

ORDINANCE NO. 2026-\_\_

AN ORDINANCE authorizing the issuance of "CITY OF NEW BRAUNFELS, TEXAS, UTILITY SYSTEM REVENUE BONDS, TAXABLE SERIES 2026A (TEXAS WATER DEVELOPMENT BOARD - DRINKING WATER STATE REVOLVING FUND LEAD SERVICE LINE REPLACEMENT PROGRAM)"; pledging the net revenues of the City's Waterworks, Sanitary Sewer and Electric Light and Power Systems to the payment of the principal of and interest on said bonds; specifying the terms and conditions of such bonds; resolving other matters incident and related to the issuance, payment, security, sale and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement and an Escrow Agreement; and providing an effective date.

WHEREAS, pursuant to an application filed with the Texas Water Development Board (the "Board"), the City of New Braunfels, Texas (the "City") has received a loan commitment from the Board for financial assistance in the amount of \$490,000 to finance the planning, design and construction of certain water system improvements, and such financial assistance is to be evidenced by the Board's purchase of \$490,000 of bonds payable from a pledge of and first lien on the Net Revenues (as herein defined) of the City's System (as defined herein); and

WHEREAS, pursuant to the authority granted to the City by Texas Government Code, Chapter 1502, as amended, the City Council of the City (the "City Council") further finds and determines that \$490,000 in principal amount of revenue bonds should be issued and sold at this time for the planning, design and construction of certain water system improvements; and

WHEREAS, in the ordinances authorizing the Previously Issued Bonds (as hereinafter defined), the City reserved the right to issue additional bonds on a parity therewith, payable from and equally secured by a first lien on and pledge of the net revenues of the System, but only pursuant to and subject to the covenants, conditions, limitations and restrictions contained in the ordinances authorizing said bonds; and

WHEREAS, the City Council hereby further finds and determines that all of such revenue bonds can and should be issued on a parity with the outstanding and unpaid revenue bonds of the City (hereinafter called and defined as "Previously Issued Bonds") payable from and secured by a parity lien on and pledge of the Net Revenues of the System in that (i) the Chief Executive Officer of the System (as hereinafter defined) will execute a certificate stating (a) that, to the best of his knowledge and belief, the City is not now in default as to any covenant, obligation or agreement contained in any ordinance or other proceeding 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 (b) 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 made and the amounts on deposit in such special funds or accounts are the amounts now required to be on deposit therein; (ii) the bonds herein authorized shall be scheduled to mature as to principal on July 1 in each year; (iii) the City has secured or can secure a certificate or opinion of a Certified Public Accountant to the effect that, according to the books and records of the City, the "Net Earnings" of the System, for the last completed Fiscal Year, are at least equal to 1.40 times the average annual requirement for the payment of principal of and interest on all outstanding "Bonds Similarly Secured" (hereinafter defined) after giving effect to the issuance of the bonds herein being issued and (iv) this ordinance shall provide for (a) additional amounts to be deposited in the "Bond Fund" to pay principal and

interest on the bonds herein authorized and (b) the amount to be accumulated in the Reserve Fund to be equal to not less than the average annual requirement for the payment of principal of and interest on all “Bonds Similarly Secured” to be outstanding after the issuance of the bonds herein authorized and any additional amount to be maintained therein shall be accumulated within 60 months from the date of the bonds herein authorized are delivered; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NEW BRAUNFELS, TEXAS:

SECTION 1: Authorization - Designation- Principal Amount-Purpose. Revenue bonds of the City shall be and are hereby authorized to be issued in the aggregate principal of \$490,000, to be designated and bear the title “CITY OF NEW BRAUNFELS, TEXAS, UTILITY SYSTEM REVENUE BONDS, TAXABLE SERIES 2026A (TEXAS WATER DEVELOPMENT BOARD - DRINKING WATER STATE REVOLVING FUND LEAD SERVICE LINE REPLACEMENT PROGRAM)” (hereinafter referred to as the “Bonds”), for the purpose of providing funds for (i) financing the costs of planning, design and construction of certain water system improvements, and (ii) paying costs of issuance, in conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapter 1502, as amended.

SECTION 2: Fully Registered Obligations - Bond Date - Authorized Denominations - Stated Maturities - Interest Rate(s). The Bonds shall be issued as fully registered obligations only, shall be dated June 1, 2026 (the “Bond Date”), and shall be in denominations of \$5,000 or any integral multiple (within a Stated Maturity) thereof, and shall become due and payable on July 1 in each of the years and in principal amounts (the “Stated Maturities”) and bear interest at the per annum rate(s) in accordance with the following schedule:

<u>Year of Stated Maturity</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
2027	90,000	0.00
2028	100,000	0.00
2029	100,000	0.00
2030	100,000	0.00
2031	100,000	0.00

The Bonds shall bear interest on the unpaid principal amounts from the date of initial delivery of the Bonds at the per annum rates shown above (calculated on the basis of a 360-day year of twelve 30-day months) and interest on the Bonds shall be payable on January 1 and July 1 in each year until maturity, commencing July 1, 2026; provided, however, that the Bonds shall bear interest at a rate of 0% and therefor no interest will be due and payable on any Interest Payment Date.

SECTION 3: Terms of Payment-Paying Agent/Registrar. The principal of, and the interest on the Bonds, due and payable by reason of maturity shall be payable only to the registered owners or holders of the Bonds (hereinafter called the “Holders”) appearing on the registration and transfer books maintained by the Paying Agent/Registrar and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of Zions Bancorporation, National Association, \_\_\_\_\_, Texas, to serve as the initial Paying Agent/Registrar for the Bonds is hereby approved and confirmed. Books and records relating to the registration, payment, exchange and transfer of the Bonds (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided herein, in accordance with the terms and provisions of a Paying Agent/Registrar Agreement (the "Paying Agent/Registrar Agreement"), substantially in the form attached hereto as **Exhibit A**, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The City Manager or the Chief Executive Officer of the System or the Chief Financial Officer of the System are each hereby authorized to execute and deliver such Paying Agent/Registrar Agreement in connection with the delivery of the Bonds. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. 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 Holder by United States mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar initially in Salt Lake City, Utah or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the Holders whose name appears in the Security Register at the close of business on the Record Date (the 15th day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. Provided, however, while the Board is the registered owner of the Bonds, payments on the Bonds shall be made by wire transfer without expense to the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall 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 shall have the same force and effect as if made on the original date payment was due.

In the event of a nonpayment of interest on a scheduled payment date, and for thirty (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 (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

**SECTION 4: Redemption.** The Bonds are not subject to redemption prior to Stated Maturity.

**SECTION 5: Registration - Transfer - Exchange of Bonds-Predecessor Bonds.** The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each and every owner of the Bonds issued under and pursuant to the provisions of

this Ordinance, or if appropriate, the nominee thereof. Any Bond may be transferred or exchanged for Bonds of other authorized denominations by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender of any Bond (other than the Initial Bond(s) authorized in Section 8 hereof) for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bond(s) authorized in Section 8 hereof) may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds to the Holder requesting the exchange.

All Bonds issued in any transfer or exchange of Bonds shall be delivered to the Holders at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States Mail, first class, postage prepaid to the Holders, and, upon the registration and delivery thereof, the same shall be the valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu thereof pursuant to the provisions of Section 32 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

SECTION 6: Book-Entry Only Transfers and Transactions. Notwithstanding the provisions contained in Sections 3, 4 and 5 hereof relating to the payment, and transfer/exchange of the Bonds, the City hereby approves and authorizes the use of "Book-Entry Only" securities clearance, settlement and transfer system provided by The Depository Trust Company (DTC), a limited purpose trust company organized under the laws of the State of New York, in accordance with the operational arrangements referenced in the Blanket Issuer Letter of Representation, by and between the City and DTC (the "Depository Agreement").

Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC who shall hold said Bonds for its participants (the "DTC Participants"). While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Bond (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the City covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bonds to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 3, 4 and 5 hereof.

The City agrees it will not discontinue its use of the DTC Book-Entry-Only System with respect to the Bonds without prior notice to and consent from the Board while the Board is the Holder of any of the Bonds.

SECTION 7: Execution - Registration. The Bonds shall be executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or impressed thereon and countersigned by the City Secretary. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the Bond Date shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Texas Government Code, Chapter 1201, as amended.

No Bond shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 9(c), manually executed by the Comptroller of Public Accounts of the State of Texas, or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 9(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

SECTION 8: Initial Bond(s). The Bonds herein authorized shall be initially issued either (i) as a single fully registered bond in the total principal amount of this series with principal installments to become due and payable as provided in Section 2 and numbered T-1, or (ii) as multiple fully registered bonds, being one bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel

the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9: Forms.

(a) Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends on insured Bonds and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Bond as evidence of their execution. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds and the Initial Bond(s) shall be printed, lithographed, or engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof.

(b) Form of Definitive Bond.

REGISTERED  
NO. R-\_\_\_\_\_

REGISTERED  
\$\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF NEW BRAUNFELS, TEXAS  
UTILITY SYSTEM REVENUE BONDS  
TAXABLE SERIES 2026A  
(TEXAS WATER DEVELOPMENT BOARD - DRINKING WATER STATE REVOLVING FUND  
LEAD SERVICE LINE REPLACEMENT PROGRAM)

Bond Date:	Interest Rate:	Stated Maturity:	CUSIP NO.
June 1, 2026	_____ %	July 1, 20____	_____

Registered Owner: \_\_\_\_\_

Principal Amount: \_\_\_\_\_ DOLLARS

The City of New Braunfels (hereinafter referred to as the "City"), a body corporate and municipal corporation in the Counties of Comal and Guadalupe, State of Texas, for value received, hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, solely from the revenues hereinafter identified, on the Stated Maturity date specified above the Principal Amount hereinabove stated and to pay interest on the unpaid

principal amount hereof from the date of the initial delivery of the Bonds at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on January 1 and July 1 in each year, commencing July 1, 2026, until maturity; provided, however, that the Bonds shall bear interest at a rate of 0% and therefor no interest will be due and payable on any Interest Payment Date. Principal of this Bond is payable at its Stated Maturity to the registered owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. Interest is payable to the registered owner of this Bond (or one or more Predecessor Bonds, as defined in the Ordinance hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the 15th day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. All payments of principal of, premium, if any, and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall 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 shall have the same force and effect as if made on the original date payment was due.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$490,000 (herein referred to as the "Bonds"), for the purpose of providing funds for (i) the planning, design and construction of certain water system improvements, and (ii) costs of issuance, in conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapter 1502, as amended, and pursuant to an Ordinance adopted by the City Council of the City (herein referred to as the "Ordinance").

The Bonds are not subject to redemption prior to Stated Maturity.

The Bonds are special obligations of the City payable solely from, and, together with outstanding Previously Issued Bonds (identified and defined in the Ordinance), equally and ratably secured by a first lien on and pledge of the Net Revenues (as defined in the Ordinance) of the City's Waterworks, Sanitary Sewer and Electric Light and Power Systems (the "System"). The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the System, except with respect to the Net Revenues. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Subject to satisfying the terms and conditions prescribed therefor, the City has reserved the right to issue additional revenue obligations payable from, and, together with the Bonds and Previously Issued Bonds, equally and ratably secured by a parity lien on and pledge of, the Net Revenues of the System.

Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance hereof hereby assents, for definitions of terms; the description of and

the nature and extent of the security for the payment of the Bonds; the properties constituting the System; the Net Revenues pledged to the payment of the principal of and interest on the Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained therein. Capitalized terms used herein have the same meanings assigned in the Ordinance.

This Bond, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the registered owner hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, shall treat the registered owner whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal hereof at its Stated Maturity, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a scheduled payment date and for thirty (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 (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and declared that the City is a body corporate and political subdivision duly organized and legally existing under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Bonds do not exceed any Constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a pledge of the Net Revenues of the System as aforesated. In case any provision in this Bond shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be duly executed under the official seal of the City as of the Bond Date.

CITY OF NEW BRAUNFELS, TEXAS

\_\_\_\_\_  
Mayor

COUNTERSIGNED:

\_\_\_\_\_  
City Secretary

(City Seal)

(c) Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Bond(s) only.

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER ( ( REGISTER NO. \_\_\_\_\_  
OF PUBLIC ACCOUNTS ( ( \_\_\_\_\_  
THE STATE OF TEXAS ( ( \_\_\_\_\_

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this \_\_\_\_\_.

\_\_\_\_\_  
Acting Comptroller of Public Accounts  
of the State of Texas

(Seal)

(d) Form of Certificate of Paying Agent/Registrar to appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been duly issued and registered under the provisions of the within-mentioned Ordinance; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated offices of the Paying Agent/Registrar in Salt Lake City, Utah is the Designated Payment/Transfer Office for this Bond.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,  
\_\_\_\_\_, Texas, as Paying Agent/Registrar

By: \_\_\_\_\_  
Authorized Signature  
Amegy Bank Division

Registration Date:

\_\_\_\_\_

(e) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee:)  
\_\_\_\_\_  
(Social Security or other identifying number \_\_\_\_\_) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED:

\_\_\_\_\_  
Signature guaranteed:

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

(f) The Initial Bond(s) shall be substantially in the form set forth in paragraph (b) of this Section, except that the heading and first paragraph shall read as follows:

REGISTERED  
NO. T-1

REGISTERED  
\$490,000

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF NEW BRAUNFELS, TEXAS,  
UTILITY SYSTEM REVENUE BONDS  
TAXABLE SERIES 2026A  
(TEXAS WATER DEVELOPMENT BOARD - DRINKING WATER STATE REVOLVING FUND  
LEAD SERVICE LINE REPLACEMENT PROGRAM)

Bond Date:  
June 1, 2026

Registered Owner: TEXAS WATER DEVELOPMENT BOARD

Principal Amount:      FOUR HUNDRED NINETY THOUSAND DOLLARS

The City of New Braunfels (hereinafter referred to as the “City”), a body corporate and municipal corporation in the Counties of Comal and Guadalupe, State of Texas, for value received, hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, from the revenues hereinafter identified, the Principal Amount hereinabove stated on July 1 in each of the years and in principal installments in accordance with the following schedule:

<u>Year of Stated Maturity</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
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(Information to be inserted from the Section 2 hereof).

and to pay interest on the unpaid Principal Amount hereof from the date of the initial delivery of the Bonds at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on January 1 and July 1 in each year, commencing July 1, 2026, until maturity; provided, however, that the Bonds shall bear interest at a rate of 0% and therefor no interest will be due and payable on any Interest Payment Date. Principal installments of this Bond are payable in the year of maturity to the registered owner hereof by Zions Bancorporation, National Association, \_\_\_\_\_, Texas (the “Paying Agent/Registrar”), upon presentation and surrender, at its designated office initially in Salt Lake City, Utah, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the “Designated Payment/Transfer Office”). Interest is payable to the registered owner of this Bond whose name appears on the “Security Register” maintained by the Paying Agent/Registrar at the close of business on the “Record Date”, which is the 15th day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. All payments of principal of, premium, if any, and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall 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 shall have the same force and effect as if made on the original date payment was due.

SECTION 10: Definitions. For all purposes of this Ordinance and in particular for clarity with respect to the issuance of the Bonds herein authorized and the pledge and appropriation of revenues to the payment of the Bonds, the following definitions are provided:

(a) The term “Additional Bonds” shall mean the additional parity revenue obligations the City reserves the right to issue in accordance with the terms and conditions prescribed in Section 22 hereof.

(b) The term “Board of Trustees” shall mean the “Board of Trustees of the New Braunfels Utilities” which, pursuant to Texas Government Code, Section 1502.070, et seq., the Charter of the City of New Braunfels, the ordinances authorizing the issuance of the Previously

Issued Bonds and this Ordinance, is responsible for the complete management and control of the System.

(c) The term “Bonds” shall mean the “City of New Braunfels, Texas, Utility System Revenue Bonds, Taxable Series 2026A (Texas Water Development Board - Drinking Water State Revolving Fund Lead Service Line Replacement Program).”

(d) The term “Bonds Similarly Secured” shall mean the Previously Issued Bonds, the Bonds, the Series 2026 Bonds and Additional Bonds.

(e) The term “Commercial Paper Notes” shall initially mean the “City of New Braunfels, Texas, Utility System Commercial Paper Notes, Series 2019A” and “City of New Braunfels, Texas, Utility System Commercial Paper Notes, Series 2019B” in the aggregate principal amount of \$75,000,000 and upon the defeasance of the Refunded Notes and upon initial issuance, shall mean the “City of New Braunfels, Texas Utility Revenue System Commercial Paper Notes, Series 2026A and Series 2026B in the aggregate principal amount of \$125,000,000.

(f) The term “Fiscal Year” shall mean the twelve-month financial accounting period used for the operations of the System now ending on July 31 of each year; provided, however, the City Council, by passage of an ordinance, may change the Fiscal Year to another period of not less than twelve (12) calendar months.

(g) Unless otherwise provided in the Pricing Certificate, the term “Government Obligations” shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and on the date of their acquisition or purchase by the City are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas.

(h) The term “Program Notes” shall mean the “City of New Braunfels, Texas, Utility System Program Notes, Taxable Series 2021” in the principal amount not to exceed \$75,000,000.

(i) The term “Net Revenues” shall mean the gross revenues of the System, less current expenses of operation and maintenance, including all salaries, labor, materials, repairs and extensions necessary to render efficient service, provided, however, that only such repairs and extensions as in the judgment of the Board of Trustees, reasonably and fairly exercised, are necessary to keep the System in operation and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair the security of any bonds payable from and secured by a lien on the Net Revenues of the System shall be deducted in determining “Net Revenues.” Payments pursuant to contracts for the purchase of power and energy, supply of water and other materials, goods or services for the System to the extent authorized by law and the provisions of such contracts are also included and defined as operating and maintenance expenses of the System.

(j) The term “Outstanding” shall mean when used in this Ordinance with respect to Bonds or Bonds Similarly Secured means, as of the date of determination, all Bonds theretofore issued and delivered, except:

(1) those Bonds or Bonds Similarly Secured cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds or Bonds Similarly Secured paid or deemed to be paid in accordance with the provisions of Section 30 hereof; and

(3) those Bonds or Bonds Similarly Secured that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 32 hereof or similar provisions with respect to Bonds Similarly Secured.

(k) The term “Previously Issued Bonds” shall mean the outstanding and unpaid bonds of the following series:

(1) “City of New Braunfels, Texas, Utility System Revenue Bonds, Series 2004”, dated January 15, 2004, and issued in the original principal amount of \$10,337,595.90,

(2) “City of New Braunfels, Texas, Utility System Revenue Bonds, Series 2015,” dated January 15, 2015, and issued in the original principal amount of \$26,870,000,

(3) “City of New Braunfels, Texas, Utility System Revenue and Refunding Bonds, Series 2016,” dated March 1, 2016, and issued in the original principal amount of \$62,235,000,

(4) “City of New Braunfels, Texas, Utility System Revenue Bonds, Series 2018,” dated April 1, 2018, and issued in the original principal amount of \$45,200,000,

(5) “City of New Braunfels, Texas, Utility System Revenue Refunding Bonds, Series 2020,” dated May 1, 2020, and issued in the original principal amount of \$88,100,000,

(6) “City of New Braunfels, Texas, Utility System Revenue Refunding Bonds, Series 2021,” dated July 1, 2021, and issued in the original principal amount of \$68,250,000,

(7) “City of New Braunfels, Texas, Utility System Revenue Refunding Bonds, Series 2022,” dated July 1, 2022, and issued in the original principal amount of \$73,855,000,

(8) “City of New Braunfels, Texas, Utility System Revenue Refunding Bonds, Series 2022A,” dated September 1, 2022, and issued in the original principal amount of \$40,000,000,

(9) "City of New Braunfels, Texas, Utility System Revenue and Refunding Bonds, Series 2024," dated January 15, 2024, and issued in the original principal amount of \$118,745,000, and

(10) "City of New Braunfels, Texas, Utility System Revenue Refunding Bonds, Series 2025," dated May 15, 2025, and issued in the original principal amount of \$82,590,000.

(l) The term "Series 2026 Bonds" shall mean the City's Utility System Revenue and Refunding Bonds, Series 2026, dated \_\_\_\_\_, 2026 and authorized concurrently with and to be issued in close proximity to the Bonds in a principal amount not to exceed \$315,615,000.

(m) The term "System" shall mean the City's Waterworks, Sanitary Sewer and Electric Light and Power Systems, and shall be construed to mean all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City of New Braunfels through purchase, construction or otherwise, and used in connection with said System, and in any wise appertaining thereto, whether situated within or without the limits of said City.

SECTION 11: Pledge. The City hereby covenants and agrees that the Net Revenues of the System, with the exception of those in excess of the amounts required for the payment and security of the Bonds Similarly Secured, are hereby irrevocably pledged, equally and ratably, to the payment and security of the Previously Issued Bonds, the Bonds, and Additional Bonds, if issued, including the establishment and maintenance of the special funds created and established for the payment and security thereof, all as hereinafter provided, and it is hereby ordained that the Bonds Similarly Secured, and the interest thereon, shall constitute a first lien on the Net Revenues of the System in accordance with the terms and provisions hereof and be valid and binding and fully perfected from and after the date of adoption of this Ordinance without physical delivery or transfer or transfer of control of the Net Revenues, the filing of this Ordinance or any other act; all as provided in Chapter 1208 of the Texas Government Code.

Texas Government Code, Section 1208, as amended, applies to the issuance of the Bonds and the pledge of the Net Revenues of the System granted by the City under this Section 11, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Net Revenues of the System granted by the City under this Section 11 is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

SECTION 12: 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 Council and Board of Trustees agree and covenant, while any of the Bonds 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 provide revenues in each Fiscal Year sufficient to pay:

(a) all operating, maintenance, depreciation, replacement, betterment and interest charges and other costs incurred in the maintenance and operation of the System as referenced

in Section 10(h) or required by statute to be a first claim on and charge against the revenues of the System, and

(b) the principal of and interest on the Previously Issued Bonds and the Bonds and make all required payments to the special funds created for the payment and security of the Bonds Similarly Secured.

SECTION 13: Special Fund Designations. The City acting through the Board of Trustees covenants and agrees that the following special funds or accounts heretofore created for the payment and security of Bonds Similarly Secured are hereby reaffirmed and shall continue to be maintained while the Bonds are Outstanding, to wit:

(a) Special Utility System Revenue Bond Interest and Sinking Fund, hereinafter called the "Bond Fund", which Fund is and shall continue to be maintained at an official depository bank of the City selected by the Board of Trustees, and moneys deposited in this Fund shall be used to pay principal of and interest on the Bonds Similarly Secured when and as the same becomes due and payable.

(b) Special Utility System Revenue Bond Reserve Fund, hereinafter called "Reserve Fund", which Fund is and shall continue to be maintained at an official depository bank of the City selected by the Board of Trustees, and moneys deposited in this Fund shall be used to pay principal of and/or interest on the Bonds Similarly Secured falling due at any time when moneys in the Bond Fund are insufficient for such purpose and to retire the last of the Bonds Similarly Secured that are outstanding.

SECTION 14: Utility System Fund. The City hereby covenants and agrees that all revenues of every nature derived from the operation and ownership of the System shall be kept separate and apart from other funds of the City, and, in accordance with the ordinances authorizing the issuance of the Previously Issued Bonds, all such revenues of the System, as collected and received by the Board of Trustees, shall be deposited into an account designated the "Utility System Fund" (heretofore created and established and hereinafter called "System Fund"), which account is and shall continue to be kept and maintained at an official depository bank of the City and the Board. All revenues in the System Fund shall be pledged and appropriated to the extent required for the following uses and in the order of precedence shown:

FIRST: To the payment of all necessary and reasonable maintenance and operation expenses of the System, as referenced in Section 10(h) hereof or required by statute to be a first charge on and claim against the revenues of the System.

SECOND: To the payment of the amounts required to be deposited in the special Funds created and maintained for the payment and security of the Bonds Similarly Secured, including the establishment and maintenance of the Required Reserve (hereinafter defined in Section 16 hereof) in accordance with the provisions of the ordinances authorizing the issuance of Bonds Similarly Secured.

THIRD: To the payment of other obligations or indebtedness payable from and secured by a lien on and pledge of the Net Revenues of the System that is junior and subordinate to the lien and pledge securing the payment of the Bonds Similarly Secured.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used by the Board of Trustees for any purpose now or hereafter permitted by law, including a transfer to the City's general fund as permitted by Texas Government Code, Section 1502.058, as amended.

SECTION 15: Bond Fund. In addition to the deposits to the Bond Fund for the payment of the Previously Issued Bonds, the City hereby covenants and agrees, and the Board of Trustees is hereby directed, to deposit into the Bond Fund prior to each principal and interest payment date for the Bonds from the Net Revenues of the System a sum equal to one hundred percent (100%) of the amount required to fully pay the interest on and principal of the Bonds then falling due, such deposits to pay maturing principal and accrued interest on the Bonds to be made in substantially equal monthly amounts on or before the last day of the month beginning the month the Bonds are delivered to the initial purchasers.

The monthly deposits to the Bond Fund for the payment of principal of and interest on the Bonds shall continue to be made until such time as (i) the total amount on deposit in the Bond Fund and Reserve Fund is equal to the amount required to pay all outstanding Bonds Similarly Secured or (ii) the Bonds are no longer Outstanding.

Accrued interest, if any, received from the purchaser of the Bonds shall be deposited in the Bond Fund, and may be taken into consideration and reduce the amount which would otherwise be required to be deposited in the Bond Fund from the Net Revenues of the System.

SECTION 16: Reserve Fund. The City hereby covenants and agrees, and the Board of Trustees is hereby directed, to accumulate, and, when accumulated, to continuously maintain in the Reserve Fund an amount equal to at least the average annual principal and interest requirements of the Bonds Similarly Secured (calculated on a Fiscal Year basis as of the date the last series of Bonds Similarly Secured outstanding were delivered), which amount is hereby referred to as the "Required Reserve."

In accordance with the provisions of the ordinances authorizing the issuance of the Previously Issued Bonds, by reason of the issuance of the Bonds, the Required Reserve in the Reserve Fund shall be \$\_\_\_\_\_, which is more than the amount currently on deposit in the Reserve Fund of \$\_\_\_\_\_. \$\_\_\_\_\_ of Bond proceeds will be deposited to the Reserve Fund on the date of the initial delivery of the Bonds.

Subject to the provisions of the preceding paragraph, so long as the money and investments in the Reserve Fund total not less than the Required Reserve, no deposits need be made to the credit of the Reserve Fund; but when and if the Reserve Fund at any time contains less than the Required Reserve, the City covenants and agrees, and the Board of Trustees is hereby directed, to cure the deficiency in the Required Reserve within twelve months from the date the deficiency in funds occurred with available Net Revenues of the System pledged to the payment of the Bonds, and the City, acting through the Board of Trustees, hereby covenants and agrees that, subject to the required payments to the Bond Fund for Bonds Similarly Secured, the Net Revenues of the System remaining in the System Fund shall be applied and appropriated and used to establish and maintain the Required Reserve and to cure any deficiency in such amount, as required by the terms of this Ordinance and any other ordinance pertaining to Bonds Similarly Secured.

So long as the Bonds are outstanding prior to the City utilizing one or more surety bonds or insurance policies to fund all or a portion of the Required Reserve, the City shall notify the Executive Administrator of the Board no less than 30 days prior to converting from a cash reserve fund to a surety policy. Such a conversion may only be made if the proposed insurer or surety meets the financial guarantees established in the Board's rules and has been approved by the Executive Administrator of the Board.

The City, acting through the Board of Trustees, may, at its option, withdraw all surplus in the Reserve Fund in excess of the Required Reserve and deposit the same in the System Fund.

To the extent permitted by law, the City expressly reserves the right at any time to satisfy all or any part of the Required Reserve by obtaining for the benefit of the Reserve Fund one or more Reserve Fund Surety Policies (a "Reserve Fund Surety Policy"). In the event the City elects to substitute a Reserve Fund Surety Policy for any funded amounts in the Reserve Fund, it may apply any bond proceeds thereby released, to the greatest extent permitted by law, to any of the purposes for which such funds may lawfully be applied, including the payment of debt service on the Bonds Similarly Secured. A Reserve Fund Surety Policy shall be an insurance policy or other similar guarantee in a principal amount equal to the portion of the Required Reserve to be satisfied which is issued by a financial institution or insurance company or other entity that is rated either for the long term unsecured debt of the issuer of such surety bond or for obligations insured, secured or guaranteed by such issuer have a rating in the highest letter category by one or more major municipal securities rating or evaluation services. The premium for any such policy may be paid from bond proceeds or other funds of the City lawfully available for such purpose. Any reimbursement of amounts drawn against a Reserve Fund Surety Policy shall be limited to the amounts actually paid under such policy, and such right to reimbursement shall never constitute a separate obligation independent of the Bonds.

**SECTION 17: Payment of Bonds.** While any of the Bonds are Outstanding, the Board of Trustees shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Bond Fund and, if necessary, in the Reserve Fund, amounts sufficient to fully pay and discharge promptly as each installment of interest and principal of the Bonds accrues or matures, such transfer of funds to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the business day next preceding the date of payment for the Bonds. The Paying Agent/Registrar shall cancel or destroy all paid Bonds, and furnish the Board of Trustees with an appropriate certificate of cancellation or destruction.

**SECTION 18: Investment of Funds.** Moneys in any Fund required to be maintained pursuant to this Ordinance may, at the option of the Board of Trustees, be placed in time deposits or certificates of deposit secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type authorized by the laws of the State of Texas for the security of public funds insofar as the System Fund is concerned and by obligations of the type hereinafter described insofar as the Bond Fund and Reserve Fund are concerned, or be invested, in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in indirect obligations of the United States of America, including, but not limited to, evidences of indebtedness issued, insured or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, or Federal Housing Association or such other

investments as are permitted by the investment policies of the Board of Trustees; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued in terms of current market value as of a certain date within 60 days of the close of the Fiscal Year. All interest and income derived from deposits and investments in the Bond Fund immediately shall be credited to, and any losses debited to, the Bond Fund. When the Required Reserve is fully established, all interest and interest income derived from deposits and investments in the Reserve Fund immediately shall be credited and deposited in the System Fund as the same are received, otherwise such interest and interest income shall remain in the Reserve Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds Similarly Secured.

SECTION 19: Deficiencies in Funds. If in any month the City acting through the Board of Trustees shall, for any reason, fail to pay into the Bond Fund and Reserve Fund the full amounts above stipulated, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available and unallocated Net Revenues of the System in the following month or months and such payments shall be in addition to the amounts hereinabove provided to be otherwise paid into said Funds during such month or months.

SECTION 20: Excess Revenues. Any Net Revenues of the System in excess of those required to fully establish and maintain the special funds created for the payment and security of the Bonds Similarly Secured may be used for the redemption of the Bonds Similarly Secured, or may be appropriated and used by the Board of Trustees for any purpose now or hereafter permitted by law, including a transfer to the City's general fund as permitted by Texas Government Code, Section 1502.058, as amended; provided, such transfer of money to the general fund of the City does not impair the ability of the Board of Trustees to make subsequent deposits to the special Funds created for the payment and security of the Bonds Similarly Secured.

SECTION 21: Security of Funds. All moneys on deposit in the Funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds and as otherwise prescribed herein.

SECTION 22: Issuance of Additional Parity Bonds. The City hereby reserves the right hereafter to issue additional parity obligations (herein called "Additional Bonds") payable from and, together with the Previously Issued Bonds and the Bonds, equally secured by a parity first lien on and pledge of the Net Revenues of the System, and the Previously Issued Bonds, the Bonds and Additional Bonds shall be in all respects of equal dignity. The Additional Bonds may be issued in one or more installments; provided, however, that none shall be issued unless and until the following conditions have been met:

(a) The Chief Executive Officer (or other official having primary responsibility for the fiscal affairs of the System) shall have executed a certificate stating (i) that the City is not then in default as to any covenant, obligation or agreement contained in any ordinance or other proceeding 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) payments into all special funds or accounts created and established solely for the payment and security of any 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.

(b) The Additional Bonds shall be scheduled to mature or be payable as to principal on July 1 or January 1 (or both) in each year the same are to be outstanding or during the term thereof.

(c) 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 Earnings of the System for the preceding Fiscal Year or for any 12 consecutive months out of the 15 months immediately preceding the month the ordinance authorizing the Additional Bonds is adopted are at least equal to one and forty hundredths (1.40) times the average annual requirement for the payment of principal of and interest on all outstanding Bonds Similarly Secured after giving effect to the Additional Bonds then proposed. The term "Net Earnings" as used herein, shall mean all income and revenues derived from the operation and ownership of the System (including income and earnings from the investment of moneys in any special fund created for the payment and security of the Bonds Similarly Secured) less expenses for the maintenance and operation thereof, but not deducting depreciation or other expenditures which, under generally accepted accounting principles, should be charged to capital expenditures.

(d) The ordinance authorizing the issuance of the Additional Bonds provides for deposits to be made to the Bond Fund in amounts sufficient to pay the principal of and interest on such Additional Bonds as same mature.

(e) The ordinance authorizing the issuance of the Additional Bonds 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 requirement for the payment of principal of and interest on all Bonds Similarly Secured then to be outstanding after giving effect to the issuance of the proposed Additional Bonds, 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 Bonds are delivered.

Bonds Similarly Secured may be refunded (pursuant to any law then available) upon such terms and conditions as the governing body of the City may deem to be in the best interest of the City and its inhabitants, and if less than all such outstanding revenue bonds are refunded the proposed refunding bonds shall be considered as "Additional Bonds" under the provisions of this Section and the Accountant's certificate or opinion required in subdivision (c) shall give effect to the issuance of the proposed refunding bonds (and shall not give effect to the bonds being refunded following their cancellation or provision being made for their payment).

**SECTION 23: Issuance of Inferior Lien Obligations.** The City retains the right to create and issue obligations payable from and secured by a lien on the pledge of the Net Revenues of the System junior and subordinate to the lien and pledge securing the payment of the Bonds Similarly Secured.

**SECTION 24: Management and Control of System.** Pursuant to authority contained in Texas Government Code, Section 1502.051, et seq, and by the Charter of the City of New Braunfels, Texas, the complete management and control of the System, during such time the Net Revenues of the System may be encumbered pursuant to this Ordinance and the ordinances authorizing the Previously Issued Bonds, shall be in the hands of a Board of Trustees to consist of five freeholders of the City of New Braunfels, one of whom shall be the Mayor of the City, to be known as the "Board of Trustees of the New Braunfels Utilities", in which name said Board of Trustees shall act and transact business, hereinafter referred to as the "Board of Trustees".

All members of the Board of Trustees shall be appointed by the governing body of the City of New Braunfels, Texas, to serve for five (5) year terms of office; provided, vacancies in office for any reason other than the expiration of a trustee's term of office, shall be filled only for the unexpired term of the office vacant. Furthermore, any member of the Board of Trustees whose term of office has expired shall continue to serve as a member of the Board until his successor in office has been appointed or elected. Appointments to the Board of Trustees resulting from the expiration of a member's term of office shall be made by the governing body of the City of New Braunfels in November each year in which the term of office to be filled shall expire or as soon as possible thereafter.

The members of the Board of Trustees shall continue to organize their body by the election of one of its members as President and another as Vice President; the Board shall also appoint a Secretary who may or may not be a member of said Board, as said Board may elect. The Board of Trustees may make such resolutions and by-laws for the orderly handling of its affairs and the governing of its own procedure, and shall thereafter manage and operate the Systems with the same freedom and in the same manner ordinarily as enjoyed and followed by the Board of Directors of a private corporation operating properties of a similar nature; provided, however, that nothing in this Section shall be construed to take away from the City Council of the City of New Braunfels the exercise of any duty imposed upon said governing body under the provisions of the other Sections of this Ordinance and/or the Charter of the City of New Braunfels. A majority of the Trustees shall constitute a quorum for the transaction of business at any meeting.

The Board of Trustees shall obtain and keep continually in force an employee's fidelity and indemnity bond of the so-called blanket type, written by a solvent and recognized indemnity company, and covering losses to the amount of not less than \$5,000.00 per person. The premiums of such bonds shall be paid from the System's Revenues and shall constitute operating expenses of the System.

The Board of Trustees shall elect and appoint a Chief Executive Officer and an attorney or attorneys. The Chief Executive Officer shall appoint all employees. The members of the Board, other than the Mayor of the City, shall receive an annual compensation of not less than Twelve Hundred Dollars (\$1,200.00) and such compensation may be increased from time to time by the City Council as it is deemed advisable, subject to the limitations set out in the charter of the City of New Braunfels. A member of the board of trustees may waive receipt of compensation by providing written notice of such waiver to the Chief Executive Officer. If a member of the board of trustees chooses to waive his or her annual compensation, the member may revoke the waiver and reinstate the member's annual compensation at any time by providing written notice of such reinstatement to the Chief Executive Officer. After revocation of the waiver, a member is entitled to a prorated amount of compensation for the remainder of the fiscal year. The members of the Board of Trustees, either singly or collectively, shall not be personally liable for any act or omission not willfully fraudulent or mala fide. Any member of the Board of Trustees, other than the Mayor of the City, who shall be continuously absent from all meetings of the Board for a period of four consecutive months shall, unless he shall have been granted a leave of absence by the unanimous vote of the remaining members of the Board, be considered to have vacated his office. Any member of the Board of Trustees, other than the Mayor of the City, may be removed only by action of the governing body of the City for adequate cause.

Subject to the provisions and restrictions contained in this Ordinance and the City Charter, all of the provisions and covenants of which shall be binding upon the Board of Trustees in like manner as they would have been binding on the City Council of the City of New Braunfels, had management and control of the System been retained by the City Council, the Board of Trustees

shall have complete authority and control of the management and operation of the System; and among the powers that may be exercised by the said Board of Trustees, but not limited thereto, the same are hereby enumerated for greater certainty:

(a) To take, have and exercise exclusive possession and control of the System and all additions thereto, and to collect, and enforce the collection of all funds and revenues that may be or become owing or that may arise out of the operation of the System, and to disburse the same in accordance with the provisions of this Ordinance and Sections 1502.070 and 1502.071, Texas Government Code, as amended;

(b) To maintain, improve, enlarge and extend the System;

(c) To fix, alter and amend all rates for all services to be furnished by said System, subject to approval and confirmation of the City Council;

(d) To employ and pay the compensation of a Chief Executive Officer and attorneys, engineers and other professional or technical aides as said Board of Trustees may deem necessary in the proper conduct of the business of the System;

(e) To adopt, alter, amend and enforce all such rules and regulations governing the conduct of the business of the System as said Board of Trustees may deem necessary or proper; and

(f) To do any and all things necessary in reference to the installing and maintaining of a complete system of records and accounts pertaining to the operations of the System and to provide Net Revenues for the payment of the Bonds Similarly Secured and other special obligations of the System in the manner provided by Texas Government Code, Section 1502.057, as amended, and other applicable laws and in accordance with the provisions of any ordinance authorizing the issuance of Bonds Similarly Secured.

SECTION 25: Maintenance and Operation - Insurance. The City hereby covenants and agrees that through the Board of Trustees the System shall be maintained in good condition and operated in an efficient manner and at reasonable cost. So long as any of the Bonds are outstanding, the City agrees to maintain insurance for the benefit of the Holders of the Bonds on the System of a kind and in an amount which usually would be carried by municipal corporations of the State of Texas engaged in a similar type of business. Nothing in this Ordinance shall be construed as requiring the City to expend any funds which are derived from sources other than the operation of the System but nothing herein shall be construed as preventing the City from doing so.

SECTION 26: Records - Accounts - Accounting Reports. The City hereby covenants and agrees that so long as any of the Bonds remain Outstanding, the Board of Trustees will keep and maintain a proper and complete system of records and accounts pertaining to the operation of the System separate and apart from all other records and accounts in accordance with generally accepted accounting principles prescribed for municipal corporations, and complete and correct entries shall be made of all transactions relating to said System, as provided by Texas Government Code, Section 1502.057, as amended, and other applicable laws. The Holder of any Bonds, or any duly authorized agent or agents of such Holders, shall have the right at all reasonable times to inspect all such records, accounts and data relating thereto and to inspect the System and all properties comprising same. The City acting through the Board of Trustees further agrees that, as soon as possible following the close of each Fiscal Year, an audit of such

books and accounts shall be made by an independent firm of Certified Public Accountants or Licensed Public Accountants. Each such audit, in addition to whatever other matters may be thought proper by the Accountant, shall particularly include the following:

- (a) A detailed statement of the income and expenditures of the System for such Fiscal Year;
- (b) A balance sheet as of the end of such Fiscal Year;
- (c) The Accountant's comments regarding the manner in which the Board of Trustees has carried out the requirements of this Ordinance and his recommendations for any changes, or improvements in the operation, records and accounts of the System;
- (d) A list of the insurance policies in force at the end of the Fiscal Year on the System properties, setting out as to each policy the amount thereof, the risk covered, the name of the insurer and the policy's expiration date; and
- (e) A list of securities, if any, in which the Bond Fund and Reserve Fund has been invested, and a statement of the manner in which money in the System Fund, Bond Fund and Reserve Fund has been secured in such Fiscal Year;

Expenses incurred in making the audits above referred to are to be regarded as maintenance and operation expenses of the System and paid as such. Copies of the aforesaid annual audit shall be immediately furnished to the Executive Director of the Municipal Advisory Council of Texas at his or her office in Austin, Texas, and upon written request, to the original purchaser, and any subsequent Holder of twenty-five percent (25%) in principal amount of the Bonds Outstanding.

**SECTION 27: Remedies in Event of Default.** In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in payments to be made to the Bond Fund or Reserve Fund as required by this Ordinance, or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, the Holder of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the City Council and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right or power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

**SECTION 28: Special Covenants.** The City hereby further covenants as follows:

- (a) It has the lawful power to pledge the revenues supporting this issue of Bonds and has lawfully exercised said power under the Constitution and laws of the State of Texas, including Texas Government Code, Section 1502.070, as amended; that the Previously Issued Bonds, the Bonds issued hereunder, and the Additional Bonds, when issued, shall be ratably secured under said pledge of income in such manner that one bond shall have no preference over any other bond of said issues;

(b) Other than for the payment of the Previously Issued Bonds and the Bonds, 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, except that, on a basis subordinate to that for the Bonds Similarly Secured, Net Revenues of the System have been pledged to the Commercial Paper Notes and the Program Notes;

(c) While any of the Bonds or any interest thereon remain Outstanding, the City will not sell or encumber the System or any substantial part thereof; provided, that this covenant shall not be construed to prohibit the sale of such machinery or other properties or equipment by the Board of Trustees which has become obsolete or otherwise unsuited to the efficient operation of the System; and, further, with the exception of the Additional Bonds expressly permitted by this Ordinance to be issued in Section 22 hereof, it will not encumber the Net Revenues of the System unless such encumbrance is made junior and subordinate to all of the provisions of this Ordinance;

(d) No free service will be allowed to any customer of the System, including the City and its various departments; and

(e) To the extent that it legally may, the City further covenants and agrees that, so long as any of the Bonds are Outstanding, no franchise shall be granted for the installation or operation of any competing waterworks, sanitary sewer or electric light system other than those owned by the City and the operation of such systems by anyone other than the City is hereby prohibited.

SECTION 29: Bonds are Special Obligations. The Bonds are special obligations of the City payable from the pledged Net Revenues and the Holders thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

SECTION 30: Defeasance. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Ordinance, then the pledge of the Net Revenues of the System under this Ordinance and all other obligations of the City to the Holders shall thereupon cease, terminate, and become void and be discharged and satisfied.

Bonds or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Bonds or the principal amount(s) thereof at maturity, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Obligations shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Obligations have been certified by an independent accounting or consulting firm 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 moneys deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof. The City covenants that no deposit of moneys or Government Obligations will be made under this Section 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 Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/Registrar, or an 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 which is not required for the payment of the Bonds, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds and remaining unclaimed for a period of three (3) years after the Stated Maturity of the Bonds such moneys were deposited and are held in trust to pay shall, upon the request of the City, be remitted to the City against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

### SECTION 31: Ordinance a Contract - Amendments.

(a) This Ordinance shall constitute a contract with the Holders from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section. The City, may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein.

In addition, the City, with the written consent of holders of Bonds aggregating in principal amount more than 50% of the aggregate principal amount of then Outstanding Bonds, shall have the right from time to time to approve any amendment to this Ordinance which may be deemed necessary or desirable by the City, provided, however, that without the consent of the registered owners of all of the Bonds then outstanding, 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 of the Bonds, or the rate of interest thereon, change 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 Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of the Bonds required to be held by Holders for consent to any amendment, addition, or waiver.

(b) If at any time the City shall desire to amend this Ordinance under this Section, the City shall cause notice of the proposed amendment to be sent by United States Mail, first class postage prepaid, to the Holders of Bonds at the address appearing in the Security Register. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the paying agent for inspection by all holders of the Bonds Similarly Secured.

(c) Whenever at any time the City shall receive an instrument or instruments executed by the holders of more than 50% in aggregate principal amount of all Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file with the paying agent, the governing body of the City may pass an amendatory ordinance in substantially the same form.

(d) Upon the passage of any amendatory ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be amended in accordance with such amendatory ordinance, and the respective rights, duties and obligations under this Ordinance of the City and

the holders of then outstanding Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendments.

(e) Any consent given by the holder of a bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of such consent and shall be conclusive and binding upon all future holders of the same bond during such period. After the applicable period of time a consent is irrevocable has expired, the holder who gave consent, or a successor in title, may revoke such consent by filing notice thereof with the paying agent and the City, but such revocation shall not be effective if the holders of more than 50% in aggregate principal amount of the then Outstanding Bonds have, prior to the attempted revocation, consented to and approved the amendment.

(f) For the purpose of this Section, the fact of the holding of bonds by any holder and the amount and numbers of such bonds and the date of their holding same, may be proved by the Security Register maintained by the Paying Agent/Registrar or by affidavit of the person claiming to be such holder, or by a certificate executed by any trust company, bank, banker or any other depository wherever situated showing that at the date therein mentioned such person had on deposit with such trust company, bank, banker or other depository, the Bonds described in such certificate. The City may conclusively assume that such ownership continues until written notice to the contrary is served upon the City.

SECTION 32: Mutilated-Destroyed-Lost and Stolen Bonds. In case any Bond shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Bond of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Bond, or in lieu of and in substitution for such destroyed, lost or stolen Bond, only upon the approval of the City and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the City and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the Holder of the Bond mutilated, or destroyed, lost or stolen.

Every replacement Bond issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds; notwithstanding the enforceability of payment by anyone of the destroyed, lost, or stolen Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

SECTION 33: Reserved.

SECTION 34: Sale of Bonds. The sale of the Bonds to the Texas Water Development Board (the "Purchasers" or the "Board") at the price of par, less an origination fee of \_\_\_\_\_%, which shall be paid via wire transfer at no expense to the Board, pursuant to a loan commitment received from the Purchasers is hereby confirmed. Delivery of the Bonds shall be made to the Purchasers as soon as may be after the adoption of this Ordinance, upon payment therefor in accordance with the terms of sale, which terms of sale the City has determined and does

determine to be in the best interests of the City. The Private Placement Memorandum prepared in connection with the sale of the Bonds to the Board is hereby approved.

SECTION 35: Control and Custody of Bonds. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records relating to the Bonds, including the Initial Bond(s) and the definitive Bonds, pending the approval of the Bonds by the Attorney General of Texas, the registration of the Initial Bond(s) by the Comptroller of Public Accounts and the delivery thereof to the Purchasers.

Furthermore, the Mayor, Mayor Pro Tem, City Secretary, City Manager, President of the Board of Trustees, Secretary to the Board of Trustees and the Chief Executive Officer or Chief Financial Officer of the System, individually or collectively, are hereby authorized and directed to furnish and execute such documents and certifications relating to the City and the issuance of the Bonds, including certifications as to facts, estimates, circumstances and reasonable expectations pertaining to the use, expenditure and investment of the proceeds of the Bonds, as may be necessary for the approval of the Attorney General, the registration by the Comptroller of Public Accounts and the delivery of the Bonds to the Purchasers, and, together with the City's financial advisor, bond counsel and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Bond(s) to the Purchasers and the initial exchange thereof for definitive Bonds.

SECTION 36: Compliance with Rules and Regulations of the Texas Water Development Board. In compliance with the State Revolving Loan Fund Permanent Rules of the Board, the City acting through the Board of Trustees of the System, agrees and covenants:

(a) the commitment of the Board to purchase the Bonds is contingent on a future sale of bonds by the Board or on the availability of funds on hand. If the financial assistance is funded with available cash-on-hand, the Board reserves the right to change the designated source of funds to bond proceeds issues for the purpose of reimbursing funds used to provide the financial assistance approved in the Board Resolution.

(b) the commitment of the Board to purchase the Bonds is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas that all of the requirements of the laws under which the Bonds were issued have been complied with; that the Bonds were issued in conformity with the Constitution and laws of the State of Texas; and that the Bonds are valid and binding obligations of the Issuer.

(c) the commitment of the Board is contingent upon the City's compliance with all applicable requirements contained in 31 TAC Chapter 371.

(d) the City agrees to comply with all of the conditions set forth in the Board Resolution, which conditions are incorporated herein.

(e) the City, or an obligated person for whom financial or operating data is presented to the Board in the application for financial assistance either individually or in combination with other issuers of the City's Bonds or obligated persons, will, at a minimum, regardless of the amount of the Bonds, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the Board were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the Board and the beneficial owners of the City's Bonds, if the Board sells

or otherwise transfers such Bonds, and the beneficial owners of the Board 's bonds if the City is an obligated person with respect to such bonds under SEC Rule 15c2-12.

(f) the City agrees to use any loan proceeds from the Bonds that are determined to be remaining unused funds, which are those funds unspent after the original approved project is completed, for enhancements to the original project that are explicitly approved by the Executive Administrator or if no enhancements are authorized by the Executive Administrator, to submit a final accounting and disposition of any unused funds.

(g) the Board may exercise all remedies available to it in law or equity, and any provision of the Bonds that restricts or limits the Board's full exercise of these remedies shall be of no force and effect.

(h) the City agrees to create and establish at an official depository of the City a "Special 2026A City of New Braunfels Loan Construction Fund" (the "Construction Fund") for the receipt and disbursement of all proceeds from the sale of the Bonds and all other funds acquired by the City in connection with the planning and construction of the projects financed, in whole or in part, by the Board pursuant to a loan evidenced by the Bonds and all funds deposited to the credit of the Construction Fund shall be held at a designated State depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, and the Public Funds Collateral Act, Texas Government Code, Chapter 2257, as amended, and shall be disbursed in a timely and expeditious manner only for the payment of costs and expenses incurred in connection with the planning and building of such projects as approved by the Board in accordance with a project schedule approved by the Executive Administrator of the Board (which schedule will not be altered except for good cause shown and only with the written approval of the Executive Administrator of the Board) and as otherwise allowed by the rules.

(i) loan proceeds shall not be used by the City when sampling, testing, removing or disposing of contaminated soils and/or media at the project site and to the extent permitted by law, the City agrees to indemnify, hold harmless and protect the Board from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport and/or removal and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials and employees as a result of activities relating to the project.

(j) before closing, the City shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges sufficient for the repayment of all system debt service requirements.

(k) before closing, and if not previously provided with the application, the City shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel contracts for the project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator.

(l) before closing, when any portion of the financial assistance is to be held in escrow or in trust, the City shall execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the Board.

(m) the Executive Administrator may require the City to execute a separate financing agreement in form and substance acceptable to the Executive Administrator.

(n) the Board retains the option to purchase the Bonds in separate lots or on an installment basis, with delivery of the purchase price for each installment to be paid against delivery of the relevant installment of Bonds as approved by the Executive Administrator.

(o) the City will comply with all applicable Board laws and rules related to the use of the financial assistance.

(p) the City must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued including the standard emergency discovery conditions for threatened and endangered species and cultural resources.

(q) the City agrees to maintain adequate insurance coverage customarily maintained by municipal corporations on the projects financed with the proceeds of the Bonds in amounts adequate to protect the Board's interest.

(r) the City must immediately notify Board, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition).

(s) the City will submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.

(t) the City shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with Board outlay report guidelines.

(u) all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The City, all contractors, and all sub-contractors shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with the financial assistance made available shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the Board.

(v) the City shall provide the Board with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The City shall obtain a Unique Entity Identification Number and shall register with System for Award Management (SAM), and maintain current registration at all times during which the Bonds are outstanding.

(w) all loan proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d) and the City shall adhere to the approved project schedule.

(x) the City will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by 31 TAC § 371.4 and related State Revolving Fund Policy Guidelines.

(y) the City shall abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216.

(z) the City will abide by all applicable requirements related to the Build America, Buy America Act, Public Law 117-58 and 2 CFR part 184.

(aa) the City shall pay at closing an origination fee approved by the Executive Administrator of the Board pursuant to 31 TAC Chapter 371.

(bb) before closing, the Texas Commission on Environmental Quality, must make a determination, the form and substance of which is satisfactory to the Executive Administrator, that the City has demonstrated the necessary financial, managerial, and technical capabilities to proceed with the project or projects to be funded with the proceeds of these Bonds.

(cc) before the release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the City must provide documentation that it has met all applicable state procurement requirements as well as all federal procurement requirements under the Disadvantaged Business Enterprises program.

(dd) before closing, the City shall execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator.

SECTION 37: Proceeds of Sale. Immediately following the delivery of the Bonds to the Board, the proceeds of sale (less any amounts used to pay costs of issuance) shall be deposited in an account to be maintained with Zions Bancorporation, National Association, (the "Escrow Agent") and held in escrow pending written authorization to release said moneys. An Escrow Deposit Agreement (the "Escrow Agreement") by and between the City and the Escrow Agent providing for the deposit, safekeeping and administration of such funds pending their release from escrow is attached hereto as **Exhibit B** and incorporated herein by reference as a part of this Ordinance for all purposes, and such Escrow Agreement is hereby approved as to form and content. The City Manager or the Chief Executive Officer of the System or the Chief Financial Officer of the System are each hereby authorized and directed to execute the Escrow Agreement for and on behalf of the City and as the act and deed of the City Council.

Upon the release of funds from such escrow account maintained pursuant to the Escrow Agreement, the released amount shall be deposited to the credit of the Construction Fund. Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested in authorized investments in accordance with the provisions of Texas Government Code, Chapter 2256, as amended, including specifically guaranteed investment contracts permitted in Texas Government Code, Section 2256.015, et seq., as amended, and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Bond Interest and Sinking Fund as shall be determined by the City Council. All surplus proceeds of sale of the Bonds, including investment earnings, remaining in the Construction Fund after completion of all authorized projects or purposes and after satisfying the requirements of Section 34 hereof shall be applied to the following purposes as approved by the Executive Administrator of the Board: (1) to redeem the Bonds owned by the Board; (2) to deposit into the Bond Interest and Sinking Fund; (3) deposit into the Reserve Fund or (4) to fund eligible project costs as authorized by the Executive Administrator of the Board.

SECTION 38: Legal Opinion. The obligation of the Purchasers to accept delivery of the Bonds is subject to being furnished a final opinion of Norton Rose Fulbright US LLP, Attorneys,

Dallas, Texas, approving such Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for such Bonds. A true and correct reproduction of said opinion is hereby authorized to be printed on the definitive Bonds or an executed counterpart thereof shall accompany the global Bonds deposited with The Depository Trust Company.

SECTION 39: Notices to Holders-Waiver. Wherever this Ordinance provides for notice to the Holders of Bonds of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder as it appears in the Security Register.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders of Bonds shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 40: Cancellation. All Bonds surrendered for payment, transfer or exchange, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be destroyed as directed by the City.

SECTION 41: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

SECTION 42: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders of the Bonds.

SECTION 43: Inconsistent Provisions. All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 44: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 45: Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 46: Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 47: Continuing Disclosure Undertaking.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means SEC Rule 15c2-12, as amended from time to time or officially interpreted by the SEC.

“SEC” means the United States Securities and Exchange Commission.

(b) Annual Reports. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year, beginning in or after 2026, financial statements of the City, and (2) if audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited statements become available. Any financial statements so provided shall be prepared in accordance with the generally accepted accounting principles as applicable to governmental units as prescribed by the Government Accounting Standards Board, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provide.

If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section 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 on the MSRB’s Internet Web site or filed with the SEC.

(c) Notice of Certain Events. The City shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

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 Internal Revenue Service 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, which shall occur as described below;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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 trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, 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, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph 12 is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City 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 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 and (b) the City intends the words used in the immediately preceding paragraphs 15 and 16 in this Section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such Section.

(d) Filings with the MSRB. All financial information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Section

shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) Limitations, Disclaimers and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section while, but only while, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City in any event will give the notice required by subsection (c) hereof of any Bond calls and defeasance that cause the City to be no longer such an “obligated person.”

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

Notwithstanding anything to the contrary in this Ordinance, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting 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, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds 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 (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City’s right to do so would not prevent an underwriter of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in

such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided pursuant to subsection (b) of this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 48: Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, or City Manager of the City or the President of the Board of Trustees, Chief Executive Officer or Chief Financial Officer of the System are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance of the Bonds. In addition, prior to the initial delivery of the Bonds, the Mayor, Mayor Pro Tem or City Manager of the City or President of the Board of Trustees, Chief Executive Officer or Chief Financial Officer of the System or Bond Counsel to the City are each hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any ambiguity, formal defect or omission in this Ordinance or such other document; or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Bonds by the Attorney General and if such officer or counsel determines that such changes are consistent with the intent and purpose of this Ordinance, which determination shall be final. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 49: Municipal Bond Insurance. The Bonds may be sold with the principal of and interest thereon being insured by a municipal bond insurance provider authorized to transact business in the State of Texas. The Mayor, Mayor Pro Tem, or City Manager of the City or the President of the Board of Trustees, Chief Executive Officer or Chief Financial Officer of the System is hereby authorized to make the selection of municipal bond insurance (if any) for the Bonds and make the determination of the provisions of any commitment therefor.

SECTION 50: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Government Code, Chapter 551, as amended.

SECTION 51: Effective Date. This Ordinance shall take effect and be in force immediately from and after its passage on the date shown below as provided in Texas Government Code, Section 1201.028, as amended.

*[remainder of page left blank intentionally]*

PASSED AND APPROVED, this May 11, 2026.

CITY OF NEW BRAUNFELS, TEXAS

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

(City Seal)

EXHIBIT A  
PAYING AGENT/REGISTRAR AGREEMENT

EXHIBIT B  
ESCROW AGREEMENT