

ORDINANCE 066B
ADDENDUM ONE

Whereas Ordinance 066B Article II section 2.01 provides that an ad valorem tax be levied each to make payment for principal and interest on certificates of indebtedness:

ARTICLE II
SECURITY FOR THE CERTIFICATES
CREATION OF FUNDS

Section 2.01. Tax Levy for Payment of Certificates.

Pursuant to the authority granted by the Constitution and laws of the State of Texas, there shall be levied and there is hereby levied for the current year and each succeeding year thereafter while the Certificates or any interest thereon is outstanding and unpaid, an ad valorem tax within legal limitations on each \$100 valuation of taxable property in the City, at a rate sufficient within the limits prescribed by law to pay the debt service requirements on the Certificates, being (i) the interest on the Certificates and (ii) a sinking fund for their payment at maturity or a sinking fund of two percent (2%) per annum (whichever amount is the greater), when due and payable, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and applied to the payment of the debt service requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Interest and Sinking Fund. This governing body hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the debt service requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding obligations.

Whereas the Highland Haven Water System (HHWS) has had and expects in the future to have sufficient HHWS sales and net income to make full interest and principal payments on the certificates of obligation;

Whereas the City of Highland Haven has limited cash resources available to make interest and principal payments;

SECTION I – AD VALOREM TAX

The City of Highland Haven shall levy an Ad Valorem tax at a rate sufficient to pay the debt service on the HHWS certificates of obligation if other sources of income are insufficient to pay the debt service. Other sources of revenue such as water system sales proceeds or city cash resources may be used to pay the certificate of obligation debt service.

SECTION II - ERRORS AND OMISSIONS

If any section, part, subdivision, clause or provision of this ordinance addendum is adjudged invalid or held to be unconstitutional, it will not affect the validity of this ordinance addendum as a whole, or any part or provision of it, other than the part or parts held or adjudged invalid or unconstitutional.

SECTION III - EFFECTIVE DATE

This Ordinance #066B Addendum One is effective upon approval.

PASSED AND APPROVED ON THIS THE 17th DAY OF April 2012

Attest:

Dana Turner, City Secretary

Peter E. Freehill, Mayor