

**NOTICE OF INTENTION TO ISSUE
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION**

NOTICE is hereby given that it is the intention of the City Commission (the "City Commission") of the City of Rio Grande City, Texas (the "City") to adopt an Ordinance providing for the issuance of interest-bearing obligations of the City presently contemplated to be designated and known as the "CITY OF RIO GRANDE CITY, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2020" (the "Certificates of Obligation") for the purpose of providing for the payment of contractual obligations to be incurred in connection with the design, planning, purchasing, acquisition, construction, equipping, expansion, repair, renovation, and/or rehabilitation of certain City-owned public property, including (1) fire trucks and fire equipment; (2) equipment and vehicles for the public works department; (3) vehicles for City departments; (4) improvements to the public works building including storage facilities and wash bays; (5) police department equipment; (6) expansion and improvements to the animal control facility; (7) construction of a City parks and recreation facility; (8) construction of a police and fire department building; (9) City water and sewer system improvements including the water plant and necessary equipment for utility department; (10) City street and drainage improvements; and (11) payment of contractual obligations for professional services in connection therewith (to wit: consulting, engineering, financial advisory, and legal). The City Commission tentatively proposes to authorize the issuance of the Certificates of Obligation at its regular meeting place at City Hall, 5332 East Highway 83, Rio Grande City, Texas, at a meeting of the City Commission to be commenced at 5:30 p.m. on June 24, 2020, in an amount expected not to exceed \$17,700,000. The City Commission proposes to provide for payment of the Certificates of Obligation by the pledge of an annual ad valorem tax levied upon all taxable property within the City, within the limits prescribed by law, and by a subordinate lien pledge of the net revenues of the City's waterworks and sewer system.

The current principal of all outstanding debt obligations of the City is \$21,275,000, the combined principal and interest required to pay all currently outstanding debt obligations of the City on time and in full is \$25,604,118, the estimated combined principal and interest required to pay the Certificates on time and in full is \$24,089,932, the estimated interest rate for the Certificates is 3.02%, and the maximum maturity date of the Certificates is February 15, 2040. Market conditions affecting interest rates vary based on a number of factors beyond the control of the City, and the City cannot and does not guarantee a particular interest rate associated with the Certificates.

/s/ Joel Villarreal
Mayor, City of Rio Grande City, Texas