Mayor: **Mario Garza**
Mayor Pro-Tem: **Leonardo "Lenny" Sanchez**
Commissioners: **Jesus "Jesse" Ramirez**
Ernesto "Neto" Guajardo
Marco "Markie" Villegas

SAN JUAN CITY COMMISSION

Location: San Juan Memorial Library
Multipurpose Meeting Room
1010 S. Standard
San Juan, Texas 78589
Wednesday, July 7, 2021

SPECIAL CALLED MEETING AGENDA
12:00 PM

I. CALL TO ORDER

II. DISCUSSION AND POSSIBLE ACTION ON ALL OF THE FOLLOWING MATTERS:

A. Consideration and Approval of a Resolution Approving the City of San Juan Plan of Finance Pertaining to the Contemplated Issuance of Obligations to be Designated as "City of San Juan, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021", Authorizing the City Staff and the City Financial Advisors and Bond Counsel to proceed with this Plan of Finance; and Authorizing other Matters Related to the Foregoing.

B. Consideration and Approval of a Resolution Approving an Engagement Agreement for Bond Counsel and Disclosure Counsel Legal Services with Locke Lord LLP; and other matters in Connection Therewith.

C. Consideration and Approval of a Resolution by the City Commission of the City of San Juan, Texas Authorizing and Approving Publication of Notice of Intention to Issue Certificates of Obligation; Complying with the Requirements Contained in Securities and Exchange Commission Rule 15c2-12; and Providing an Effective Date.

D. Consideration and Approval of a Resolution Establishing the Intention of the City of San Juan, Texas to Reimburse Itself for the Prior Lawful Expenditure of Funds Relating to Constructing and Equipping Various City Improvements from the Proceeds of One or More Series of Tax-Exempt Obligations to be Issued by the City for Authorized Purposes; Authorizing other Matters Incident and Related Thereto; and Providing an Effective Date.

III. ADJOURNMENT

CERTIFICATION

I certify that the above notice of the Special Called Meeting of the City of San Juan is true and correct; and that I posted such notice on the bulletin board. A place convenient and readily accessible to the public on the in accordance with the Texas Open Meetings Act (Tex. Gov't. Code §551-041 - §551.050).

____
DIANA CAVAZOS
CITY SECRETARY
CITY OF SAN JUAN, TEXAS

CERTIFICATION OF REMOVAL

I certify that the agenda of items to be considered by the City Commission was removed by the City Secretary's Office from the San Juan City Hall bulletin area on the the ________ of __________________ , 2020.

____
OFFICE OF THE CITY SECRETARY

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
JULY 7, 2021

Consideration and Approval of a Resolution Approving the City of San Juan Plan of Finance Pertaining to the Contemplated Issuance of Obligations to be Designated as "City of San Juan, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021", Authorizing the City Staff and the City Financial Advisors and Bond Counsel to proceed with this Plan of Finance; and Authorizing other Matters Related to the Foregoing.

STAFF COMMENTS AND RECOMMENDATIONS:

Consideration and Approval of a Resolution Approving the City of San Juan Plan of Finance Pertaining to the Contemplated Issuance of Obligations to be Designated as “City of San Juan, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021”; Authorizing the City Staff and the City’s Financial Advisors and Bond Counsel to Proceed with this Plan of Finance; and Authorizing Other Matters Related to the Foregoing.

RECOMMENDATION:

Staff Recommends Approval.

PREPARED BY:
Benjamin Arjona,
City Manager

APPROVED BY:
Benjamin Arjona, City
Manager

Locke Lord LLP

600 Congress, Suite 2200
Austin, TX 78701
Telephone: 512-305-4700
Fax: 512-305-4800
www.lockelord.com

Arnold Cantu III
Direct: 512-305-4735
arnold.cantu@lockelord.com

July 2, 2021

VIA EMAIL

Mr. Benjamin Arjona
City Manager
City of San Juan
709 South Nebraska Avenue
San Juan, Texas 78589

Re: City of San Juan, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021

Dear Ben:

I enclose, as Exhibit A to this letter, the agenda items to be utilized in preparing the agenda for the July 7, 2021 special meeting of the City Commission (the "City Commission"). Thank you for ensuring that these agenda items are posted in accordance with the provisions of the Texas Open Meetings Act. I also enclose, as Exhibit B, the suggested forms of these motions.

I also enclose a draft copy of each of the Resolutions for inclusion in the City Commission's agenda packets. The final form of these Resolutions for the City Commission's consideration and approval will be completed and delivered prior to the date of the Meeting. Please send me any comments you may have to these Resolutions so that they can be finalized.

Thank you, in advance, for your prompt attention to this matter. If I can provide any additional assistance concerning this matter, please do not hesitate to contact me.

Very truly yours,

Arnold Cantu III

Enclosures

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cc: Ms. Diana Cavazos (City of San Juan, Texas)
Mr. Leroy Gonzales (City of San Juan, Texas)
Mr. Cris Vela (Hilltop Securities Inc.)
Mr. Andre Ayala (Hilltop Securities Inc.)
Mr. Jorge Delgado (Hilltop Securities Inc.)
Ms. Penny Brooker (Hilltop Securities Inc.)

EXHIBIT A

1. CONSIDERATION AND APPROVAL OF A RESOLUTION APPROVING THE CITY OF SAN JUAN PLAN OF FINANCE PERTAINING TO THE CONTEMPLATED ISSUANCE OF OBLIGATIONS TO BE DESIGNATED AS "CITY OF SAN JUAN, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021"; AUTHORIZING THE CITY STAFF AND THE CITY'S FINANCIAL ADVISORS AND BOND COUNSEL TO PROCEED WITH THIS PLAN OF FINANCE; AND AUTHORIZING OTHER MATTERS RELATED TO THE FOREGOING

2. CONSIDERATION AND APPROVAL OF A RESOLUTION APPROVING AN ENGAGEMENT AGREEMENT FOR BOND COUNSEL AND DISCLOSURE COUNSEL LEGAL SERVICES WITH LOCKE LORD LLP; AND OTHER MATTERS IN CONNECTION THEREWITH

3. CONSIDERATION AND APPROVAL OF A RESOLUTION BY THE CITY COMMISSION OF THE CITY OF SAN JUAN, TEXAS AUTHORIZING AND APPROVING PUBLICATION OF NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION; COMPLYING WITH THE REQUIREMENTS CONTAINED IN SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12; AND PROVIDING AN EFFECTIVE DATE

4. CONSIDERATION AND APPROVAL OF A RESOLUTION ESTABLISHING THE INTENTION OF THE CITY OF SAN JUAN, TEXAS TO REIMBURSE ITSELF FOR THE PRIOR LAWFUL EXPENDITURE OF FUNDS RELATING TO CONSTRUCTING AND EQUIPPING VARIOUS CITY IMPROVEMENTS FROM THE PROCEEDS OF ONE OR MORE SERIES OF TAX-EXEMPT OBLIGATIONS TO BE ISSUED BY THE CITY FOR AUTHORIZED PURPOSES; AUTHORIZING OTHER MATTERS INCIDENT AND RELATED THERETO; AND PROVIDING AN EFFECTIVE DATE

EXHIBIT B

1. I MOVE TO APPROVE A PLAN OF FINANCE RESOLUTION
2. I MOVE TO APPROVE A RESOLUTION APPROVING AN ENGAGEMENT AGREEMENT WITH LOCKE LORD LLP
3. I MOVE TO APPROVE A NOTICE OF INTENTION RESOLUTION
4. I MOVE TO APPROVE A REIMBURSEMENT RESOLUTION

RESOLUTION

A RESOLUTION APPROVING THE CITY OF SAN JUAN PLAN OF FINANCE PERTAINING TO THE CONTEMPLATED ISSUANCE OF OBLIGATIONS TO BE DESIGNATED AS "CITY OF SAN JUAN, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021"; AUTHORIZING THE CITY STAFF AND THE CITY'S FINANCIAL ADVISORS AND BOND COUNSEL TO PROCEED WITH THIS PLAN OF FINANCE; AND AUTHORIZING OTHER MATTERS RELATED TO THE FOREGOING

WHEREAS, the City Commission of the City of San Juan, Texas (the *City*) is authorized and empowered to issue approximately $9,500,000 in certificates of obligation (the *Certificates*) for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) acquiring vehicles, heavy machinery, and equipment for sanitation and street maintenance and repair; (2) constructing street improvements (including utilities repair, replacement and relocation), curbs, gutters, and sidewalk improvements; (3) acquiring, constructing, improving, renovating, and equipping parks and recreational facilities, including drainage incidental thereto; (4) acquiring, constructing, improving, renovating, and equipping public safety facilities (including a fire station); (5) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (6) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects in accordance with the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through Section 271.064, Chapter 1502, as amended, Texas Government Code, and the City's Home Rule Charter; and

WHEREAS, the City will retain Hilltop Securities Inc., Pharr, Texas (the *Financial Advisor*) and Locke Lord LLP, Austin, Texas (the *Bond Counsel*), as its financial advisor and bond counsel, respectively, relating to the proposed issuance of any debt by the City; and

WHEREAS, the Financial Advisor has presented a plan of finance (the *Plan of Finance*) describing a methodology to finance the aforementioned capital improvements in the City, among other matters, and City staff recommends that the City Commission authorize the issuance of the Obligations; and

WHEREAS, the City Commission hereby finds and determines that the adoption of this Resolution is in the best interest of the residents of the City; now, therefore,

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF SAN JUAN, TEXAS THAT:

SECTION 1. The Financial Advisor is hereby authorized to coordinate the sale of the Obligations by the City with the City staff and Bond Counsel, to apply for and facilitate the acquisition of a municipal bond insurance policy, if any, concerning the repayment of debt service on the Obligations, to apply for and receive ratings on the Obligations from national rating services, and to otherwise coordinate the financial aspects relating to this transaction to ensure that the City's sale of the Obligations is accomplished in the most efficient and advantageous manner available, given then-prevailing market conditions, and to comply with all regulations and rules promulgated by the United States Securities and Exchange Commission and the Municipal Securities Rule Making Board.

SECTION 2. The Financial Advisor and Bond Counsel will assist the City staff in the preparation of the disclosure documents, including the Preliminary Official Statement and the Final Official Statement to be used in connection with the negotiated or competitive sale of the Obligations.

SECTION 3. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the City Commission.

SECTION 4. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 5. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 6. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Commission hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 7. It is officially found, determined, and declared that the meeting at which this Resolution 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 Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 8. This Resolution shall be immediately in force and effect from and after its passage, and it is so resolved.

[The remainder of this page intentionally left blank.]

PASSED AND APPROVED, this the 7th day of July, 2021.

CITY OF SAN JUAN, TEXAS

____
Mayor

ATTEST:

____
City Secretary

(CITY SEAL)

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
JULY 7, 2021

Consideration and Approval of a Resolution Approving an Engagement Agreement for Bond Counsel and Disclosure Counsel Legal Services with Locke Lord LLP; and other matters in Connection Therewith.

STAFF COMMENTS AND RECOMMENDATIONS:

Consideration and approval of a resolution approving an engagement agreement for bond counsel and disclosure counsel legal services with Locke Lord LLP; and other matters in connection therewith.

RECOMMENDATION:

Staff Recommends Approval.

PREPARED BY:	**APPROVED BY:**
Benjamin Arjona, City Manager	Benjamin Arjona, City Manager

RESOLUTION

A RESOLUTION APPROVING AN ENGAGEMENT AGREEMENT FOR BOND COUNSEL AND DISCLOSURE COUNSEL LEGAL SERVICES WITH LOCKE LORD LLP; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the City Commission (the *Commission*) of the City of San Juan, Texas (the *City*) anticipates accessing the public or private markets from time to time to issue public securities to finance certain capital improvement projects within the City or to refinance public securities previously issued by the City, which will require the City to comply with the applicable laws and administrative rules of the State of Texas (the *State*) and federal securities and federal tax laws related thereto; and

WHEREAS, the Commission requires legal counsel which specializes in public finance matters and is well versed in State and federal securities and federal tax laws and applicable administrative procedures to provide bond counsel and disclosure counsel legal services pertaining to the City's issuance of public securities;

WHEREAS, the payment of such legal services shall be contingent on the City's successful issuance of public securities pertaining thereto and shall be payable from such public securities proceeds; and

WHEREAS, Locke Lord LLP will provide the City with bond counsel and disclosure counsel legal services on all of the City's publicly offered or privately placed public securities and has provided the City with one or more engagement agreements for bond counsel legal services pertaining to the City's anticipated future issuances of public securities (the *Engagement Agreement*, attached hereto as Exhibit A); and

WHEREAS, House Bill No. 2826, 86th Leg., R.S, effective September 1, 2019 (*HB 2826*), requires that a political subdivision of the State, including the City, enter into a contingent fee contract for legal services only after: (i) the governing body of the political subdivision has provided written notice to the public stating certain provisions enumerated within HB 2826; (ii) the governing body of the political subdivision approved such contract in an open meeting called for the purposes of considering such contract; (iii) the governing body of the political subdivision has stated in writing certain findings made by the governing body upon the approval of such contract, and (iv) the Texas Attorney General need not approve the Engagement Agreement pursuant to the exception provided by Section 2254.102(e) of HB 2826; and

WHEREAS, the Commission caused notice of this resolution (the *Resolution*), this meeting, and the following provisions enumerated within HB 2826 to be provided to the public in accordance with the Texas Open Meetings Act and HB 2826:

1. The Commission of the City intends to engage Locke Lord LLP to provide the City with bond counsel legal services pertaining to the City's issuance of public securities on the public or private market, including advising the City on any "official statement" to potential investors pursuant to federal securities laws and issuing a legal opinion as to the foregoing;

2. Locke Lord LLP, as a result of a competitive process of bond counsel firms, if necessary, has demonstrated to the City its competence, qualifications, and experience as an industry leader in public finance matters through the provision of bond counsel and disclosure counsel legal services, the representation of multiple advisors, issuers, and other parties in United States Securities and Exchange Commission enforcement actions, the publication of disclosure policies and the representation of State agencies and political subdivisions within the State of Texas on public securities related issues;

3. Accessing the public or private markets through the issuance of public securities and providing an "official statement" of the City to potential investors is governed by State and federal securities and federal tax laws and requires the advice of legal advisors that specialize in public finance that are well versed in public finance legal matters;

4. Engaging an attorney in private practice who specializes in public finance matters and is well versed in State and federal securities and federal tax laws pursuant to an hourly fee arrangement would likely result in higher fees to be paid by the City, and such fees incurred would be payable by the City by amounts on deposit in the City's General Fund, whether or not the public securities are issued;

5. Fees for legal services in public finance matters, including bond counsel and disclosure counsel legal services, have traditionally been paid pursuant to a contingent fee contract, where such fees become payable only upon the successful issuance of the public securities and are payable solely out of the proceeds of the public securities;

6. Entering into a contract for bond counsel and disclosure counsel legal services with Locke Lord LLP (a firm that specializes in public finance matters and is well versed in State and federal securities and federal tax laws) payment of which is contingent on the City's successful issuance of public securities and payable out of public securities proceeds provides the City a superior level of bond counsel and disclosure counsel legal services and fee(s) payable under the contract are reasonable in the public finance market and would likely be less than if such services were conducted pursuant to an hourly rate contract with an attorney specializing in public finance matters;

7. For each of the reasons state above, the execution of contingent fee engagement contracts with Locke Lord LLP is in the best interest of the residents of the City; and

WHEREAS, the meeting at which this Resolution is being considered is an open meeting called, in part, for the purposes of considering (i) the need for obtaining the bond counsel and disclosure counsel legal services that are the subject of the Engagement Agreement, (ii) the terms of the Engagement Agreement, (iii) the competence, qualifications, and experience of Locke Lord LLP, and (iv) the reasons the Engagement Agreement is in the best interest of the residents of the City and in compliance with HB 2826; and

WHEREAS, the Commission hereby finds and determines that the adoption of this Resolution is in the best interests of the residents of the City; now, therefore,

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF SAN JUAN, TEXAS THAT:

SECTION 1. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Commission.

SECTION 2. The Commission hereby finds that: (i) there is a substantial need for the bond counsel and disclosure counsel legal services that are the subject of the Engagement Agreement with Locke Lord LLP; (ii) the City does not currently employ attorneys and supporting personnel qualified to provide bond counsel and disclosure counsel legal services; (iii) the bond counsel and disclosure counsel legal services cannot reasonably be obtained from attorneys in private practice under a contract providing only for the payment of hourly fees, without regard to the outcome of the matter, because of the nature of the matter for which the bond counsel and disclosure counsel legal services will be obtained and because, until the issuance of a public security, the City will not have funds to pay the estimated amounts required under a contract providing only for the payment of hourly fees which is not contingent on the issuance of the public securities; and (iv) the relationship between the City or the Commission and Locke Lord LLP is not improper and would not appear improper to a reasonable person.

SECTION 3. Based on the findings by the Commission described above, the Commission hereby approves the City entering into the Engagement Agreement with Locke Lord LLP and authorizes the City Manager to execute the Engagement Agreement.

SECTION 4. All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, so that the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 5. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 6. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Commission hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 7. It is officially found, determined, and declared that the meeting at which this Resolution 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 Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 8. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

[The remainder of this page intentionally left blank.]

PASSED, ADOPTED AND APPROVED on this the 7th day of July, 2021.

City of San Juan, Texas

____

Mayor

ATTEST:

____

City Secretary

(CITY SEAL)

EXHIBIT A

Engagement Agreement

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
JULY 7, 2021

Consideration and Approval of a Resolution by the City Commission of the City of San Juan, Texas Authorizing and Approving Publication of Notice of Intention to Issue Certificates of Obligation; Complying with the Requirements Contained in Securities and Exchange Commission Rule 15c2-12; and Providing an Effective Date.

STAFF COMMENTS AND RECOMMENDATIONS:

Consideration and approval of a resolution by the City Commission of the City of San Juan, Texas authorizing and approving publication of notice of intention to issue Certificates of Obligation; complying with the requirements contained in Securities and Exchange Commission Rule 15c2-12; and providing an effective date.

RECOMMENDATION:

Staff Recommend Approval.

PREPARED BY:
Benjamin Arjona,
City Manager

APPROVED BY:
Benjamin Arjona, City
Manager

RESOLUTION

A RESOLUTION BY THE CITY COMMISSION OF THE CITY OF SAN JUAN, TEXAS AUTHORIZING AND APPROVING PUBLICATION OF NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION; COMPLYING WITH THE REQUIREMENTS CONTAINED IN SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Commission (the *City Commission*) of the City of San Juan, Texas (the *City*) has determined that it is advisable and necessary to issue and sell one or more series of certificates of obligation (the *Certificates*) in an amount not to exceed $9,500,000 as provided pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code, Section 271.041 through Section 271.064, for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) acquiring vehicles, heavy machinery, and equipment for sanitation and street maintenance and repair; (2) constructing street improvements (including utilities repair, replacement and relocation), curbs, gutters, and sidewalk improvements; (3) acquiring, constructing, improving, renovating, and equipping parks and recreational facilities, including drainage incidental thereto; (4) acquiring, constructing, improving, renovating, and equipping public safety facilities (including a fire station); (5) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (6) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects. The Certificates will be payable from the levy of an annual ad valorem tax, within the limitations prescribed by law, upon all taxable property within the City and from a lien on and pledge of certain of the net revenues derived from the operation of the City's utility system. The Certificates are to be issued, and this notice is given, under and pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through Section 271.064, Chapter 1502, as amended, Texas Government Code, and the City's Home Rule Charter; and

WHEREAS, prior to the public offering, sale, and issuance of the Certificates, the appropriate officials of the City must review and approve the distribution of a "deemed final" preliminary official statement (the *Official Statement*) in order to comply with the requirements contained in 17 C.F.R. §240.15c2-12 (the *Securities and Exchange Commission Rule*); and

WHEREAS, based upon their review of the Official Statement, the appropriate officials of the City must find to the best of their knowledge and belief, after reasonable investigation, that the representations of facts pertaining to the City contained in the Official Statement are true and correct and that, except as disclosed in the Official Statement, there are no facts pertaining to the City that would adversely affect the issuance of the Certificates or the City's ability to pay the debt service requirements on the Certificates when due; and

WHEREAS, the City Commission will comply with the requirements contained in the Securities and Exchange Commission Rule concerning the creation of a contractual obligation between the City and the proposed purchaser(s) of the Certificates (the *Purchasers*) to provide the Purchasers with an Official Statement in a time and manner that will enable the Purchasers to comply with the distribution requirements and continuing disclosure requirements contained in the Securities and Exchange Commission Rule; and

WHEREAS, the City Commission authorizes the Mayor, City Manager, City Secretary, and the City Attorney, as appropriate, or their designees, to review, approve, and execute any document or certificate in order to allow the City to comply with the requirements contained in the Securities and Exchange Commission Rule; and

WHEREAS, prior to the issuance of the Certificates, the City Commission is required to publish notice of its intention to issue the Certificates in a newspaper of general circulation in the City, and if the City maintains an internet website, publish such notice of intent on the City's internet website, such notice stating (i) the time and place the City Commission tentatively proposes to pass the ordinance authorizing the issuance of the Certificates, (ii) the purposes for which the Certificates are to be issued, (iii) the manner in which the City Commission proposes to pay the Certificates; (iv) the then-current principal amount of all outstanding ad valorem debt obligations of the City; (v) the then-current combined principal and interest required to pay all outstanding ad valorem debt obligations of the City on time and in full, which may be based on the City's expectations relative to the interest due on any variable rate ad valorem debt obligations; (vi) the maximum principal amount of the Certificates to be authorized; (vii) the estimated interest rate for the Certificates to be authorized or that the maximum interest rate for the Certificates may not exceed the maximum legal interest rate; and (viii) the maximum maturity date of the Certificates to be authorized; and

WHEREAS, the City Commission hereby finds and determines that such documents pertaining to the sale of the Certificates should be approved, and the City should proceed with the giving of notice of intention to issue the Certificates in the time, form, and manner provided by law; and

WHEREAS, the City Commission hereby finds and determines that the adoption of this Resolution is in the best interests of the residents of the City; now, therefore,

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF SAN JUAN, TEXAS THAT:

SECTION 1. The City Secretary is hereby authorized and directed to cause notice to be published of the City Commission's intention to issue the Certificates in an amount not to exceed $9,500,000 for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) acquiring vehicles, heavy machinery, and equipment for sanitation and street maintenance and repair; (2) constructing street improvements (including utilities repair, replacement and relocation), curbs, gutters, and sidewalk improvements; (3) acquiring, constructing, improving, renovating, and equipping parks and recreational facilities, including drainage incidental thereto; (4) acquiring, constructing, improving, renovating, and equipping public safety facilities (including a fire station); (5) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (6) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects. The Certificates will be payable from the levy of an annual ad valorem tax, within the limitations prescribed by law, upon all taxable property within the City and additionally from a pledge of and lien on certain revenues derived from the operation of the City's utility system. The notice hereby approved and authorized to be published shall read substantially in the form and content of Exhibit A attached hereto, which notice is incorporated herein by reference as a part of this Resolution for all purposes.

SECTION 2. The City Secretary shall cause the notice described in Section 1 to be published in a newspaper of general circulation in the City, once a week for two consecutive weeks, the date of the first publication shall be at least forty-six (46) days prior to the date stated therein for passage of the ordinance authorizing the issuance of the Certificates. Additionally, the City Secretary shall cause the notice described in Section 1 to be posted continuously on the City's website for at least forty-five (45) days prior to the date stated therein for passage of the ordinance authorizing the issuance of the Certificates.

SECTION 3. The Mayor, City Manager, Director of Finance, City Secretary, and the City Attorney, as appropriate, or their designees, are authorized to review and approve the Official Statement pertaining to the offering, sale, and issuance of the Certificates and to execute any document or certificate in order to comply with the requirements contained in the Securities and Exchange Commission Rule.

SECTION 4. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the City Commission.

SECTION 5. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 6. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 7. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Commission hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 8. It is officially found, determined, and declared that the meeting at which this Resolution 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 Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 9. This Resolution shall be in force and effect from and after the date of its adoption, and it is so resolved.

[The remainder of this page intentionally left blank.]

PASSED AND APPROVED, this the 7th day of July, 2021.

CITY OF SAN JUAN, TEXAS

____
Mayor

ATTEST:

____
City Secretary

(CITY SEAL)

<u>Exhibit A</u>

NOTICE OF INTENTION TO ISSUE
CITY OF SAN JUAN, TEXAS
CERTIFICATES OF OBLIGATION

NOTICE IS HEREBY GIVEN that the City Commission of the City of San Juan, Texas will convene at its regular meeting place in the City Hall in San Juan, Texas, at 6:00 o'clock P.M., San Juan, Texas time on August 24, 2021, and, during such meeting, the City Commission will consider the passage of an ordinance or ordinances and take such other actions as may be deemed necessary to authorize the issuance of one or more series of certificates of obligation in an aggregate principal amount not to exceed $9,500,000 for the purpose or purposes of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's utility system; (2) constructing, improving, and renovating flood control and storm drainage facilities within the City, including any related street improvements (including utilities repair, replacement and relocation), curbs, gutters, and sidewalk improvements; (3) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (4) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects. The certificates of obligation (the *Certificates*) will be payable from the levy of an annual ad valorem tax, within the limitations prescribed by law, upon all taxable property within the City and from a lien on and pledge of certain revenues derived by the City from the operation of the City's utility system. In accordance with Section 271.049, as amended, Texas Local Government Code, (i) the current principal amount of all of the City's outstanding public securities secured by and payable from ad valorem taxes is $27,930,000; (ii) the current combined principal and interest required to pay all of the City's outstanding public securities secured by and payable from ad valorem taxes on time and in full is $35,393,138; (iii) the estimated combined principal and interest required to pay the Certificates to be authorized on time and in full is $11,131,769; (iv) the maximum interest rate for the Certificates may not exceed the maximum legal interest rate; and (v) the maximum maturity date of the Certificates to be authorized is February 15, 2041. The Certificates are to be issued, and this notice is given, under and pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through Section 271.064, Chapter 1502, as amended, Texas Government Code, and the City's Home Rule Charter.

<u>/s/ Diana Cavazos</u>
City Secretary
City of San Juan, Texas

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
JULY 7, 2021

Consideration and Approval of a Resolution Establishing the Intention of the City of San Juan, Texas to Reimburse Itself for the Prior Lawful Expenditure of Funds Relating to Constructing and Equipping Various City Improvements from the Proceeds of One or More Series of Tax-Exempt Obligations to be Issued by the City for Authorized Purposes; Authorizing other Matters Incident and Related Thereto; and Providing an Effective Date.

STAFF COMMENTS AND RECOMMENDATIONS:

Consideration and Approval of a Resolution Establishing the Intention of the City of San Juan, Texas to Reimburse Itself for the Prior Lawful Expenditure of Funds Relating to Constructing and Equipping Various City Improvements from the Proceeds of One or More Series of Tax-Exempt Obligations to be Issued by the City for Authorized Purposes; Authorizing other Matters Incident and Related Thereto; and Providing an Effective Date.

RECOMMENDATION:

Staff Recommends Approval.

PREPARED BY:
Benjamin Arjona,
City Manager

APPROVED BY:
Benjamin Arjona, City
Manager

RESOLUTION

A RESOLUTION ESTABLISHING THE INTENTION OF THE CITY OF SAN JUAN, TEXAS TO REIMBURSE ITSELF FOR THE PRIOR LAWFUL EXPENDITURE OF FUNDS RELATING TO CONSTRUCTING AND EQUIPPING VARIOUS CITY IMPROVEMENTS FROM THE PROCEEDS OF ONE OR MORE SERIES OF TAX-EXEMPT OBLIGATIONS TO BE ISSUED BY THE CITY FOR AUTHORIZED PURPOSES; AUTHORIZING OTHER MATTERS INCIDENT AND RELATED THERETO; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Commission (the *Governing Body*) of the City of San Juan, Texas (the *Issuer*) has entered into or will enter into various contracts pertaining to the expenditure of lawfully available funds of the Issuer to finance the costs associated with (i) (1) acquiring vehicles, heavy machinery, and equipment for sanitation and street maintenance and repair; (2) constructing street improvements (including utilities repair, replacement and relocation), curbs, gutters, and sidewalk improvements; (3) acquiring, constructing, improving, renovating, and equipping parks and recreational facilities, including drainage incidental thereto; (4) acquiring, constructing, improving, renovating, and equipping public safety facilities (including a fire station); and (5) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements (the *Construction Costs*), (ii) the payment of various engineering costs, including design testing, design engineering, and construction inspection related to the Construction Costs (the *Engineering Costs*), (iii) the payment of various architectural costs, including preparation of plans and specifications and various other plans and drawings related to the Construction Costs (the *Architectural Costs*), and (iv) the payment of various administrative costs, including the fees of bond counsel, financial advisor, project manager, project consultant, other professionals, and printer (the *Administrative Costs*) [the Construction Costs, Engineering Costs, Architectural Costs, and Administrative Costs collectively constitute costs of the project that are the subject of this Resolution (the *Project*)]; and

WHEREAS, the provisions of Section 1201.042, as amended, Texas Government Code (*Section 1201.042*) provide that the proceeds from the sale of obligations issued to finance the acquisition, construction, equipping, or furnishing of any project or facilities, such as the Project, may be used to reimburse the Issuer, for costs attributable to such project or facilities paid or incurred before the date of issuance of such obligations; and

WHEREAS, the United States Department of Treasury (the *Department*) released Regulation Section 1.150-2 (the *Regulations*) which establishes when the proceeds of obligations are spent and therefore are no longer subject to various federal income tax restrictions contained in the Internal Revenue Code of 1986, as amended (the *Code*); and

WHEREAS, the Issuer intends to reimburse itself, within eighteen months from the later of the date of expenditure or the date the property financed is placed in service (but in no event more than three years after the original expenditures are paid), for the prior lawful capital expenditure of funds from the proceeds of one or more series of ad valorem tax-supported bonds issued as tax-exempt obligations (the *Obligations*) that the Issuer currently contemplates issuing in an amount not to exceed $9,500,000 to finance a portion of the costs of the Project; and

WHEREAS, under the Regulations, to fund such reimbursement with proceeds of the Obligations, the Issuer must declare its expectation ultimately to make such reimbursement before making the expenditures; and

WHEREAS, the Issuer hereby finds and determines that the reimbursement for the prior expenditure of funds of the Issuer is not inconsistent with the Issuer's budgetary and financial circumstances; and

WHEREAS, the Governing Body hereby finds and determines that the adoption of this Resolution is in the best interests of the citizens of the Issuer; now, therefore,

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF SAN JUAN, TEXAS THAT:

SECTION 1: This Resolution is a declaration of intent to establish the Issuer's reasonable, official intent under section 1.150-2 of the Regulations and Section 1201.042 to reimburse itself from certain of the proceeds of the Obligations for any capital expenditures previously incurred (not more than 60 days prior to the date hereof) or to be incurred with respect to the Project from the lawfully-available general funds or other funds of the Issuer.

SECTION 2: The Issuer intends to issue the Obligations and allocate within 30 days after the date of issuance of the Obligations the proceeds therefrom to reimburse the Issuer for prior lawful expenditures with respect to the Project in a manner to comply with the Regulations.

SECTION 3: The reimbursed expenditure will be a type properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles.

SECTION 4: The Issuer intends to otherwise comply, in addition to those matters addressed within this Resolution, with all the requirements contained in the Regulations.

SECTION 5: This Resolution may be relied upon by the appropriate officials at the Office of the Attorney General for the State of Texas and establishes compliance by the Issuer with the requirements of Texas law and the Regulations.

SECTION 6: With respect to the proceeds of the Obligations allocated to reimburse the Issuer for prior expenditures, the Issuer shall not employ an abusive device under Treasury Regulation Section 1.148-10, including using within one year of the reimbursement allocation, the funds corresponding to the proceeds of the Obligations in a manner that results in the creation of replacement proceeds, as defined in Treasury Regulation Section 1.148-1, of the Obligations or another issue of tax-exempt obligations or refundable tax credit obligations.

SECTION 7: The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Governing Body.

SECTION 8: All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 9: This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 10: If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Governing Body hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 11: It is officially found, determined, and declared that the meeting at which this Resolution 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 Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 12: This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

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PASSED, ADOPTED AND APPROVED on this the 7th day of July, 2021.

CITY OF SAN JUAN, TEXAS

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Mayor

ATTEST:

____
City Secretary

(CITY SEAL)

(Signature Page to City of San Juan, Texas Reimbursement Resolution)