

ORDINANCE NO. 2020-_____

AN ORDINANCE authorizing the issuance of "CITY OF NEW BRAUNFELS, TEXAS, UTILITY SYSTEM REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2020"; 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; enacting provisions incident and related to the issuance, payment, security, sale and delivery of said bonds; establishing procedures for the sale and delivery of said Bonds; delegating matters relating to the sale and issuance of said Bonds to authorized City and Systems officials and providing an effective date.

WHEREAS, the City Council of the City of New Braunfels, Texas (the "City") has heretofore issued, sold, and delivered, and there is currently outstanding, obligations more particularly described as follows: "City of New Braunfels, Texas, Utility System Revenue and Refunding Bonds, Series 2012," dated October 1, 2012 (the "Refunded Bonds"); and

WHEREAS, the City Council of the City of New Braunfels, Texas (the "City") has heretofore authorized by ordinance and provided for the issuance of "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" (collectively, the "Commercial Paper Notes"); and

WHEREAS, the Council hereby finds and determines that the Commercial Paper Notes in the aggregate principal amount set forth in the Pricing Certificate should be refunded and refinanced into long term obligations at this time (such Commercial Paper Notes to be refunded being hereinafter collectively referred to as the "Refunded CP Notes") for the purpose of replacing such Refunded CP Notes with long-term fixed rate debt, and further finds and determines that the issuance of the bonds herein authorized is in the best interests of the City and that the manner in which the refunding of the Refunded CP Notes is being executed does not make it practicable to make the determination required by Texas Government Code, Section 1207.008(a)(2) in connection with the Refunded CP Notes;

WHEREAS, pursuant to the provisions of Texas Government Code, Chapter 1207, as amended, the City Council is authorized to issue refunding bonds and deposit the proceeds of sale directly with the place of payment for the Refunded Bonds and the Refunded CP Notes, as appropriate, or other authorized depository, and such deposits, when made in accordance with said statute, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds and the Refunded CP Notes; and

WHEREAS, in combination with the revenue bonds issued to refund the Refunded Bonds and the Refunded CP Notes, the City Council further finds and determines that revenue bonds in the principal amount as provided in the Pricing Certificate hereinafter referenced should be issued for the purpose of providing funds for improvements, extensions and repairs to the City's waterworks, sewer and electric light and power systems and facilities as authorized by the provisions of Texas Government Code, Chapter 1502, as amended; and

WHEREAS, the City shall by this Ordinance, in accordance with the provisions of Texas Government Code, Section 1207.007, as amended and Texas Government Code, Chapter 1371, as amended, delegate to a Pricing Officer (hereinafter designated) the authority to determine the principal amount and certain other specified terms of the Bonds to be issued, negotiate the terms of sale thereof and select the specific maturities, in whole or in part, of the Refunded Bonds to be refunded and to determine the principal amount of Refunded CP Notes to be refunded; and

WHEREAS, the City Council hereby finds and determines that it is a public purpose and in the best interests of the City to refund the Refunded Bonds in order to achieve a net present value debt service savings, with such savings, among other information and terms to be included in a pricing certificate (the "Pricing Certificate") to be executed by the Pricing Officers (hereafter designated), all in accordance with the provisions of Texas Government Code, Section ~~1207.007~~, 1207.007 as amended, and Texas Government Code, Chapter 1371, as amended; 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 refunding bonds of the City shall be and are hereby authorized to be issued in the aggregate principal amount set forth in the Pricing Certificate, to be designated and bear the title "CITY OF NEW BRAUNFELS, TEXAS, UTILITY SYSTEM REVENUE REFUNDING AND IMPROVEMENT

BONDS, SERIES 2020" (hereinafter referred to as the "Bonds"), for the purpose of providing funds for (i) the discharge and final payment of certain outstanding obligations of the City (identified in the preamble hereof and finally identified in the Pricing Certificate and referred to as the "Refunded Bonds" and the "Refunded CP Notes")~~and~~, (ii) improvements, extensions and repairs to the City's waterworks, sewer and electric light and power systems and facilities and (iii) paying costs of issuance, in conformity with the Constitution and laws of the State of Texas, including Texas Government Code, ~~Chapter 1207, Chapters 1207 and 1371 and Section 1502.051(c),~~ 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 as provided in the Pricing Certificate (the "Bond Date"), 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 details set forth in the Pricing Certificate.

The Bonds shall bear interest on the unpaid principal amounts from the date(s) specified in the Pricing Certificate at the rate(s) per annum shown in the Pricing Certificate (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on January 1 and July 1 in each year, commencing on the date set forth in the Pricing Certificate, until maturity or earlier redemption.

SECTION 3: Delegation of Authority to Pricing Officers. (a) As authorized by ~~Chapter 1207, Chapters 1207 and 1371,~~ Texas Government Code, as amended, the City Manager of the City and the Chief Executive Officer or the Chief Financial Officer of the System (any two, jointly, the "Pricing Officer") is hereby authorized to act on behalf of the City in selling and delivering the Bonds and carrying out the other procedures specified in this Ordinance, including selection of the specific maturities or series, in whole or in part, of the Refunded Bonds to be refunded, determining the aggregate principal amount of the Commercial Paper Notes to be refunded, determining the principal amount of the Bonds to be issued for capital improvements, determining the aggregate principal amount of the Bonds, the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the manner of sale (negotiated, privately placed or competitively bid), the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, the date from which interest on the Bonds will accrue, the interest payment dates, the record date, the price and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the City, as well as any mandatory sinking fund redemption provisions, determination of the use of a book-entry-only securities clearance, settlement and transfer system, the designation of an escrow agent satisfying the requirements of Chapter 1207, if any, the terms of any bond insurance applicable to the Bonds, including any modification of the continuing disclosure undertaking contained in Section 48 hereof as may be required by the purchasers of the Bonds in connection with any amendments to Rule 15c2-12, and all other matters relating to the issuance, sale and delivery of the Bonds, all of which shall be specified in the Pricing Certificate, provided that:

(i) the aggregate original principal amount of the Bonds shall not exceed \$93,175,000;

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 or the redemption thereof, 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. 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 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.

(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 with the Bonds to be completed and modified with the information set forth in the Pricing Certificate, 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 Pricing Officer. The Pricing Certificate shall set forth the final and controlling forms and terms of the Bonds. 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. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF NEW BRAUNFELS, TEXAS,
UTILITY SYSTEM REVENUE REFUNDING AND IMPROVEMENT BOND
SERIES 2020

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

Registered Owner:

Principal Amount:

The City of New Braunfels (hereinafter referred to as the "City"), a body corporate and political subdivision 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 (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from the [Bond Date][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, [2020] until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or redemption 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; provided, however, while this Bond is registered

to Cede & Co., the payment of principal upon a partial redemption of the principal amount hereof may be accomplished without presentation and surrender of this Bond. 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 \$_____ (herein referred to as the "Bonds"), for the purpose of providing funds for (i) the discharge and final payment of certain outstanding obligations of the City (the "Refunded Bonds"); ~~and~~ a portion of the City's outstanding commercial paper notes (the "Refunded CP Notes") ~~and~~, (ii) improvements, extensions and repairs to the City's waterworks, sewer and electric light and power systems and facilities and (iii) costs of issuance, in conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapter 1207, Chapters 1207 and 1371 and Section 1502.051(c), as amended, as amended, and pursuant to an Ordinance adopted by the City Council of the City (herein referred to as the "Ordinance").

[The Bonds maturing on the dates hereinafter identified (the "Term Bonds") are subject to mandatory redemption prior to maturity with funds on deposit in the Bond Fund established and maintained for the payment thereof in the Ordinance, and shall be redeemed in part prior to maturity at the price of par and accrued interest thereon to the date of redemption, and without premium, on the dates and in the principal amounts as follows:

Term Bonds due July 1, 20__		Term Bonds due July 1, 20__	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>

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 _____.

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,
Houston, 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 in the form set forth in paragraph (b) of this Section, except that the form of a single fully registered Initial Bond shall be modified as follows:

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF NEW BRAUNFELS, TEXAS,
UTILITY SYSTEM REVENUE REFUNDING **AND IMPROVEMENT** BOND
SERIES 2020

Bond Date:

Registered Owner:

Principal Amount:

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</u> <u>Stated Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rates</u>
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(Information to be inserted from the Pricing Certificate).

(or so much principal thereof as shall not have been redeemed prior to maturity) and to pay interest on the unpaid Principal Amount hereof from the [Bond Date][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 _____ until maturity or prior redemption. Principal installments of this Bond are payable in the year of maturity or on a redemption date to the registered owner hereof by _____, _____, Texas (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated office initially in _____, _____ 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 Refunding **and Improvement** Bonds, Series 2020”, dated as provided in the Pricing Certificate and authorized by this Ordinance.

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

(e) The term “Commercial Paper Notes” shall mean collectively 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 not to exceed \$75,000,000.

(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) 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

on the day of delivery of the Bonds to the Purchasers for deposit to the credit of the "SPECIAL 2020 CITY OF NEW BRAUNFELS, TEXAS, REVENUE REFUNDING BOND ESCROW FUND" (the "Escrow Fund"); all as contemplated and provided in Texas Government Code, Chapter 1207, as amended, this Ordinance and the Agreement.

SECTION 37: Redemption of Refunded Bonds. (a) In order to provide for the refunding, discharge, and retirement of the Refunded Bonds as selected by the Pricing Officer, the Refunded Bonds, identified, described, and in the amounts set forth in the Pricing Certificate, are called for redemption on the first date(s) such Refunded Bonds are subject to redemption or such other date specified by the Pricing Officer in the Pricing Certificate at the price of par plus accrued interest to the redemption date, and notice of such redemption shall be given in accordance with the applicable provisions of the ordinance adopted by this City Council, which authorized the issuance of the Refunded Bonds. The Pricing Officer is hereby authorized and directed to issue or cause to be issued a Notice of Redemption for the Refunded Bonds in substantially the form set forth as an exhibit to the Pricing Certificate, to the paying agent/registrar for Refunded Bonds, in accordance with the redemption provisions applicable to the Refunded Bonds.

(b) The paying agent/registrar for the Refunded Bonds is hereby directed to provide the appropriate notice of redemption as required by the ordinance authorizing the issuance of the Refunded Bonds and is hereby directed to make appropriate arrangements so that the Refunded Bonds may be redeemed on the redemption date specified in the Pricing Certificate.

(c) The source of funds for payment of the principal of and interest on the Refunded Bonds on their respective maturity or redemption dates shall be from the funds deposited with the Escrow Agent, pursuant to the Escrow Agreement, if any, or with the paying agent/registrar for the Refunded Bonds pursuant the provisions of Chapter 1207, this Ordinance and the Pricing Certificate finalized by the Pricing Officer (less those proceeds of sale designated to pay costs of issuance and any accrued interest received from the Purchasers of the Bonds or additional proceeds being deposited to the Bond Fund).

SECTION 38: Proceeds of Sale. Immediately following the delivery of the Bonds, proceeds of sale shall be deposited with the Escrow Agent or paying agent for the Refunded Bonds, with the paying agent for the Refunded CP Notes or to a construction fund maintained for the City or used to pay costs of issuance and any accrued interest shall be deposited to the credit of the Bond Fund, all as provided in the Pricing Certificate. Any proceeds of sale remaining after payment of the costs of issuance for the Bonds shall be deposited in the Bond Fund for the Bonds. Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested in authorized investments and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Bond Fund as shall be determined by the appropriate authorized officials of the City. All surplus proceeds of sale of the Bonds, including investment earnings, remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Bond Fund.

Additionally, on or immediately prior to the date of the delivery of the Bonds to the Purchasers, the Chief Financial Officer of the System is authorized to transfer from moneys of the System necessary, if any, to accomplish the refunding as provided in the Pricing Certificate.

SECTION 39: 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