

LONG TERM DEBT POLICY

The City shall have the right and power, except as prohibited by law or the Charter, to borrow money by whatever method it may deem to be in the public interest.

The City shall have the power to borrow money on the credit of the City and to issue bonds or certificates of obligation for permanent public improvements or for any other public purpose not prohibited by law and the Charter, and to issue refunding bonds to refund outstanding bonds previously issued. All such bonds or certificates of obligation shall be issued in conformity with the laws of the State of Texas and shall be used only for purposes for which they were issued. All bonds and certificates of obligation, except those certificates issued for public necessity, or refunding debts, shall not be issued without an election except where otherwise permitted by state law. The City Council shall prescribe the procedure for calling and holding such elections, shall define the voting precincts and shall also provide for the return and canvass of the ballots cast at such elections. If, at such elections, a majority of the vote shall be in favor of creating such a debt, it shall be lawful for the City Council to issue bonds as proposed in the ordinance submitting same, but if a majority of the votes polled shall be against the creating of such debt, the City Council shall be without authority to issue the bonds. In all cases when the City Council shall order an election for the issuance of bonds of the City, it shall, at the same time, submit the questions of whether or not a tax shall be levied upon the property of the City for the purpose of paying the interest on the bonds and to create a sinking fund for their redemption.

The City shall have the power to borrow money for the purpose of constructing, purchasing, improving, extending or repairing any public utilities, recreational facilities or any other self-liquidating municipal function not prohibited by the constitution and laws of the State of Texas, and to issue revenue bonds to evidence the obligation created thereby. Such bonds shall be a charge upon and payable for the properties, or interest therein pledged, or the income therefrom, or both. The holder of the revenue bonds shall never have the right to demand payment thereof out of monies raised or to be raised by taxation. All such bonds shall be issued in conformity with the laws of the State of Texas and shall be used only for the purpose for which they were issued.

In any budget year, the City Council may, by resolution, authorize the borrowing of money in anticipation of the collection of the ad valorem tax for the same year, whether levied or to be levied. Notes may be issued for periods not exceeding one (1) year and must be retired by the end of the budget year in which issued.

General obligation and revenue bonds and certificates of obligation are direct obligations and pledge the full faith and credit of the City. The City of Rockport requested ratings from Fitch Ratings this year. Based on information submitted with the request, the City received a rating AA from Fitch Ratings which is up from AA- received from Fitch Ratings last year. The City of Rockport currently has no authorized debt that is unissued.