

NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION

NOTICE is hereby given that it is the intention of the City Council of the City of Baytown, Texas (the "City"), to issue interest-bearing Certificates of Obligation of the City to be designated and known as the "CITY OF BAYTOWN, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2020" (the "Certificates") for the purpose of providing for the payment of contractual obligations to be incurred in connection with the planning, acquisition, construction, equipping, expansion, repair, and/or renovation of City-owned public property, including (1) a convention center consisting of public conference rooms and meeting space of approximately 33,600 square feet, including a ballroom of approximately 12,000 square feet, (2) public facilities and infrastructure ancillary to the conference rooms and meeting space, (3) a proportionate interest in elements common to the convention center and the hotel that will be interconnected with the convention center (the "related hotel"), such as the foundation, HVAC system, mechanical, electrical, and plumbing systems, roof, and other similar structural elements, (4) areas common to the convention center and related hotel, (5) the completion of a water and wastewater preliminary engineering report for the design of a water line extension and replacement of an existing wastewater lift station and force main, and (6) a parking lot or parking structure with approximately 320 spaces adjacent to the convention center. The City Council tentatively proposes to authorize the issuance of the Certificates at its regular meeting place in the City Council Chambers, City Hall, 2401 Market Street, Baytown, Texas, at a special meeting of the City Council to be commenced at 6:30 p.m., on January 30, 2020, in a principal amount not to exceed \$20,500,000, with a maximum maturity date of February 1, 2045, at an interest rate or rates that may not exceed the maximum legal interest rate. The current principal outstanding of all City ad valorem tax-supported debt obligations ("Tax Debt") is \$206,530,000; the current combined principal and interest required to pay all Tax Debt of the City on time and in full is \$254,813,172. The estimated combined principal and interest required to pay the Certificates on time and in full is \$31,376,150; the estimated interest on the Certificates of \$10,876,150 is provided for illustrative purposes only, and is based on an assumed interest rate of 3.50%. 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.

The City Council presently proposes to provide for payment of the Certificates 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 (i) a limited subordinate pledge of \$1,000 of the City's net sewer and water revenues, together with (ii) a portion of the City's hotel occupancy tax revenue imposed under Chapter 351, Texas Tax Code, and received by the City for the use of rooms in the related hotel. The Certificates are to be issued, and this notice is given, pursuant to Section 271.041, *et seq.*, Texas Local Government Code.



BRANDON CAPETILLO, Mayor
City of Baytown, Texas