

**ORDINANCE NO. 2024-O-228**

**AN ORDINANCE OF THE CITY OF LAREDO, TEXAS AUTHORIZING A PROMISSORY NOTE IN THE AGGREGATE PRINCIPAL AMOUNT OF \$4,115,000 TOGETHER WITH THE CONTRACT FOR LOAN GUARANTEE ASSISTANCE UNDER SECTION 108 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974, AS AMENDED, 42 U.S.C., SECTION 5308, IN CONNECTION THEREWITH; PROVIDING FOR FINDINGS.**

**WHEREAS**, the City of Laredo, Texas ("City") has entered into a community development program in accordance with Chapter 373 of the Local Government Code, and the City is desirous of issuing a promissory note (the "Note") pursuant to Section 373.005 of the Local Government Code, to implement the program for rehabilitation of an existing City owned building located downtown, for low-and moderate-income housing, in an approved community development program that the City has determined to be a public program and is also the recipient of federal funds which may be used for these purposes in accordance with the Housing and Community Development Act of 1974 as managed by the United States Department of Housing and Urban Development; and

**WHEREAS**, the City deems it advisable to authorize, issue and sell the Note in an aggregate principal amount of \$4,115,000 for those purposes, which Note is payable from the sources identified herein.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LAREDO:**

**Section 1.** The Note is hereby authorized to be delivered by the City and executed by the Mayor, Mayor Pro Tem, City Manager, Deputy City Manager, Assistant City Manager, Finance Director on behalf of the City in accordance with the terms as provided in such Note, a copy of which is attached hereto as Exhibit A.

**Section 2.** (a) As security for the payment of the interest on and principal of the Note, as such interest comes due and such principal matures, the City hereby pledges (1) all allocations or grants which have been made or for which the City may become eligible under Section 106 of Title I of the Housing and Community Development Act of 1974, as amended (the "Act"); (2) grants which are or may become available to the City pursuant to Section 108(q) of the Act; (3) certain program income (as defined at 24 CFR 570.500(a) [or any successor regulation]) directly generated from the use of Guaranteed Loan Funds (as defined in the Contract for Loan Guarantee Assistance to be executed between the City and the United States Department of Housing and Urban Development (the "Contract for Loan Guarantee Assistance ")); (4) other security as described in paragraphs 15, *et seq.* of the Contract for Loan Guarantee Assistance; (5)

all proceeds (as described in the Contract for Loan Guarantee Assistance, including insurance and condemnation proceeds) from the foregoing; and (6) all funds or investments in certain accounts established pursuant to paragraphs 1 and 6 of the Contract for Loan Guarantee Assistance. The allocations and grants described in Section 2(a)(1) and (2) of this Ordinance are referred to herein as "Grant Revenues".

(b) Chapter 1208, Government Code, applies to the issuance of the Note and the pledge of the Grant Revenues and the other program income, proceeds, funds and investments granted by the Issuer under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Note is outstanding and unpaid, the result of such amendment being that the pledge granted by the City under this Section is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the owner of the Note a security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing of a security interest in said pledge to occur. The Secretary of Housing and Urban Development or his designee may enforce any instrument or agreement securing or otherwise related to the Note as provided in the Note.

**Section 3.** (a) A special Interest and Sinking Fund (the "Interest and Sinking Fund") is hereby created solely for the benefit of the Note, and the Interest and Sinking Fund shall be established and maintained by the City at an official depository bank of the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Note. The Interest and Sinking Fund shall constitute the Loan Repayment Account under the Contract for Loan Guarantee Assistance and is subject to the requirements under the Contract for Loan Guarantee Assistance regarding establishment of deposit and investment accounts, maintenance, use and investment of funds in the Loan Repayment Account. Moneys deposited in the Interest and Sinking Fund may be invested by the City in investments authorized under Texas state law, including Chapter 2256, Texas Government Code. Any income received from such investments shall be retained in the Interest and Sinking Fund.

(b) Upon receipt of Grant Revenue by the City, the City shall deposit to the Interest and Sinking Fund an amount sufficient, after taking into account amounts then on deposit in the Interest and Sinking Fund for such purposes, to pay the interest on the Note as such interest becomes due, and to pay the principal of the Note as such principal matures, in the next fiscal year of the City.

**Section 4.** The Contract for Loan Guarantee Assistance between the City, as the Borrower, and the Secretary of Housing and Urban Development, as the Guarantor, in reference to the payment of such Note, is hereby authorized to be executed by the Mayor, Mayor Pro Tem, City Manager, Deputy City Manager, Assistant City Manager, Finance Director, or Community Development Director on behalf of the City, in accordance with the terms as provided in the

Contract for Loan Guarantee Assistance, in substantially the form attached hereto as Exhibit B.

**Section 5.** The Mayor, Mayor Pro Tem, City Secretary, City Manager, Deputy City Manager, Assistant City Manager, Finance Director, or Community Development Director are each hereby authorized to execute any other documents necessary in connection with this transaction and the officers and employees of the City are hereby directed to do any and all things necessary in order to accomplish the issuance of the Note and securing of same all in accordance with the Contract for Loan Guarantee Assistance. The Mayor, City Secretary, City Manager, Deputy City Manager, Assistant City Manager, Finance Director, or Community Development Director, and all other officers, employees, and agents of the City, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Note, the sale of the Note, the Contract for Loan Guarantee Assistance, and all actions related to the issuance of the Note which have previously been taken by the City and such officials are hereby ratified and approved. In addition, prior to the initial delivery of the Note, the Mayor, Mayor Pro-Tem, City Secretary, City Manager, Deputy City Manager, Assistant City Manager, Finance Director, Community Development Director, the City Attorney and Bond Counsel are hereby authorized and directed to approve any technical changes or correction to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance, (ii) obtain the approval of the Note by the Attorney General's office. Bond Counsel is further authorized to institute any bond validation suit under Chapter 1205, as amended, Texas Government Code (or any successor statute thereto) related to the Note while the Note is outstanding and unpaid. In case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The City Manager, Deputy City Manager, Assistant City Manager, and the Finance Director of the City are further authorized to pay to the Attorney General of Texas prior to the delivery of the Note, for the Attorney General's review of the transcript of proceedings related to the Certificates of Obligation, the amount required pursuant to Section 1202.004, Texas Government Code, as amended.

**Section 6.** The findings and recitals set forth in the preamble to this Ordinance are hereby incorporated in and made a part of this Ordinance.

**Section 7.** The meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code Chapter 551.

**Section 8.** This Ordinance shall take effect immediately from and after its passage

**FINALLY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF LAREDO, TEXAS AT A REGULAR MEETING ON THE 28TH DAY OF OCTOBER, 2024, AT WHICH MEETING A QUORUM WAS PRESENT.**

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Dr. Victor D. Treviño, Mayor

ATTEST:

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Mario Maldonado, Jr., City Secretary

APPROVED AS TO FORM:

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Doanh “Zone” T. Nguyen, City Attorney

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