Mayor: Mario Garza
Mayor Pro-Tem: Leonardo "Lenny" Sanchez
Commissioners: Adina "Dina" Santillan
Ernesto "Neto" Guajardo
Marco "Markie" Villegas

SAN JUAN CITY COMMISSION

Location: San Juan Memorial Library
Training Room
1010 S. Standard
San Juan, Texas 78589
Monday, February 28, 2022

SPECIAL CALLED MEETING AGENDA
12:00 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. DISCUSSION AND POSSIBLE ACTION ON ALL THE FOLLOWING MATTERS:

A. Discussion and Possible Action on Presentation by Hilltop Securities on Public Property Finance Contractual Obligations, Series 2022, Plan of Finance for the Funding of Pumper Fire Truck.

IV. RESOLUTIONS

A. Consideration and Approval of a Resolution by the City Commission of the City of San Juan Authorizing Certain Representives of the City to Move Foward with the Proposed Issuance and Sale of One or More Finance Lease Agreements; Authorizing the Preparation of Any Documents and Agreements Necessary to Effectuate the Issuance and Sale of Such Obligations, and Other Matters in Connection Therewith.

B. 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 Acquiring, 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;

Auhtorizing Other Matters Incident and Related Thereto; and Providing and Effective Date.

V. 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).

____
BRENDA ESCALANTE
INTERIM 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 __________________ , 2022.

____
OFFICE OF THE CITY SECRETARY

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
FEBRUARY 28, 2022

Discussion and Possible Action on Presentation by Hilltop Securities on Public Property Finance Contractual Obligations, Series 2022, Plan of Finance for the Funding of Pumper Fire Truck.

STAFF COMMENTS AND RECOMMENDATIONS:

Presentation by Hilltop Securities on Public Property Finance Contractual Obligations, Series 2022, Plan of Finance for the Funding of Pumper Fire Truck.

RECOMMENDATION:

Staff Recommends Approval of Plan of Finance.

PREPARED BY:	**APPROVED BY:**
Brenda Escalante, Aide	Benjamin Arjona, City Manager

Contact

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Public Property Finance Contractual Obligations, Serie 2022
Funding of Pumper Fire Truck
City of San Juan, Texas

February 28, 2022

Table of Contents

CITY OF SAN JUAN, TEXAS

Plan of Finance

- The City of San Juan (the "City") intends to issue Public Property Finance Contractual Obligations, Series 2022 (the "Obligations") to fund a Pumper Fire Truck

- Total Project Cost = $545,000

- New debt capacity obtained through:
  - Growth in taxable assessed valuation and use of existing debt service funds on hand

- The Obligations will be issued as Bank Qualified for lower interest rates (fixed interest rates)
  - City's total tax-exempt debt issuance of less than $10 million for calendar year 2022

- Competitive Private Placement Transaction

- The Obligations would not be rated or insured
  - However, the City's investment grade rating of "A" would allow the City to attract investors thus fostering competition for the lowest interest rate possible

- The Obligations would be amortized over a 10-year period with a level debt service structure

Preliminary Cash Flows and Sources & Uses of Funds

For Year Ended 9/30	$579,000 Public Property Finance Contractual Obligations, Series 2022		
	Budgeted Interest Rate = 2.00% [(1)]		
	Principal	Interest	Total D/S
2022	$ -	$ -	$ -
2023	49,000	15,433	64,433
2024	54,000	10,060	64,060
2025	55,000	8,970	63,970
2026	57,000	7,850	64,850
2027	58,000	6,700	64,700
2028	59,000	5,530	64,530
2029	60,000	4,340	64,340
2030	61,000	3,130	64,130
2031	62,000	1,900	63,900
2032	64,000	640	64,640
	$ 579,000	$ 64,553	$ 643,553

SOURCES OF FUNDS	
Par Amount	$579,000
Total Sources of Funds	$579,000

USES OF FUNDS	
Project Fund Deposit	$545,000
Budgeted Financing Costs	$34,000
Total Uses of Funds	$579,000

Notes:

(1) Budgeted; for purposes of discussion only. Subject to change at any time.

Tentative Schedule of Events

DATE	EVENTS
February 28, 2022	**<u>Special Scheduled Comission Meeting</u>** 1) Presentation of Plan of Finance to City Commission **2) City Commission directs Staff and Consultants to implement Plan of Finance**
March 22, 2022	**<u>Regular Scheduled Commission Meeting</u>** **1) City Commission approves Ordinance authorizing the issuance of Public Property Finance Contractual Obligations, Series 2022**
Attorney General review and approval of debt issuance	
April 19, 2022	Closing debt issuance and delivery of funds to the City

Formal actions to be taken by City Commission

Questions, Discussion and Next Steps

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
FEBRUARY 28, 2022

Consideration and Approval of a Resolution by the City Commission of the City of San Juan Authorizing Certain Representives of the City to Move Foward with the Proposed Issuance and Sale of One or More Finance Lease Agreements; Authorizing the Preparation of Any Documents and Agreements Necessary to Effectuate the Issuance and Sale of Such Obligations, and Other Matters in Connection Therewith.

STAFF COMMENTS AND RECOMMENDATIONS:

Consideration and Approval of a Resolution by the City Commission of the City of San Juan Authorizing Certain Representives of the City to Move Foward with the Proposed Issuance and Sale of One or More Finance Lease Agreements; Authorizing the Preparation of Any Documents and Agreements Necessary to Effectuate the Issuance and Sale of Such Obligations, and Other Matters in Cennection Therewith.

RECOMMENDATION:

Approve a Plan of Finance Resolution.

PREPARED BY:	**APPROVED BY:**
Brenda Escalante, Aide	Benjamin Arjona, City Manager

RESOLUTION NO.

A RESOLUTION BY THE CITY COMMISSION OF THE CITY OF SAN JUAN, TEXAS AUTHORIZING CERTAIN REPRESENTATIVES OF THE CITY TO MOVE FORWARD WITH THE PROPOSED ISSUANCE AND SALE OF ONE OR MORE FINANCE LEASE AGREEMENTS; AUTHORIZING THE PREPARATION OF ANY DOCUMENTS AND AGREEMENTS NECESSARY TO EFFECTUATE THE ISSUANCE AND SALE OF SUCH OBLIGATIONS; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the City Commission (the *City Commission*) of the City of San Juan, Texas (the *City*) intends to enter into one or more finance lease agreements (the *Obligations*), pursuant to Subchapter A, Chapter 271, Texas Local Government Code, as amended, to acquire public safety equipment, including a fire truck; and

WHEREAS, the City Commission will approve the Obligations by the adoption of an ordinance authorizing the issuance of such Obligations at one or more subsequent meetings of the City Commission; and

WHEREAS, in order to accomplish the most efficient financing for the City, the City Commission now deems it advisable to authorize Hilltop Securities Inc., Pharr, Texas, as financial advisor (the *Financial Advisor*) to the City, and Locke Lord LLP, Austin, Texas, as bond counsel (*Bond Counsel*) to the City, to proceed with the planning, developing and implementing a program to issue the Obligations; and

WHEREAS, the City Commission desires further to authorize the Mayor, the City Secretary, and the City Manager, as appropriate, or their designees, to consult and assist the Financial Advisor and Bond Counsel in the preparation of the required financing documents; and

WHEREAS, the City Commission hereby finds and determines that these actions are in the best interests of the City; and

WHEREAS, 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; now, therefore,

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

SECTION 1. The Financial Advisor and Bond Counsel are hereby confirmed as the financial advisor and bond Counsel for the City, respectively, and are hereby authorized to take preliminary action with respect to the issuance of the Obligations.

SECTION 2. The Financial Advisor and the Bond Counsel will assist the City in the preparation of the required financing documents, legal documents necessary for a negotiated sale, a bank private placement, or lease finance, and coordinate the sale of the Obligations with the national rating services and bond insurance companies, if any, and will otherwise coordinate the financial aspects relating to this transaction to ensure that the City receives the lowest possible interest rate on the Obligations from the underwriters and to comply with all regulations and rules promulgated by the Municipal Securities Rule Making Board.

SECTION 3. The Mayor, City Secretary, City Manager, and Finance Director, as appropriate, are authorized to consult and assist the Financial Advisor and the Bond Counsel in the preparation of the required financing documents, including an ordinance authorizing the Obligations, which documents shall be formally approved at a future meeting of the City Commission.

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. 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 28th day of February, 2022.

CITY OF SAN JUAN, TEXAS

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Mayor

ATTEST:

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City Secretary

(CITY SEAL)

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
FEBRUARY 28, 2022

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 Acquiring, 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; Auhtorizing Other Matters Incident and Related Thereto; and Providing and 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 Acquiring, 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; Auhtorizing Other Matters Incident and Related Thereto; and Providing and Effective Date.

RECOMMENDATION:

Adopt a Reimbursement Resolution.

PREPARED BY:	**APPROVED BY:**
Brenda Escalante, Aide	Benjamin Arjona, City Manager

RESOLUTION NO.

A RESOLUTION ESTABLISHING THE INTENTION OF THE CITY OF SAN JUAN, TEXAS TO REIMBURSE ITSELF FOR THE PRIOR LAWFUL EXPENDITURE OF FUNDS RELATING TO ACQUIRING, 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) acquiring public safety equipment, including a fire truck (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 $600,000 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.

* * * *

PASSED, ADOPTED AND APPROVED on this the 28th day of February, 2022.

CITY OF SAN JUAN, TEXAS

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Mayor

ATTEST:

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City Secretary

(CITY SEAL)