

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Agreement") is made and entered into as of April __, 2020, by and between the City of New Braunfels, Texas, acting by and through New Braunfels Utilities (the "Issuer") and Zions Bancorporation, National Association, Amegy Bank Division, a banking association organized and existing under the laws of the United States of America, or its successors or assigns hereunder, as escrow agent (the "Escrow Agent").

W I T N E S S E T H :

WHEREAS, the Issuer has heretofore issued, sold and delivered, and there is currently outstanding obligations of the following issue, to wit: "City of New Braunfels, Texas, Utility System Revenue and Refunding Bonds, Series 2012," dated October 1, 2012 and scheduled to mature on July 1 in each of the years 2021 through 2037, inclusive, and aggregating in the principal amount of \$18,965,000 (the "Refunded Obligations"); and

WHEREAS, in accordance with the provisions of Texas Government Code, Chapter 1207, as amended (the "Act"), the Issuer is authorized to sell refunding bonds in an amount sufficient to provide for the full and complete payment of obligations, deposit the proceeds of such refunding bonds with any place of payment for the obligations being refunded, or other authorized depository, and enter into an escrow or similar agreement with such place of payment for the safekeeping, investment, reinvestment, administration and disposition of such deposit, upon such terms and conditions as the parties may agree; and

WHEREAS, the Issuer on April 13, 2020, pursuant to an ordinance duly passed and adopted by the City Council of the Issuer and a pricing certificate executed pursuant to such ordinance (collectively, the "Ordinance"), authorized the issuance of bonds known as "City of New Braunfels, Texas, Utility System Revenue Refunding and Improvement Bonds, Series 2020, dated May 1, 2020 (the "Bonds"), and such Bonds are being issued in part to refund, discharge and make final payment of the principal of and interest on the Refunded Obligations; and

WHEREAS, proceeds of sale of the Bonds are to be deposited with the Escrow Agent under this Agreement, which deposit of funds will be sufficient to pay the Refunded Obligations in full on July 1, 2020 (the "Payment Date");

NOW, THEREFORE, in consideration of the mutual agreements herein contained and the payment to the Escrow Agent of the amounts provided in Section 11 hereof, and to secure the payment of the principal of and the interest on the Refunded Obligations, the Issuer and the Escrow Agent hereby agree as follows:

SECTION 1: There is hereby created by the Issuer and the Escrow Agent a special segregated and irrevocable trust fund designated "CITY OF NEW BRAUNFELS, TEXAS, UTILITY SYSTEM REVENUE REFUNDING AND IMPROVEMENT BONDS SERIES 2020 ESCROW FUND" (the "Escrow Fund") for the benefit of the holders of the Refunded Obligations, and, immediately following the delivery of the Bonds, the Issuer agrees and covenants to cause to be deposited with the Escrow Agent for the credit of the Escrow Fund the sum of \$_____.

The Escrow Agent agrees to establish such Escrow Fund and further agrees to receive said moneys, apply the same as set forth herein, and to hold the cash and investments, if any, deposited and credited to the Escrow Fund for application and disbursement to the paying agent

for the Refunded Obligations for the payment and redemption of the Refunded Obligations on the Payment Date.

SECTION 2: The Issuer represents that the cash deposited to the credit of the Escrow Fund will be sufficient to pay and redeem in full all the Refunded Obligations on the Payment Date.

SECTION 3: The Escrow Agent agrees that all cash and/or investments held in the Escrow Fund shall constitute dedicated interest and sinking funds for the payment of the principal of and interest on the Refunded Obligations which will become due on and after the date of this Agreement, and such funds deposited in the Escrow Fund shall be applied solely in accordance with the provisions of this Agreement.

SECTION 4: If, for any reason, the funds on hand in the Escrow Fund shall be insufficient to pay the redemption price of the Refunded Obligations on the Payment Date, the Issuer shall make deposits to the Escrow Fund, from lawfully available funds, of additional funds in the amounts required to make such payment. Notice of any such insufficiency shall be immediately given by the Escrow Agent to the Issuer by the fastest means possible, but the Escrow Agent shall in no manner be responsible for the Issuer's failure to make such deposit.

SECTION 5: The deposit covered by this Agreement shall constitute firm banking arrangements to insure payment of the Refunded Obligations and such deposit is collateralized to insure against any loss or diminution by virtue of any action of the Escrow Agent or as a result of its lack of financial integrity and such deposit, if not invested pursuant to Section 8 hereof, will be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation.

SECTION 6: The Escrow Agent shall, without further direction from anyone, including the Issuer, cause to be withdrawn from the Escrow Fund the amount required to pay the principal and accrued interest on the Refunded Obligations due and payable on the Payment Date and the amounts withdrawn from the Escrow Fund shall be immediately transmitted and deposited with the paying agent for the Refunded Obligations to be paid with such amounts. The paying agent for the Refunded Obligations is Wilmington Trust, National Association. The Escrow Agent does not act as a depository of the Issuer.

SECTION 7: The Escrow Agent shall have no lien whatsoever upon any of the moneys in the Escrow Fund for payment of services rendered hereunder or for any costs or expenses incurred hereunder and reimbursable from the Issuer.

SECTION 8: Pending the disbursement of moneys held in the Escrow Fund, amounts deposited to the credit of the Escrow Fund may be invested at the direction of the Issuer in direct obligations of the United States of America which mature on or before the Payment Date and are not subject to prior redemption. All earnings realized from the investment of such funds will be remitted to the Issuer immediately following the receipt thereof by the Escrow Agent. No investment of funds deposited to the credit of the Escrow Fund shall be made on or after the Payment Date of the Refunded Obligations. Except as authorized and permitted in this Section, neither the Issuer nor the Escrow Agent shall invest any moneys deposited in the Escrow Fund.

SECTION 9: The City agrees to pay the Escrow Agent for the performance of services hereunder and as reimbursement for anticipated expenses to be incurred hereunder the amount of \$_____ and, except for reimbursement of costs and expenses incurred by the Escrow Agent pursuant to Section 10 hereof, the Escrow Agent hereby agrees said amount is full and complete payment for the administration of this Agreement.

The Issuer agrees to cause to be deposited with the Escrow Agent on the effective date of this Agreement, the sum of \$_____, which represents the amount due Wilmington Trust, National Association as paying agent for the Refunded Obligations and the Escrow Agent agrees to transmit such amount to Wilmington Trust, National Association in accordance with the Issuer's instructions.

The Escrow Agent shall not be responsible for any recital herein, except with respect to its organization, its powers and authority and to the safety and security of the deposit of funds to be made by the Issuer hereunder. As to the existence or nonexistence of any fact relating to the Issuer or as to the sufficiency or validity of any instrument, paper or proceedings relating to the Issuer, the Escrow Agent shall be entitled to rely upon a certificate signed on behalf of the Issuer by the City Secretary as sufficient evidence of the facts therein contained. The Escrow Agent may accept a certificate of the City Secretary under the Issuer's seal, to the effect that an ordinance or other instrument in the form therein set forth has been adopted by the City Council of the Issuer, as conclusive evidence that such ordinance or other instrument has been duly adopted and is in full force and effect.

The duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Agreement and the Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent.

To the extent permitted by law, the Issuer agrees to indemnify the Escrow Agent for, and hold it harmless against, any loss, liability or expense incurred by the Escrow Agent without negligence or bad faith on the Escrow Agent's part, arising out of or in connection with its acceptance or administration of the Escrow Agent's duties hereunder, including the cost and expense (including the Escrow Agent's counsel fees) of defending against any claim or liability in connection with the exercise or performance of any of the Escrow Agent's power or duties under this Agreement.

In the absence of bad faith on the part of the Escrow Agent, the Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Escrow Agent, conforming to the requirements of this Agreement; but notwithstanding any provision of this Agreement to the contrary, in the case of any such certificate or opinion or any evidence which by any provision hereof is specifically required to be furnished to the Escrow Agent, the Escrow Agent shall be under a duty to examine the same to determine whether it conforms on its face to the requirements of this Agreement.

The Escrow Agent shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Escrow Agent unless it shall be proved that the Escrow Agent was negligent in ascertaining or acting upon the pertinent facts. The Escrow Agent shall not be responsible or liable to any person in any manner whatever for the sufficiency, correctness, genuineness, effectiveness, or validity of the deposits made pursuant to this Agreement, or for

the form or execution thereof, or for the identity or authority of any person making or executing such deposits.

The term "Responsible Officers" of the Escrow Agent, as used in this Agreement, shall mean and include the Chairman of the Board of Directors, the President, any Vice President and any Second Vice President, the Secretary and any Assistant Secretary, the Treasurer and any Assistant Treasurer, and every other officer and assistant officer of the Escrow Agent customarily performing functions similar to those performed by the persons who at the time shall be officers, respectively, or to whom any corporate trust matter is referred, because of his knowledge of and familiarity with a particular subject; and the term "Responsible Officer" of the Escrow Agent, as used in this Agreement, shall mean and include any of said officers or persons.

SECTION 10: This Agreement is between the Issuer and the Escrow Agent only and in connection therewith the Escrow Agent is authorized by the Issuer to rely upon the representations of the Issuer with respect to this Agreement and the deposits made pursuant hereto and as to this Issuer's right and power to execute and deliver this Agreement, and the Escrow Agent shall not be liable in any manner as a result of such reliance. The duty of the Escrow Agent hereunder shall only be to the Issuer and the holders of the Refunded Obligations. In the event conflicting demands or notices are made upon the Escrow Agent growing out of or relating to this Agreement or the Escrow Agent in good faith is in doubt as to what action should be taken hereunder, the Escrow Agent shall have the right at its election to:

(a) Withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and

(b) File a suit in interpleader and obtain an order from a court of appropriate jurisdiction in the State of Texas requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves.

In the event the Escrow Agent becomes involved in litigation in connection with this Section, the Issuer, to the extent permitted by law, agrees to indemnify and save the Escrow Agent harmless from all loss, cost, damages, expenses and attorney fees suffered or incurred by the Escrow Agent as a result thereof. The obligations of the Escrow Agent under this Agreement shall be performable at the principal corporate office of the Escrow Agent in the City of Austin, Texas.

The Escrow Agent may advise with legal counsel in the event of any dispute or question regarding the construction of any of the provisions hereof or its duties hereunder, and in the absence of negligence or bad faith on the part of the Escrow Agent, no liability shall be incurred by the Escrow Agent for any action taken pursuant to this Section and the Escrow Agent shall be fully protected in acting in accordance with the opinion and instructions of legal counsel that is knowledgeable and has expertise in the field of law addressed in any such legal opinion or with respect to the instructions given.

SECTION 11: Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

SECTION 12: Following the final payment of the Refunded Obligations, the Escrow Agent shall forward by letter to New Braunfels Utilities, to the attention of the Chief Executive Officer, or

other designated official of New Braunfels Utilities, a final accounting statement with respect to the payment and discharge of the Refunded Obligations.

SECTION 13: Any notice, order, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid, addressed as follows:

CITY OF NEW BRAUNFELS, TEXAS
c/o NEW BRAUNFELS UTILITIES
263 E. Main Plaza
New Braunfels, Texas 78131
Attention: Chief Executive Officer

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
Amegy Bank Division
1801 Main Street, Suite 1190
Houston, Texas 77002
Attention: Corporate Trust

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery.

Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

SECTION 14: Whenever under the terms of this Agreement the performance dates of any provision hereof, including the dates of maturity of interest on or principal of the Refunded Obligations, shall be a Sunday or a legal holiday or a day on which the Escrow Agent is authorized by law to close, then the performance thereof, including the payment of principal of and interest on the Refunded Obligations, need not be made on such dates but may be performed or paid, as the case may be, on the next succeeding business day of the Escrow Agent with the same force and effect as if made on the dates of performance or payment and with respect to a payment, no interest shall accrue for the period after such dates.

SECTION 15: The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in any and every said Refunded Obligation as executed, authenticated and delivered and in all proceedings pertaining thereto as said Refunded Obligations shall have been modified as provided in this Agreement. The Issuer covenants that it is duly authorized under the Constitution and laws of the State of Texas to execute and deliver this Agreement, that all actions on its part for the payment of said Refunded Obligations as provided herein and the execution and delivery of this Agreement have been duly and effectively taken and that said Refunded Obligations in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof as provided in this Agreement.

SECTION 16: If any one or more of the covenants or agreements provided in this Agreement on the part of the parties to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 17: This Agreement shall terminate either (i) when the Refunded Obligations and coupons, if any, appertaining thereto have been paid and discharged in accordance with the provisions of this Agreement or (ii) at the expiration of three (3) years after the Payment Date, whichever circumstance shall first occur. Subject to applicable unclaimed property laws of the State, moneys held in the Escrow Fund at the termination of this Agreement shall be remitted and transferred to the Issuer.

SECTION 18: Neither the Issuer nor the Escrow Agent shall assign or attempt to assign or transfer any interest hereunder or any portion of any such interest. Any such assignment or attempted assignment shall be in direct conflict with this Agreement and be without effect.

SECTION 19: Any corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion, or consolidation to which the Escrow Agent shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent under this Agreement without the execution or filing of any paper or any further act on the part of either parties hereto.

SECTION 20: This Agreement shall inure to the benefit of and be binding upon the Escrow Agent and the Issuer and their respective successors.

(a) Should the Escrow Agent not be able to legally serve or perform the duties and obligations under this Agreement, or should the Escrow Agent be declared to be insolvent or closed for any reason by federal or state regulatory authorities or a court of competent jurisdiction, the Issuer, upon being notified or discovering the Escrow Agent's inability or disqualification to serve hereunder, shall forthwith appoint a successor to replace the Escrow Agent, and upon being notified of such appointment, the Escrow Agent shall (i) transfer all funds and securities held hereunder, together with all books, records and accounts relating to the Escrow Fund and the Refunded Obligations, to such successor and (ii) assign all rights, duties and obligations under this Agreement to such successor. If the Issuer should fail to appoint such a successor within ninety (90) days from the date the Issuer discovers, or is notified of, the event or circumstance causing the Escrow Agent's inability or disqualification to serve hereunder, the Escrow Agent, or a bondholder of the Refunded Obligations, may apply, at the expense of the Issuer, to a court of competent jurisdiction to appoint a successor or assigns of the Escrow Agent and such court, upon determining the Escrow Agent is unable to continue to serve, shall appoint a successor to serve under this Agreement and the amount of compensation, if any, to be paid to such successor for the remainder of the term of this Agreement for services to be rendered for administering the Escrow Fund.

(b) Furthermore, the Escrow Agent may resign and be discharged from performing its duties and responsibilities under this Agreement upon notifying the Issuer in writing of its intention to resign and requesting the Issuer to appoint a successor. No such resignation shall take effect until a successor has been appointed by the Issuer and such successor has accepted such appointment and agreed to perform all duties and obligations hereunder for a total compensation equal to the unearned proportional amount paid the Escrow Agent under Section 9 hereof for the administration of this Agreement.

Any successor to the Escrow Agent shall be a bank, trust company or other financial institution that is duly qualified under applicable law (the Act, or other appropriate statute) to serve as escrow agent hereunder and authorized and empowered to perform the duties and obligations contemplated by this Agreement and organized and doing business under the laws of the United

States or the State of Texas, having its principal office and place of business in the State of Texas, having a combined capital and surplus of at least \$50,000,000 and be subject to the supervision or examination by Federal or State authority.

Any successor or assigns to the Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent, or its successor or assigns, an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor, subject to the terms of this Agreement, all the rights, powers and trusts created and established and to be performed under this Agreement. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties. The term "Escrow Agent" as used herein shall be the Escrow Agent and its legal assigns and successor hereunder.

SECTION 21: The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Escrow Agent understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

SECTION 22: The Escrow Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Escrow Agent and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Escrow Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

SECTION 23: This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 24: None of the provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur and liability, financial or otherwise, in the performance of its duties hereunder.

SECTION 25: This Agreement shall be governed by the laws of the State of Texas.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF NEW BRAUNFELS, TEXAS
(acting by and through New Braunfels Utilities)

Chief Executive Officer

Chief Financial Officer

[signature page to Escrow Agreement – signatures continue on next page]

ZIONS BANCORPORATION, NATIONAL ASSOCIATION
as Escrow Agent

By: _____

Title: _____
Amegy Bank Division

ATTEST:

Title: _____

[signature page to Escrow Agreement]