon the budgeted amount of
- **SECOND:** to the payment of the amounts required to be deposited into the special funds and accounts created and established for the payment, security and benefit of the currently outstanding Senior Lien Obligations and any Additional Senior Lien Obligations hereafter issued by the City;
- **THIRD:** to the payment of the amounts required to be deposited into the special funds and accounts created and established for the payment, security and benefit of the currently outstanding Junior Lien Obligations, and any Additional Junior Lien Obligations hereafter issued by the City;
- **FOURTH:** to the payment of the amounts that must be deposited in any special funds and accounts created and established for the payment, security and benefit of the currently outstanding Subordinate Lien Obligations and any Additional Subordinate Lien Obligations hereafter issued by the City;
- **FIFTH:** to the payment of the amounts that must be deposited in any special funds and accounts created and established for the payment, security, and benefit of any Inferior Lien Obligations hereafter issued by the City; and
- **SIXTH:** to the payment of the amounts to be transferred to the City’s General Fund as provided in *Section 5.4* and into the Renewal and Replacement Fund created and established by *Section 5.5*.

Any Net Revenues remaining in the General Account after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other Board purpose now or hereafter permitted by law and the City ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations, subject to *Section 5.4*.

SECTION 5.2 *Bond Fund; Excess Bond Proceeds.*

For purposes of providing funds to pay the principal of and interest on, and other amounts payable under, the Bonds, any Liquidity Facility, any Credit Facility, the Tender Agent Agreement, any Remarketing Agreement, the Paying Agent/Registrar Agreement, and any separate agreement between the City and the Calculation Agent relating to the Bonds, as the same become due and payable, and for so long as any Bonds remain Outstanding or the City remains obligated under any other such agreement, the City agrees to maintain, at the Depository, a separate and special Fund or account to be created and

known as the “City of San Antonio, Texas Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2014B (No Reserve Fund) Interest and Sinking Fund” (herein referred to as the *Bond Fund*). The City covenants that there shall be deposited into the Bond Fund prior to each payment date from the available Net Revenues an amount equal to one hundred percent (100%) of the amount required to fully make such payments when due and payable, such deposits to be made in monthly installments that are substantially equal whenever Bonds are in a Term Mode, SIFMA Index Mode (with respect to principal payments coming due (whether by reason of stated maturity or mandatory sinking fund redemption), as interest on Bonds in a SIFMA Index Mode is payable monthly), or Fixed Mode. If the Net Revenues in any month are insufficient to make the required payments into the Bond Fund, then the amount of any deficiency in such payment shall be added to the amount otherwise required to be paid into the Bond Fund in the next month.

Any proceeds of the Bonds, and investment income thereon, not expended for authorized purposes shall be deposited into the Bond Fund and shall be taken into consideration and reduce the amount of monthly deposits required to be deposited into the Bond Fund from the Net Revenues of the Systems.

SECTION 5.4 *Payments to City General Fund.*

A. The Designated Financial Officer of the Board shall transfer no later than the last business day of each month, an amount of money calculated, subject to the second paragraph of *Section 5.5*, not to exceed 5% (or such lesser amount as may be determined from time to time by the City Council) of the Gross Revenues (after making each of the payments required by the provisions of subparagraphs First through Fifth of *Section 5.1*) for the preceding month to be utilized by the City in the manner permitted by the provisions of Chapter 1502, as amended, Texas Government Code (formerly Texas Revised Civil Statutes Annotated Article 1113a, as amended). The amount so transferred shall be net of all amounts owed by the City to the Board for the utility services described in *Section 6.5E*; provided, however, that the Board shall provide the City with a sufficiently detailed statement of charges for such utility services to permit the City to allocate the charges for such utility services to the appropriate office, division, or department of the City.

B. To the extent that the available Net Revenues in any month are insufficient for the Board to make all or part of the transfer required by the preceding paragraph, the Board shall make up such shortfall (i) in the next month in which available Net Revenues exceed the amounts required to make the transfer to the City pursuant to the preceding paragraph and the *pari passu* payment to the Renewal and Replacement Fund under *Section 5.5* or (ii) to the extent such shortfall has not been made up by the last month of the Fiscal Year, solely from any surplus funds deposited into the Renewal and Replacement Fund for such Fiscal Year. The Board’s obligation to make up any shortfall in a Fiscal Year shall not carry over to a subsequent Fiscal Year.

SECTION 5.5 *Renewal and Replacement Fund.*

There has previously been created and established and there shall be maintained on the books of the Board, and accounted for separate and apart from all other funds of the City and the Board, a separate fund to be entitled the “City of San Antonio, Texas Water System Renewal and Replacement Fund” (the *Renewal and Replacement Fund*). The Renewal and Replacement Fund shall be used for the purpose of (1) paying the costs of improvements, enlargements, extensions, additions, replacements, or other capital expenditures related to the System, or (2) paying the costs of unexpected or extraordinary repairs or replacements of the System for which System funds are not available, or (3) paying unexpected or extraordinary expenses of operation and maintenance of the System for which System funds are not otherwise available, or (4) depositing any funds received by the City pursuant to the CPS Contract, and

such funds, including any interest or income thereon, shall be maintained in a separate, segregated account of the Renewal and Replacement Fund and shall only be used to pay Maintenance and Operating Expenses of the water reuse facilities of the System or the debt service requirements on any obligations incurred as permitted by the CPS Contract and in no event shall any such amount, including interest and income thereon, be transferred to the general fund of the City except as permitted by the CPS Contract, or (5) paying bonds or other obligations of the System for which other System revenues are not available, or (6) in the last month of any Fiscal Year to make up any shortfall as required by *Section 5.4B*, or (7) for any other lawful purpose in support of the System. The Renewal and Replacement Fund shall be maintained at the Depository.

Deposits to the Renewal and Replacement Fund shall be *pari passu* with the gross amount payable to the City pursuant to *Section 5.4* (prior to the deduction of any charges for utility services provided pursuant to *Section 6.5E*) until the full amount payable to the City under such Section has been paid. That is, such deposits to the Renewal and Replacement Fund shall be made equally and ratably, without preference, and on a dollar for dollar basis with the gross amount payable to the City pursuant to *Section 5.4*, prior to the deduction of any charges for services, until the full amount to be paid to the City in a Fiscal Year under *Section 5.4* has been transferred to the City's General Fund. Thereafter, all surplus Net Revenues shall be deposited to the Renewal and Replacement Fund.

SECTION 6.1 *Application of the Covenants and Agreements of the Senior Lien Obligations.*

It is the intention of the City Council and accordingly hereby recognized and stipulated that the provisions, agreements, and covenants contained herein bearing upon the management and operations of the System, and the administering and application of Gross Revenues derived from the operation thereof, shall to the extent possible be harmonized with like provisions, agreements, and covenants contained in the ordinance authorizing the issuance of the currently outstanding Senior Lien Obligations, and to the extent of any irreconcilable conflict between the provisions contained herein and in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations, the provisions, agreements and covenants contained therein shall prevail to the extent of such conflict and be applicable to this Ordinance, especially the priority of rights and benefits conferred thereby to the holders of the currently outstanding Senior Lien Obligations. It is expressly recognized that prior to the issuance of any Additional Senior Lien Obligations, that the City must comply with each of the conditions precedent contained in this Ordinance and the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations, as appropriate.

SECTION 6.2 *Issuance of Additional Senior Lien Obligations, Additional Junior Lien Obligations, Additional Subordinate Lien Obligations, Inferior Lien Obligations and Special Project Obligations*

A. The City hereby expressly reserves the right to hereafter issue bonds, notes, warrants, certificates of obligation, or similar obligations, payable, wholly or in part, as appropriate, from and secured by a pledge of and lien on the Net Revenues of the System with the following priorities, without limitation as to principal amount, but subject to any terms, conditions, or restrictions applicable thereto under existing ordinances, laws, or otherwise:

(1) *Senior Lien:* Additional Senior Lien Obligations payable from and equally and ratably secured by a first and prior lien on and pledge of the Pledged Revenues of the System upon satisfying each of the conditions precedent contained in the ordinance authorizing the issuance of the currently outstanding Senior Lien Obligations;

(2) *Junior Lien:* Additional Junior Lien Obligations (except for Additional Junior Lien Obligations that are insured by a municipal bond insurance policy, which need not satisfy the provisions of paragraph 2(b) or 2(c) hereof), payable from and equally and ratably secured by a junior and inferior lien on and pledge of the Net Revenues of the System, upon satisfying each of the following conditions precedent:

(i) the Chief Financial Officer of the City (or other official of the City having primary responsibility for the fiscal affairs of the City) shall have executed a certificate stating that (i) except for a refunding to cure a default, or the deposit of a portion of the proceeds of any Additional Junior Lien Obligations to satisfy the City's obligations under this Ordinance, the City is not then in default as to any covenant, obligation, or agreement contained in any ordinance or other proceedings relating to any obligations of the City payable from and secured by a lien on and pledge of the Net Revenues of the System and (ii) all payments into all special funds or accounts created and established for the payment and security of all outstanding obligations payable from and secured by a lien on and pledge of the Net Revenues of the System have been duly made and that the amounts on deposit in such special funds or accounts are the amounts then required to be deposited therein;

(ii) with respect to Additional Junior Lien Obligations sold to the Texas Water Development Board (the *TWDB*) that are not insured by a municipal bond insurance policy, the City has secured from a Certified Public Accountant a certificate or opinion to the effect that, according to the books and records of the City, the Net Revenues of the System, for the preceding Fiscal Year or for any 12 consecutive months out of the 18 months immediately preceding the month the ordinance authorizing the Additional Junior Lien Obligations is adopted, are at least equal to one and one-fourth (1-1/4) times the average annual requirement for the payment of principal of and interest on all outstanding Junior Lien Obligations after giving effect to the Additional Junior Lien Obligations then proposed. In making a determination of the Net Revenues, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the last day of the period for which Net Revenues are to be determined and, for purposes of satisfying the above Net Revenues test, make a pro forma determination of the Net Revenues for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion;

(iii) with respect to Additional Junior Lien Obligations sold to any other entity other than the *TWDB* and that are not insured by a municipal bond insurance policy, the City has secured from a Certified Public Accountant a certificate or opinion to the effect that, according to the books and records of the City, the Net Revenues of the System, for the preceding Fiscal Year or for any 12 consecutive months out of the 18 months immediately preceding the month the ordinance authorizing the Additional Junior Lien Obligations is adopted, are at least equal to the average annual requirement for the payment of principal of and interest on all outstanding Junior Lien Obligations after giving effect to the Additional Junior Lien Obligations then proposed. In making a determination of the Net Revenues, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the last day of the period for which Net

Revenues are to be determined and, for purposes of satisfying the above Net Revenues test, make a pro forma determination of the Net Revenues for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion;

(iv) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides for deposits to be made to the Bond Fund in amounts sufficient to pay the principal of and interest on such Additional Junior Lien Obligations as the same mature; and

(v) the ordinance authorizing the issuance of the Additional Junior Lien Obligations that are Reserved Fund–Secured Junior Lien Obligations provides that the amount to be accumulated and maintained in the Reserve Fund shall be in an amount equal to not less than the Average Annual Debt Service Requirements for the payment of the Junior Lien Obligations then outstanding, inclusive of the changes in the amount resulting from the issuance of the proposed Additional Junior Lien Obligations that are Reserved Fund–Secured Junior Lien Obligations, and provides that any additional amount to be maintained in the Reserve Fund shall be accumulated within sixty (60) months from the date the Additional Junior Lien Obligations that are Reserved Fund–Secured Junior Lien Obligations are delivered; provided, however, that no such requirement as it relates to additional amounts to be deposited to the Reserve Fund shall be applicable to, or serve as a condition to the issuance of, Additional Junior Lien Obligations that are or will be Junior Lien Obligations–No Reserve Fund.

(3) *Subordinate Lien.* Additional Subordinate Lien Obligations secured by a subordinate and inferior lien on and pledge of the Net Revenues upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations, the ordinances authorizing the currently outstanding Junior Lien Obligations (including this Ordinance), and the ordinance authorizing the issuance of the currently outstanding Subordinate Lien Obligations, as appropriate.

(4) *Inferior Lien:* Inferior Lien Obligations secured by a lien on and pledge of the Net Revenues of the System upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations the ordinances authorizing the currently outstanding Junior Lien Obligations (including this Ordinance), and the ordinance authorizing the issuance of the currently outstanding Subordinate Lien Obligations, as appropriate.

B. *Special Project Obligations.* Nothing in this Ordinance shall be construed to deny the City the right and it shall retain the right to issue Special Project obligations, provided, however, the City will not issue Special Project obligations unless the City concludes, upon recommendation of the Board, that (i) the plan for developing the Special Project is consistent with sound planning, (ii) the Special Project would not materially and adversely interfere with the operation of the System, (iii) the Special Project can be economically and efficiently operated and maintained, and (iv) the Special Project can be economically and efficiently utilized by the Board to meet water, wastewater, water reuse, or stormwater drainage requirements and the cost of such will be reasonable.

SECTION 6.5 *Special Covenants and Representations.*

The City hereby further warrants and covenants that:

A. It has the lawful power to pledge the Net Revenues supporting the Bonds and has lawfully exercised this power under the laws of the State of Texas, including the power existing under Chapter 1207, Chapter 1371, and Chapter 1502, as amended, Texas Government Code, and the City's Home Rule Charter;

B. The Bonds shall be equally and ratably secured by a junior lien on and pledge of the Net Revenues of the System in a manner that one Bond shall have no preference over any other Bond;

C. Other than for the payment of the currently outstanding Senior Lien Obligations, Junior Lien Obligations, and the Subordinate Lien Obligations, the Net Revenues of the System have not in any manner been pledged to the payment of any debt or obligation of the City or of the System;

D. As long as any Bonds, or any interest thereon, remain Outstanding, the City will not sell, lease, or encumber the System or any substantial part thereof (except as provided in *Section 6.2*) provided that this covenant shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System;

E. No free service (except water provided to the City for municipal fire-fighting purposes and certain stormwater utility service) of the System shall be allowed, and, should the City or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made, if necessary, by the City pursuant to *Section 5.4*; and

F. To the extent that it legally may, the City further covenants and agrees that, so long as any of the Bonds, or any interest thereon, are Outstanding, no franchise shall be granted for the installation or operation of any competing utility systems other than those owned by the City, and the operation of any such systems by anyone other than the City is hereby prohibited.

SECTION 6.6 *Rates and Charges*

For the benefit of the Holders of the Bonds and in addition to all provisions and covenants in the laws of the State of Texas and in this Ordinance, the City hereby expressly stipulates and agrees, while any of the currently outstanding Junior Lien Obligations are Outstanding, to establish and maintain rates and charges for facilities and services afforded by the System that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to produce Gross Revenues in each Fiscal Year sufficient:

A. To pay all Maintenance and Operating Expenses, or any expenses required by statute to be a first claim on and charge against the Gross Revenues of the System;

B. To produce Pledged Revenues, together with any other lawfully available funds, sufficient to satisfy the rate covenant contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations and to pay the principal of and interest on the currently outstanding Senior Lien Obligations and any Additional Senior Lien Obligations

hereafter issued by the City and the amounts required to be deposited in any reserve or contingency fund or account created for the payment and security of the currently outstanding Senior Lien Obligations and any Additional Senior Lien Obligations hereafter issued by the City, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a prior and first lien on an pledge of the Net Revenues of the System;

C. To produce Net Revenues, together with any other lawfully available funds, to pay the principal of and interest on the currently outstanding Junior Lien Obligations as the same become due and payable and to deposit the amounts required to be deposited in any special fund or account created and established for the payment and security of the Additional Junior Lien Obligations hereafter issued by the City, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a junior lien on and pledge of the Net Revenues of the System;

D. To produce Net Revenues, together with any other lawfully available funds, to pay the principal of and interest on the currently outstanding Subordinate Lien Obligations and any Additional Subordinate Lien Obligations hereafter issued by the City as the same become due and payable and to deposit the amounts required to be deposited in any special fund or account created and established for the payment and security of the currently outstanding Subordinate Lien Obligations and any Additional Subordinate Lien Obligations, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured, in whole or in part, by a subordinate lien on and pledge of the Net Revenues of the System;

E. To produce Net Revenues, together with any other lawfully available funds, to pay the principal of and interest on any Inferior Lien Obligations hereafter issued by the City as the same become due and payable and to deposit the amounts required to be deposited in any special fund or account created and established for the payment and security of any Inferior Lien Obligations hereafter issued by the City, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured by a lien on and pledge of the Net Revenues of the System in accordance with applicable law;

F. To produce Net Revenues, together with any other lawfully available funds, to fund the transfers as permitted by the provisions of Section 15 of this Ordinance; and

G. To pay, together with any other lawfully available funds, any other legally incurred Debt payable from the Net Revenues of the System and/or secured by a lien on the System.

For the purpose of satisfying the covenants specified above, the City may consider debt service on any obligations secured by and payable from revenues of the Systems after giving consideration as an offset to debt service the receipt or anticipated receipt of a refundable tax credit or similar payment relating to any such obligations' having been irrevocably designated as refundable tax credit bonds under the Code (including, but not limited to, any Senior Lien Obligations designated as "build America bonds" and "qualified bonds" under the Code).

SECTION 6.10 *Management of Systems.*

A. Pursuant to the authority contained in Chapter 1502, as amended, Texas Government Code (formerly Texas Revised Civil Statutes Annotated Article 1115b, as amended), except as otherwise specifically provided in this Ordinance, the complete management and control of the System during such time as any Debt is outstanding shall be vested in a seven-member board of trustees to be known as the

“San Antonio Water System Board of Trustees”. Such board is referred to in this Ordinance as the “Board.” The Mayor of the City from time to time shall ex-officio be one of the members of the Board, and the other current members of the Board as of the date of passage of this Ordinance are Heriberto “Berto” Guerra currently serving a term ending May 31, 2014, and Louis E. Rowe, Pat Merritt, Pat Jasso, Ernesto Arrellano, Jr., and W. Reed Williams, each serving terms ending May 31, 2017. Notwithstanding the foregoing, the Members of the Board may be increased to a number greater than seven (7), to include the Mayor of the City as an ex-officio member, as otherwise appointed by the City.

B. Members of the Board must be citizens of the United States and must either reside inside the corporate limits of the City or inside the area served by the System. No person who is related within the second degree of consanguinity or affinity (or as further restricted by the City’s Home Rule Charter) to any Member of the Board or any member of the City Council shall be eligible for appointment as a Member of the Board. The term of office of each Member of the Board shall be four (4) years. All terms shall commence on a June 1 and shall terminate on May 31 four years later; provided, however, in the event a replacement for a Member has not been named by the City Council prior to the expiration of such Member’s term, such Member shall serve until such Member’s successor shall be appointed, and such successor’s term shall terminate on May 31st of the year in which such term normally would have terminated if the City Council had appointed such successor prior to the termination of such Member’s term. No person who has served as a Member of the Board for a total of two (2) terms shall be eligible for appointment as a Member of the Board. Any Member who is appointed to the Board to serve out an unexpired portion of another Member’s term shall not be considered to have served a term unless the unexpired portion of the term so served is two (2) years or more.

C. Removal of residence from the area served by the System by any Member of the Board shall vacate such person’s office as a Member of the Board, and any Member of the Board (other than the Mayor of the City) who shall be continuously absent from all meetings of the Board for a period of four (4) consecutive months shall, unless such person has requested and been granted leave of absence by the unanimous vote of the remaining Members of the Board, be considered to have vacated such person’s office as a Member of the Board.

D. All vacancies in membership on the Board, whether occasioned by failure or refusal of any person to accept appointment or by resignation, failure to continue to qualify to serve, expiration of term of office, or otherwise, shall be filled by majority vote of all members of the City Council then holding office. Any Member of the Board other than the Mayor of the City may, by a two thirds (2/3) vote of all members of the City Council then holding office, be removed from office, with or without cause. For purposes of this Section 41, the term members of the City Council then holding office shall be the number of persons authorized from time to time by the City’s Home Rule Charter to be members of the City Council, whether or not all such positions are filled at any particular time.

E. Except as otherwise specifically provided in this Ordinance, the Board shall have absolute and complete authority and power to control, manage, and operate the System and shall control the expenditure and application of the Gross Revenues of the System pursuant to this Ordinance. In connection with the control, management, and operation of the System and the expenditure and application of the Gross Revenues therefrom, the Board shall be vested with all of the powers of the City with respect thereto, including all powers necessary or appropriate for the performance of all the covenants, undertakings, and agreements of the City contained in this Ordinance, and, with the exception of fixing rates and charges for service rendered by the System, shall have full power and authority to make rules and regulations governing the furnishing of services of the System to customers and for the payment of the same, and for the discontinuance of such services upon failure of customers to pay therefor and, to the extent authorized by law and by this Ordinance, shall have authority to make extensions, improvements, and additions to the System and to acquire by purchase or otherwise properties

of every kind in connection therewith. The operational policies of the Board shall parallel those of the City Council insofar as practicable.

F. The Board shall determine the rates, fees, and charges for services rendered and to be rendered by the System, with due consideration being accorded to the terms, covenants, and conditions contained in this Ordinance and the ordinances authorizing the issuance of any Additional Senior Lien Obligations. In the event any such determination reflects a necessity for the adjustment either by an increase or a reduction of such rates, fees, and charges, then the Board shall submit to the City Council a full report of the basis upon which such proposed adjustment is predicated, accompanied by a formal request from the Board for approval and adoption of the rates, fees, and charges recommended by the Board. If the City Council approves the adjustment thus recommended by the Board, it shall pass an appropriate ordinance placing such adjusted rates, fees, and charges in effect; provided, however, that the rates, fees, and charges for services rendered by the System shall never be reduced in such amounts as will impair the performance of any of the covenants contained in this Ordinance or in any ordinance authorizing the issuance of any Additional Senior Lien Obligations.

G. The Mayor, with the concurrence of the City Council, annually shall appoint one of the other Members of the Board as the Chairman of the Board. The Board annually shall elect one of its Members as Vice Chairman of the Board and shall appoint a Secretary and an Assistant Secretary, either or both of whom may, but need not be, a Member or Members of the Board. If a Member of the Board is not appointed as Secretary or Assistant Secretary, then an employee or employees of the Board may be so appointed. The Board may adopt rules for the orderly conduct of its meetings. The Board shall manage and conduct the affairs of the System in a manner consistent with practices ordinarily employed by the boards of directors of private utility corporations operating properties of a similar nature and with the same degree of prudence. The Board shall have at least one meeting monthly. All meetings of the Board shall be open to the public in accordance with the requirements of Chapter 551, as amended, Texas Government Code. The Board is authorized to adopt rules of procedure and standards of conduct for persons attending and participating in its meetings and any public hearings conducted by or on behalf of the Board.

H. The Board shall appoint and employ all officers, employees, and professional consultants which it may deem desirable, including, without limitation, a chief executive officer of the System, attorneys, auditors, engineers, architects, and other advisers; provided, however, that the City Attorney shall be the chief legal adviser of the Board. The selection of additional attorneys shall be made in consultation with the City Attorney, but the decision of the Board shall be final. The Board may delegate administrative duties and authority to its employees and consultants. No officer or employee of the Board may be employed who shall be related within the second degree of consanguinity or affinity (or as further restricted by the City's Home Rule Charter) to any Member of the Board or any member of the City Council.

I. The Board shall obtain and keep continually in force an employees' fidelity and indemnity bond ("blanket" form), or its equivalent, written by a solvent and recognized insurer and covering losses to the amount of not less than One Hundred Thousand Dollars (\$100,000.00).

J. The Board shall make such provision for an employee retirement plan or pensions for employees of the Board as it may in its discretion determine. The Board may continue in existence the retirement plans in effect on the date of adoption of the ordinance authorizing the issuance of the Series 1992 Bonds for the Waterworks System, the Wastewater Department of the City, and the Water Reuse Department of the City and may change the same from time to time as it may determine. The title to and ownership of funds set aside in accordance with an employee retirement plan shall be held in trust for the benefit of the members of such pension plan.

K. The Members of the Board, other than the Mayor of the City shall each receive annual compensation in the amount of \$2,500.00 or such additional amount as may be determined from time to time by the City Council. The Members of the Board shall be entitled to payment by the Board of their reasonable and necessary expenses for the discharge of their duties.

L. The Members of the Board shall not be personally liable, either individually or collectively, for any act or omission in the performance of their duties as Members of the Board not willfully fraudulent or in bad faith. The Board may authorize the use of Board funds to provide defense for its Members or its employees for civil actions brought against them for any such acts and may hold such Members and employees harmless from any damages awarded against them in any civil action.

M. The City Manager, or the City Manager's designee, shall be authorized to attend meetings of the Board, and the Board shall provide the City Manager with notice of such meetings in the same manner that such notice is given by the Board to its Members.

N. The Board when expending funds for improvements and materials and supplies shall be governed by the then current provisions of applicable City policy and the laws of the State of Texas relating to notices to bidders, advertisement thereof, requirements as to the taking of sealed bids based upon specifications for such improvements or purchase, the furnishing of surety bonds by contractors, and the manner of letting contracts.

O. The City Council reserves the right to require the Board, at the System's expense and payable from the Renewal and Replacement Fund, to conform its installations in the streets, alleys, and public ways of the City to any changes created by City construction projects; provided, however, such City ordered relocation of System facilities at System expense shall be limited, in any Fiscal Year, to an amount not to exceed 5% of the Board's annual budget for Maintenance and Operating Expenses in such Fiscal Year. Relocation costs exceeding such 5% limitation shall be funded through direct payment of such excess costs by the City, through payment to the Board of such excess cost by the City, or through the issuance of Debt.

P. No Member of the Board, or any officer, agent, or employee of the Board shall have a financial interest, direct or indirect, in any contract with the Board or shall be financially interested, directly or indirectly, in the sale to the Board of any land, materials, supplies, or services except on behalf of the Board as an officer or employee or as permitted by the provisions of Chapter 171, as amended, Local Government Code, or any other similar general Texas law in effect from time to time, or the City's Home Rule Charter, whichever is most restrictive.

Q. The Board shall prepare an annual budget to serve as a tool in controlling and administering the management and operation of the System. The annual budget shall reflect an estimate of Gross Revenues and an estimate of the disposition of these revenues in accordance with the funds flow requirements of this Ordinance. The annual budget shall be presented and approved by the Board at least sixty (60) days prior to the beginning of the Board's Fiscal Year. Immediately following approval of the annual budget by the Board, it shall be submitted to the City Council for review and consultation. The Board may subsequently modify its approved budget by giving notice thereof to the City.

R. The Board shall prepare and administer, and may amend from time to time, a master plan for the System (the Master Plan), addressing the water resource and capital improvement projects required to accommodate the projected growth and development of the service area of the System. The Master Plan (and any amendment thereof) shall be approved by the Board and submitted for consideration

and approval by the City Council in accordance with applicable provisions of the City's Home Rule Charter then in effect..

S. The Board shall provide the City Council with a complete briefing on any matter of litigation which is being contemplated involving the Board as a plaintiff against the City or any of its agencies, and City Council approval shall be obtained by the Board prior to the formal initiation of any such matter of litigation. Unless the City Attorney recommends City Council approval with respect to a particular matter of litigation proposed to be initiated by the Board, all other matters of litigation initiated by the Board may be approved by the Board without approval of the City Council.

T. The Board shall establish an appeals process for disciplinary actions involving its employees. An appeals committee composed of at least three (3) persons who are neither employees nor Members of the Board shall be appointed by the Board, and such committee shall operate under rules established by the Board from time to time. Such committee shall make recommendations to the chief executive officer of the System, with the final determination concerning disposition of a disciplinary action being made by the chief executive officer of the System. The Board shall further establish Equal Employment Opportunity and Affirmative Action programs in compliance with applicable federal and State of Texas guidelines. All personnel policies established by the Board shall parallel those of the City in effect from time to time insofar as practicable.

U. During each Fiscal Year, the Board shall prepare and formally present to the City Council a minimum of two (2) reports regarding the status of water resource planning and development, other water related issues being undertaken or contemplated by the Board, and other matters previously requested by the City Council.

V. The City Council reserves the right, by ordinance, to abolish the Board and thereafter transfer control, maintenance, and operation of the System to a department of the City in accordance with the provisions of the laws of the State of Texas and the City's Home Rule Charter. The City Council may so abolish the Board at any regular or special meeting of the City Council upon the affirmative vote of 3/4 of the members of the City Council then holding office. Such vote must be preceded by at least two (2) public hearings conducted by the City Council at least 30 days apart. Notice of such public hearings and the subject matter to be discussed shall be published at least one (1) time prior to each such hearing in a newspaper of general circulation within the City at least 15 days prior to the hearing. Such hearings may be conducted at a regular or special meeting of the City Council or in some other location designated by the City Council, and the calling of such hearings and the authorization of the publication of such notices may be by majority vote of all members of the City Council then holding office at any regular or special meeting of the City Council. The ordinance abolishing the Board shall name the effective date of the abolition of the Board and the transfer of maintenance, control, and operation of the System to the City. By the same procedure, the City Council may subsequently reconstitute the Board and thereafter transfer control, maintenance, and operation of the System to such Board as otherwise set forth in this Ordinance.

* * * *

APPENDIX E

ORIGINAL OPINION OF ORIGINAL CO-BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

Fulbright & Jaworski LLP
300 Convent Street, Suite 2100
San Antonio, Texas 78205

LM Tatum, PLLC
111 Soledad, Suite 902
San Antonio, Texas 78205

APR 30 2014

FINAL

IN REGARD to the authorization and issuance of the “City of San Antonio, Texas Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2014B (No Reserve Fund)” (the *Bonds*), dated April 1, 2014, in the aggregate principal amount of \$100,000,000 we have reviewed the legality and validity of the issuance thereof by the City of San Antonio, Texas (the *City*). The Bonds are issuable in fully registered form only, in denominations of \$5,000 or any integral multiple thereof, and have a Stated Maturity of May 1, 2044, unless optionally or mandatorily redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Bonds. Interest on the Bonds accrues from the dates, at the rates, in the manner, and is payable on the dates, all as provided in the ordinance (the *Ordinance*) authorizing the issuance of the Bonds. Capitalized terms used herein without definition shall have the meaning ascribed thereto in the Ordinance.

WE HAVE SERVED AS BOND COUNSEL for the City solely to pass upon the legality and validity of the issuance of the Bonds under the laws of the State of Texas, the defeasance and discharge of the City’s obligations being refunded by certain proceeds of the Bonds, and with respect to the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes and for no other purpose. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City or the City’s utility system and have not assumed any responsibility with respect to the financial condition or capabilities of the City or the disclosure thereof in connection with the sale of the Bonds. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Bonds. Our role in connection with the City’s Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

WE HAVE EXAMINED the applicable and pertinent laws of the State of Texas and the United States of America. In rendering the opinions herein we rely upon (1) original or certified copies of the proceedings of the City Council of the City in connection with the issuance of the Bonds, including the Ordinance, the Paying Agent/Registrar Agreement between the City and U.S. Bank National Association, Dallas, Texas, and the Escrow Deposit Letter (the *Escrow Agreement*) between the City and U.S. Bank National Association, Dallas, Texas, as escrow agent (the *Escrow Agent*), the Remarketing Agreement between the City and Jefferies LLC, New York, New York, as remarketing agent (the *Remarketing Agent*), and the special report (the *Report*) of Grant Thornton LLP, Minneapolis, Minnesota (the *Verification Agent*), of the sufficiency of cash and investments deposited with the Escrow Agent; and a resolution adopted by the Board of Trustees (the *Board*) of the San Antonio Water System (*SAWS*); (2) customary certifications and opinions of officials of the City and SAWS; (3) certificates executed by officers of the City and SAWS relating to the expected use and investment of proceeds of the Bonds and certain other funds of the City and SAWS, and to certain other facts within the knowledge and control of the City and SAWS; and (4) such other documentation, including an examination of the Bond executed and delivered initially by the City, and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements and information contained in such certificates. We express no opinion concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

Legal Opinion of Fulbright & Jaworski LLP of San Antonio, Texas, a member of Norton Rose Fulbright, and LM Tatum, PLLC in connection with the authorization and issuance of “CITY OF SAN ANTONIO, TEXAS WATER SYSTEM VARIABLE RATE JUNIOR LIEN REVENUE AND REFUNDING BONDS, SERIES 2014B (NO RESERVE FUND)”

BASED ON OUR EXAMINATION, IT IS OUR OPINION that the Escrow Agreement has been duly authorized, executed, and delivered by the City and, assuming due authorization, execution, and delivery thereof by the Escrow Agent, is a valid and binding obligation, enforceable in accordance with its terms (except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity), and that the outstanding obligations refunded and to be discharged, paid, and retired with certain proceeds of the Bonds are regarded as being outstanding for purposes of the ordinance authorizing their issuance only for the purpose of receiving payment from the funds held in trust with the Escrow Agent, pursuant to the Escrow Agreement, and in accordance with the provisions of Chapter 1207, as amended, Texas Government Code. In rendering this opinion, we have relied upon the Report of the Verification Agent as to the sufficiency of cash and investments pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

BASED ON OUR EXAMINATION, IT IS FURTHER OUR OPINION that the Bonds have been duly authorized and issued in conformity with the laws of the State of Texas now in force and that the Bonds are valid and legally binding special obligations of the City enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity. The Bonds are payable from and equally and ratably secured, together with the currently outstanding Junior Lien Obligations, solely by a lien on and pledge of the Net Revenues, derived from the operation of the System that is junior and inferior to the lien thereon and pledge thereof securing the payment of the currently outstanding Senior Lien Obligations and any Additional Senior Lien Obligations hereafter issued by the City, but prior and superior to the lien thereon and pledge thereof securing the payment of the currently outstanding Subordinate Lien Obligations and any Additional Subordinate Lien Obligations or Inferior Lien Obligations hereafter issued by the City. The Bonds are issued as Junior Lien Obligations—No Reserve Fund and, as such, are not additionally secured by a lien on and pledge of the Reserve Fund. In the Ordinance, the City retains the right to issue Additional Senior Lien Obligations, Additional Junior Lien Obligations, Additional Subordinate Lien Obligations, and Inferior Lien Obligations, without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise. The Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the City or SAWS, except with respect to the Net Revenues. The holders of the Bonds shall never have the right to demand payment of the Bonds out of any funds raised or to be raised by taxation.

IT IS FURTHER OUR OPINION THAT, assuming continuing compliance after the date hereof by the City and the Board with the provisions of the Ordinance and in reliance upon the Report of the Verification Agent as to the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement and upon the representations and certifications of the City and SAWS made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, under existing statutes, regulations, published rulings, and court decisions (1) interest on the Bonds will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the *Code*), of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code and (2) interest on the Bonds will not be

Legal Opinion of Fulbright & Jaworski LLP of San Antonio, Texas, a member of Norton Rose Fulbright, and LM Tatum, PLLC in connection with the authorization and issuance of “CITY OF SAN ANTONIO, TEXAS WATER SYSTEM VARIABLE RATE JUNIOR LIEN REVENUE AND REFUNDING BONDS, SERIES 2014B (NO RESERVE FUND)”

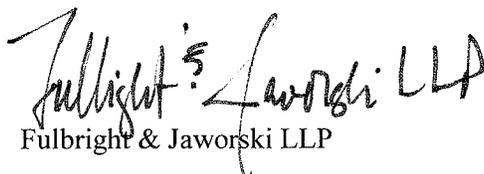
included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations.

WE CALL YOUR ATTENTION TO THE FACT THAT, with respect to our opinion in clause (2) above, interest on all tax-exempt obligations, such as the Bonds, owned by a corporation will be included in such corporation’s adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a mutual fund, a financial asset securitization investment trust, a real estate mortgage investment conduit, or a real estate investment trust. A corporation’s alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

WE EXPRESS NO OPINION concerning the effect on excludability of interest of subsequent action which under the terms of the Ordinance may be taken only upon receipt of an opinion of counsel of nationally recognized standing in the field of municipal bond law.

WE EXPRESS NO OTHER OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.


Fulbright & Jaworski LLP


LM Tatum, PLLC

[THIS PAGE INTENTIONALLY LEFT BLANK]

