

NEW BUSINESS

ITEM #1

MEMORANDUM

TO: Warren Escovy
FROM: J. Bart Fowler
RE: City of Blanco, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024
DATE: May 17, 2024

Below is the proposed agenda language in connection with the delegation ordinance for the above-captioned obligations scheduled for an upcoming City Council meeting:

- o Consideration and action with respect to "RESOLUTION AUTHORIZING PROCEEDING WITH ISSUANCE OF CERTIFICATES OF OBLIGATION AND FURTHER DIRECTING THE PUBLICATION OF NOTICE OF INTENTION TO ISSUE CITY OF BLANCO, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024."

Please do not hesitate to contact me if you have any questions.

cc: Steven Perry

RESOLUTION NO. 2024-_____

**RESOLUTION AUTHORIZING PROCEEDING WITH ISSUANCE OF
CERTIFICATES OF OBLIGATION AND FURTHER DIRECTING THE
PUBLICATION OF NOTICE OF INTENTION TO ISSUE CITY OF
BLANCO, TEXAS COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2024**

**THE STATE OF TEXAS §
COUNTY OF BLANCO §
CITY OF BLANCO §**

WHEREAS, the City Council (the "Council") of the City of Blanco, Texas (the "City") has determined it to be in the City 's best interest to issue certificates of obligation for paying all or a portion of the City's contractual obligations incurred or to be incurred for (i) constructing improvements and extensions to the City's water system (the "System") including expanding and equipping the System and (ii) payment of professional services in connection therewith including legal, engineering, architectural and fiscal fees and the costs of issuing the Certificates (collectively the "Project"); and

WHEREAS, the Council has deemed it advisable to give notice of intention to issue the Certificates in a maximum principal amount not to exceed \$3,500,000 pursuant to the provisions of the Certificate of Obligation Act of 1971, Section 271.041 et seq., Local Government Code, as amended (the "Act"), for the purpose of financing the Project; and

WHEREAS, prior to the issuance of the Certificates, the Council is required under Section 271.041 et seq., Local Government Code to publish notice of its intention to issue the Certificates in a newspaper of general circulation in the City and continuously on the City's website, the notice stating: (i) the time and place tentatively set for the passage of the order authorizing the issuance of the Certificates, (ii) the purpose of the Certificates to be authorized; and (iii) the manner in which the Certificates will be paid; (iv) the then-current principal of all outstanding debt obligations of the issuer; (v) the then-current combined principal and interest required to pay all outstanding debt obligations of the issuer on time and in full; (vi) the maximum principal amount of the certificates to be authorized; (vii) the estimated combined principal and interest required to pay the certificates to be authorized on time and in full; (viii) 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 (ix) the maximum maturity date of the certificates to be authorized.

WHEREAS, the meeting at which this Resolution is adopted was open to the public and public notice of the time, place and purpose of the meeting was given, all as required by Chapter 551, Government Code, as amended.

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BLANCO, TEXAS:

1. Attached hereto is a form of the Notice of Intention to Issue the Certificates, the form and substance of which is hereby adopted and approved.

2. The City Secretary shall cause said notice to be published in substantially the form attached hereto, in a newspaper, as defined by Subchapter C, Chapter 2051, Texas Government Code, of general circulation in the area of the City, once a week for two consecutive weeks, the date of the first publication thereof to be before the 45th day before the date tentatively set for the passage of the ordinance authorizing the issuance of the Certificates.

3. The City Secretary shall cause said notice to be continuously published in substantially the form attached hereto on the City's website for at least 45 days before the date tentatively set for the passage of the ordinance authorizing the issuance of the Certificates.

4. This Resolution shall become effective immediately upon adoption. The City Secretary is hereby authorized and directed to execute the certificate to which this Resolution is attached on behalf of the City and the Mayor, City Secretary, the City Manager and Director of Finance are further authorized to do any and all things proper and necessary to carry out the intent of this Resolution including approving appropriate changes to the notice and approving the final form of any Preliminary Official Statement for distribution to the market in connection with the sale of the Certificates.

5. The City hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of each series of the obligations being issued or (ii) \$9,500 per series, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code. The appropriate member of the City's staff is hereby instructed to take the necessary measures to make this payment. The City is also authorized to reimburse the appropriate City funds for such payment from proceeds of the obligations.

[Execution Page Follows]

PASSED, APPROVED AND EFFECTIVE THIS MAY __, 2024.

City Secretary, City of Blanco, Texas

Mayor, City of Blanco, Texas

[SEAL]

**NOTICE OF INTENTION TO ISSUE
CITY OF BLANCO, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION,
SERIES 2024**

NOTICE is hereby given that it is the intention of the City Council of the City of Blanco, Texas to issue Certificates of Obligation (the "Certificates") of the City in one or more series for the purpose of providing funds for paying contractual obligations incurred or to be incurred for: (i) constructing improvements and extensions to the City's water system (the "System") including expanding and equipping the System and (ii) payment of professional services in connection therewith including legal, engineering, architectural and fiscal fees and the costs of issuing the Certificates. The City Council tentatively proposes to authorize the issuance of the Certificates at its regular meeting place, Byars Building, 308 Pecan St., Blanco, Texas to be commenced at 6:00 p.m., on the 16th day of July, 2024. The City Council presently proposes to provide for the security and payment of the Certificates by a pledge of ad valorem taxes upon all taxable property within the City within the limits allowed by law and from a limited pledge of the City's surplus water and sewer system revenues not to exceed \$1,000.

The following information is required pursuant to Texas Local Government Code, Section 271.049(b)(4): As of May __, 2024 the principal of all outstanding debt obligations of the City is \$ _____. As of May __, 2024, the combined principal and interest required to pay all outstanding debt obligations of the City on time and in full is \$ _____. The maximum principal amount of the Certificates to be authorized is \$3,500,000. The estimated combined principal and interest required to pay the Certificates to be authorized on time and in full is \$ _____. The estimated interest rate for the Certificates to be authorized is _____%. Such estimates take into account a number of factors, including the issuance schedule, maturity schedule and the expected ratings of the proposed Certificates. Such estimated maximum interest rates is provided as a matter of information, but is not a limitation on the interest rate at which the Certificates, or any series thereof, may be sold. The maximum maturity date of the Certificates to be authorized is _____, 20_____.

Combination Tax & Revenue Certificates of Obligation Series 2024 - TWDB DWSRF #62938

Schedule of Events

May-24						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Jun-24						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Jul-24						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Aug-24						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Sep-24						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Complete By	Day	Event
11-Jun-24	Tuesday	City Council Authorizes Publication of Notice of Intent to Sell COs
28-Jun-24	Friday	Last Date to Publish First Notice of Intent to Sell COs
Bond Counsel Distribute First Drafts of Bond Ordinance and Related Documents		
Financial Advisor Distributes First Draft of Private Placement Memorandum		
4-Jul-24	Thursday	Comments Due to Bond Documents & PPM
5-Jul-24	Friday	Last Date to Publish Second Notice of Intent to Sell CO's
23-Jul-24	Tuesday	Final Bond Documents & PPM sent to TWDB
6-Aug-24	Tuesday	Texas Water Development Board Sets Interest Rates
13-Aug-24	Tuesday	City Council Adopts CO Ordinance
15-Aug-24	Thursday	PPM Finalized
24-Aug-24	Saturday	Invoices Due to City for Outlay Report
29-Aug-24	Thursday	Outlay Report Due to Texas Water Development Board
31-Aug-24	Saturday	Escrow Release Authorization from City
5-Sep-24	Thursday	Receive AG Opinion; Final Submission to TWDB
13-Sep-24	Friday	Closing and Delivery of Funds

PARTICIPANTS

City of Blanco (City) - Issuer
McCall, Parkhurst & Horton LLP - Bond Counsel
D.A. Davidson & Co. - Financial Advisor

NEW BUSINESS

ITEM #2



To Whom It May Concern,

October 31, 2022

Performance Services is concerned and disappointed over the federal investigations and indictments in Hidalgo County, Texas, that were announced early in 2022. We were unaware of any inappropriate activities that were occurring and are fully cooperating with the US Attorney and FBI offices. The authorities shared with us that they believe PSI is not a subject of the investigation. Since our founding 24 years ago, no PSI employee has ever been accused of unethical behavior with customers or business partners.

The indictments indicate that some of the local subcontractors of our public entity customers, were a partial source of various kickbacks or bribes to government officials. These government officials also appear to have been engaging in other inappropriate procurement activities unrelated to our contracts.

When indictments initially indicated a PSI employee was involved, PSI immediately put the employee on Administrative Leave and have since terminated their employment. PSI is hopeful the remaining indictments will be issued soon so we can fully understand exactly what transpired. We do not believe any other PSI employees were involved. We have not learned anymore from authorities over the last five months.

This summer, the Texas Facilities Commission (TFC) held a competitive procurement and issued a Request for Qualification seeking energy performance companies to deliver an Investment Grade Audit and then design and construct an Energy Savings Project for ten state buildings (Texas Project #: 23-002-1221; TFC Energy Savings Performance Contract Phase V).

After a thorough assessment through a proposal, interview and reference checks, TFC selected PSI and one other company on October 3, 2022, to deliver five buildings each back to the state by the end of 2024. This selection displays the confidence the State of Texas has in our people, process, customer focus and integrity.

PSI's company culture is built on our Guiding Principles, Fundamentals and requires our employees to deal ethically with customers, business partners and coworkers. We are proud of our record as a high-integrity and top-quality public works construction provider since 1998. We look forward to delivering excellent work for the benefit of the generations to come in Texas and throughout the United States.

Sincerely,

A handwritten signature in black ink that reads "Timothy A. Thoman".

Tim Thoman, President and CEO

A handwritten signature in black ink that reads "Jim Adams".

Jim Adams, Texas General Manager

RESOLUTION 2024-R-012

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BLANCO, TEXAS, AUTHORIZING THE CITY TO ENTER INTO A PERFORMANCE GUARANTEE CONTRACT WITH PERFORMANCE SERVICES, INC. RELATING TO THE ACQUISITION AND INSTALLATION OF PERSONAL PROPERTY, AND ENTER INTO A PUBLIC PROPERTY FINANCE ACT LEASE PURCHASE AGREEMENT WITH FIRST SECURITY FINANCE, INC. TO FINANCE THE COSTS THEREOF; AND APPROVING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the City of Blanco, Texas (the "City") is a political subdivision duly organized under the constitution and laws of the State of Texas; and

WHEREAS, it is hereby determined that a true and real need exists for the acquisition and installation of certain personal property, consisting of approximately 1,231 water meters and related advanced metering infrastructure improvements at various locations throughout the City and other areas served by the City's water department, and replacement of the Palomino Water Line (collectively, the "Project"), as identified in the herein-after defined Performance Guarantee Contract; and

WHEREAS, the City is authorized under the Constitution and laws of the State of Texas (the "State") to enter into a public property finance act lease purchase agreement to finance the acquisition and installation of the Project; and

WHEREAS, in order to accomplish the foregoing, it is necessary and desirable for the City to enter into the following documents (the "Transaction Documents"):

1. Performance Guarantee Contract (the "Contract") between the City and Performance Services, Inc. relating to the acquisition and installation of the Project;
2. Public Property Finance Act Lease Purchase Agreement (the "Agreement") with First Security Finance, Inc., as lessor (the "Lessor"), in a principal amount (including capitalization of interest and closing costs) not to exceed \$1,900,000, a maturity date of no later than December 31, 2044, and an interest rate of 5.49% per annum, for the purposes described therein, including to provide financing for the Project;
3. Escrow Agreement with the Lessor and the escrow agent named therein for the purpose of establishing an acquisition fund into which the Lessor will deposit an amount equal to the aggregate principal components of rental payments under the Agreement; and
4. Federal Tax Agreement (the "Tax Agreement"), setting forth certain representations, facts, expectations, terms and conditions relating to the use and investment of the proceeds of the Agreement in order to establish and maintain the exclusion of the interest portion of rental payments under the Agreement from gross income for federal income tax purposes and in order to provide guidance for complying with the arbitrage rebate provisions of the Internal Revenue Code upon the terms and conditions as set forth in the Tax Agreement.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF BLANCO, TEXAS, AS FOLLOWS:

Section 1. The Transaction Documents are hereby approved in substantially the forms submitted to and reviewed by the City Council of the City on the date hereof, with such changes therein as are deemed necessary by the City's attorney and approved by the Mayor or the City Administrator of the City (each, an "Authorized City Officer"), said officer's execution thereof to be conclusive evidence of the approval thereof. The Authorized City Officer is hereby authorized and directed to execute and deliver the Transaction Documents on behalf of and as the act and deed of the City. The City Secretary is hereby authorized to affix the City's seal thereto and attest such as may be necessary.

Section 2. During the term of the Agreement, as security for the amount necessary to pay the rental payments and all other amounts payable thereunder, the City has agreed to pledge its ad valorem taxes. The City will use its revenues generated from the operation and maintenance tax levy under Article XI, Section 4, Texas Constitution (the "Limited Tax") revenues and other revenues and funds lawfully available to pay the rental payments and all other amounts payable under the Agreement and shall deposit all such funds in accordance the Agreement. Pursuant to the Agreement, the City shall levy and agrees to assess and collect, a continuing direct annual Limited Tax on all taxable property within the boundaries of the City, within the limitations prescribed by law, at a rate from year to year sufficient, together with such other revenues and funds lawfully available to the City for the payment of rental payments and all other amounts payable under the Agreement, to provide funds each year to pay the rental payments and all other amounts payable under the Agreement, full allowance being made for delinquencies and costs of collection. The Limited Tax and such revenues and funds in an amount sufficient to pay rental payments and all other amounts payable under the Agreement shall be pledged to the Lessor for such purpose as the same shall become due and payable under the Agreement.

Section 3. The City hereby designates the Agreement as a "qualified tax-exempt obligation" for purposes of Section 265(b) of the Internal Revenue Code. In furtherance of such designation, the City represents, covenants and warrants the following: (a) during the calendar year 2024, the City (including any subordinate entities) has not designated nor will it designate obligations, which when aggregated with the Agreement, will result in more than \$10,000,000 of "qualified tax-exempt obligations" being issued; (b) the City reasonably anticipates that the amount of tax-exempt obligations issued during the calendar year 2024 by the City (including any subordinate entities) will not exceed \$10,000,000; and (c) the City will take such action or refrain from such action as is necessary in order that the Agreement will not be considered "private activity bonds" within the meaning of section 141 of the Code.

Section 4. The City shall, and the officials and agents of the City are hereby authorized and directed to, take such action, expend such funds and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this resolution and to carry out, comply with and perform the duties of the City with respect to the Transaction Documents and the acquisition and installation of the Project.

Section 5. The City has made certain capital expenditures in connection with the acquisition and installation of the Project prior to the date hereof, and the City expects to make additional capital expenditures in connection with the acquisition and installation thereof in the future. The City intends to reimburse itself for all or a portion of such expenditures, to the extent permitted by law, with the proceeds of the Agreement or other tax-exempt obligations to be delivered by the City. The maximum principal amount of the Agreement or other tax-exempt obligations expected to be delivered for the Project is not expected to exceed \$1,900,000.

Section 6. This resolution will take effect and be in full force from and after its adoption by the City Council of the City.

PASSED by the City Council of the City of Blanco, Texas this 14th day of May, 2024.

CITY OF BLANCO, TEXAS

[SEAL]

By: _____
Name: Mike Arnold
Title: Mayor

ATTEST:

By: _____
Name: Laurie Cassidy, TRMC
Title: City Secretary