

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.

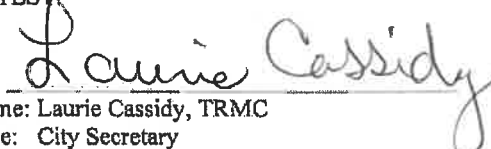
PASSED by the City Council of the City of Blanco, Texas this ^{30th} ~~14th~~ day of May, 2024.

CITY OF BLANCO, TEXAS

[SEAL]

By: 
Name: Mike Arnold
Title: Mayor

ATTEST:

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

