

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF CABO ROJO

ORDINANCE NO. 13

SERIES 2021-2022

ORDINANCE AUTHORIZING THE ISSUANCE OF \$2,208,575 IN MUNICIPAL GENERAL OBLIGATION BONDS OF 2021 OF THE MUNICIPALITY OF CABO ROJO, PUERTO RICO, AND PROVIDING FOR PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON SAID BONDS

BE IT ORDAINED by the Municipal Legislature of the Municipality of Cabo Rojo, Puerto Rico (the "Legislature"):

Section 1. The Legislature has found and determined, and does hereby declare:

- a. The purposes for which the "Municipal General Obligation Bonds of 2021" (the "Bonds") authorized by this Ordinance are to be issued and the maximum amount of money to be raised by said Bonds for each such purpose are as follows:

<u>Purpose</u>	<u>Amount</u>
1. Landfill Improvements	\$2,200,000
2. FAFAA Fees	<u>8,575</u>
Total	<u>\$2,208,875</u>

- b. The Puerto Rico Fiscal Agency and Financial Advisory Authority ("FAFAA") has certified that the Municipality of Cabo Rojo (the "Municipality") has available lending margin to issue the Bonds and the repayment capacity required to pay the principal of and the interest on said Bonds as they become due. The total indebtedness of the Municipality, evidenced by general obligation bonds or notes, including the Bonds authorized hereby, does not exceed any limitation imposed by Act No. 600 of July 3, 1950, known as the Puerto Rico Federal Relations Act ("Puerto Rico Federal Relations Act") or by the Constitution and Laws of the Commonwealth of Puerto Rico.
- c. Pursuant to Section 207 of the Puerto Rico Oversight, Management, and Economic Stability Act, Pub. L. 114-187 enacted on June 30, 2016, 48 U.S.C. 2101 *et seq.* (known as "PROMESA"), and in accordance with the policy on the

review of debt transactions established by the Financial Oversight and Management Board for Puerto Rico ("FOMB"), the Municipality requested the approval of the FOMB in order to incur in the transaction authorized by this Ordinance.

Section 2. To provide funds for the purposes set forth in subsection (a) of Section 1 of this Ordinance, negotiable bonds of the Municipality in the aggregate principal amount of two million two hundred eight thousand five hundred seventy five Dollars (\$2,208,575) are hereby authorized to be issued pursuant to the provisions of the Puerto Rico Federal Relations Act and the Constitution and Laws of the Commonwealth of Puerto Rico, including Act. 107-2020 enacted on August 14, 2020, as amended, known as the "Puerto Rico Municipal Code" ("Act No. 107-2020"), and Act No. 2-2017, known as the "Puerto Rico Fiscal Agency and Financial Advisory Authority Act" ("FAFAA"). Said Bonds shall be designated "Municipal General Obligation Bonds of 2021"; shall be dated as of the 1st day of January of such year or years in which the United States Department of Agriculture - Rural Development ("USDA-Rural Development") notifies to proceed with the issuance of the Bonds; shall be issued as registered bonds without coupons in multiples of \$1,000; and shall be stated to mature in annual installments on the 1st day of January of such year or years, not later than 25 years from the date of disbursement, all as hereinafter set forth by the Legislature prior to the issuance of said Bonds.

The Bonds shall bear interest from their date of issuance until their final payment at the interest rate established by the USDA-Rural Development, not to exceed the maximum authorized by law, such interest being, until the respective maturity of the Bonds, payable annually on the 1st day of January of each year. As provided in Article 7.282 of Act No. 107-2020, the Legislature hereby delegates to FAFAA, or any such entity that FAFAA designates or authorizes, to fix the interest rate or rates that the Bonds will accrue within the parameters set forth in this paragraph.

Section 3. As provided in article 7.289 of Act No. 107-2020, the Municipal legislature is authorized to sell the Municipal General Obligation Bond in a private sale to the USDA-Rural Development. The principal installments of the Bonds are due on the 1st day of January of each year, which will be determined from the date of disbursement of the first advance of funds and in accordance with the respective dates and amounts of the payment plan consigned in the Bonds' issuance.

Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal of the Bonds shall be payable, without need for presentation and delivery of the same, at the office of FAFAA, San Juan, Puerto Rico, or at the office of any paying agent designated by FAFAA. Payment of interest on the Bonds shall be made to the person appearing on the registration books of the Municipality, or a designated registrar, as registered owner at the close of business on the 15th day of December (whether or not a business day) preceding the applicable interest



payment date. Such interest will be paid in similar coin or currency by check or by any other legal form of payment.

Section 4. The Bonds shall be signed by, or shall bear a facsimile of the signature of the Mayor, and the Corporate Seal of the Municipality, or a facsimile of said seal, shall be affixed upon each of the Bonds. The Bonds shall be signed, or bear a facsimile of the signature of the Secretary or any other official designated by the Legislature to attest to the signing by the Mayor and the affixing of the Corporate Seal. The Mayor is also hereby authorized to sign any other document necessary for the issuance of the Bonds. The Bonds shall be substantially in the following form:

No. R-

\$2,208,575

**United States of America
Commonwealth of Puerto Rico
MUNICIPALITY OF CABO ROJO
Municipal General Obligation Bonds of 2021**

The Municipality of Cabo Rojo, Puerto Rico (the "Municipality"), a political and legal entity of the Commonwealth of Puerto Rico, is justly indebted, and for value received, hereby promises to pay to the **United States Department of Agriculture - Rural Development** ("USDA-Rural Development"), as registered owner, or its successors, or its registered assigns, the principal amount of two million two hundred eight thousand five hundred seventy five Dollars (\$2,208,575). Said principal amount is payable in annual installments on the 1st day of January of the following years, and for the following amounts, together with the interest accrued on the unpaid principal thereon, at the rate of _____ percent (___%) per annum, until payment and maturity of such principal amount:



<u>Year of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Year of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>
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Both the principal of and the interest on this Bond are payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The installments of principal of this Bond shall be payable, without need for presentation and delivery, at the office of the Puerto Rico Fiscal and Financial Advisory Authority ("FAFAA"), in San Juan, Puerto Rico, or at the office of any paying agent designated by FAFAA. Payment of interest on this Bond shall be made to the person appearing on the registration books of the Municipality, or a designated registrar, as registered owner hereof at the close of business on the 15th day of December (whether or not a business day) preceding the applicable interest payment date. Such interest shall be paid in similar coin or currency by check or by any legal form of payment.

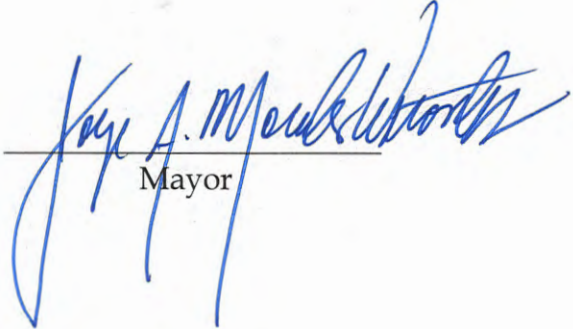
The full faith, credit and unlimited taxing power of the Municipality are pledged for the punctual payment of the principal of and the interest on the Bond as the same shall become due.

This Bond is one of a duly authorized issuance of bonds of the Municipality designated "Municipal General Obligation Bonds of 2021", maturing in annual installments in the years 20____ to 20____, inclusive, and issued for the purpose of providing funds for paying the cost of certain public improvements or facilities in or for the Municipality, and under the authority of and in full compliance with Act No. 600 of July 3, 1950, known as the Puerto Rico Federal Relations Act ("Puerto Rico Federal Relations Act"), the Puerto Rico Oversight, Management, and Economic Stability Act, Pub. L. 114-187 enacted on June 30, 2016, 48 U.S.C. 2101 *et seq.* (known as "PROMESA"), and the Constitution and Laws of the Commonwealth of Puerto Rico, including Act. 107-2020 enacted on August 14, 2020, as amended, known as the "Puerto Rico Municipal Code" ("Act No. 107-2020"), and pursuant to an ordinance (herein called, the "Ordinance") authorizing the issuance of said Bonds, duly adopted by the Municipal Legislature of the Municipality after a public hearing thereon, with the prior approval of FAFAA and the Financial Oversight and Management Board for Puerto Rico ("FOMB"). By the acceptance of this Bond, the owner hereof assents to all the provisions of this Ordinance.



It is hereby certified and evidenced that all acts and conditions required by the Puerto Rico Federal Relations Act, PROMESA, and the Constitution and Laws of the Commonwealth of Puerto Rico to happen, exist and be performed prior to, and at the issuance of this Bond, have happened, exist and have been performed in due time, form and manner as so required; that the total indebtedness of the Municipality, including this Bond, does not exceed any limitations imposed by the Puerto Rico Federal Relations Act or by the Constitution and Laws of the Commonwealth of Puerto Rico; and that provision has been made for the levy and collection of a special additional *ad valorem* tax, to be imposed without limitation of rate or amount, on the value of all taxable property in the Municipality, which shall, along with other available funds in the Municipal Public Debt Redemption Fund established by Act No. 107-2020 for the benefit of this Bond, suffice to pay the principal of and the interest on this Bond as they become due.

IN WITNESS WHEREOF, the Municipality of Cabo Rojo, Puerto Rico, has caused this Bond to be signed by its Mayor and its Corporate Seal to be affixed hereon and attested by its Secretary as of the ____ day of _____, 20__.



Mayor

(Seal)

Attested:

Secretary

Section 5. The issuance of the Bonds was approved by FAFAA on May 28, 2021 and by the FOMB on June 30, 2021.

Section 6. The full faith, credit and unlimited taxing power of the Municipality are hereby pledged for the punctual payment of the principal of and the interest on the Bonds issued hereunder as the same shall become due.

Section 7. A special additional *ad valorem* tax shall be levied upon all the taxable property in the Municipality, which shall, along with other funds available in the Municipal Public Debt Redemption Fund ("Debt Redemption Fund"), suffice to pay the principal of and interest on the Bonds as they become due. The proceeds of this special additional *ad valorem* tax shall be used exclusively for the payment of the principal of and interest on the Bonds and all other general obligations of the Municipality as they become due. The Municipality is currently complying with the requirement of the imposition of such special additional *ad valorem* tax through Ordinance No. 21, Series 2004-2005, of March 7, 2005, which imposes a special additional *ad valorem* tax of two percent (2%) per annum over the taxable real and personal property within the territorial limits of the Municipality. Such special additional tax shall be collected and deposited by the Municipal Revenue Collection Center ("CRIM", by its Spanish acronym) in the Debt Redemption Fund established by the CRIM with the Government Development Bank for Puerto Rico pursuant to Deed No. 4 of Constitution of Trust ("*Constitución de Fideicomiso*"), executed on November 2, 2015 before Notary Public Roberto C. Rodríguez Poventud. The principal of and the interest on the Bonds shall be paid by FAFAA (or through the paying agents designated in said Bonds), on behalf of the Municipality, from (i) the proceeds of said special additional *ad valorem* tax, (ii) any other funds available for such purpose in the Debt Redemption Fund, and, if necessary, (iii) any other income of the Municipality as provided in Article 7.287 of Act No. 107-2020.



Section 8. The Municipality agrees that it shall comply with the requirements of the Puerto Rico Internal Revenue Code of 2011, as amended, except to the extent that the Municipality obtains an opinion from the bond counsel, to the effect that noncompliance would not subject the interest on the Bonds to federal income taxes.

Section 9. The Secretary of the Municipality is hereby authorized and directed to publish a Notice of Approval, at least once, in a newspaper of general circulation in Puerto Rico, and to post said notice in at least two public places in the Municipality, in substantially the following form:

NOTICE OF APPROVAL OF ORDINANCE

Ordinance No. ____, Series 2021-2022, entitled "ORDINANCE AUTHORIZING THE ISSUANCE OF \$2,208,575 IN MUNICIPAL GENERAL OBLIGATION BONDS OF 2021 OF THE MUNICIPALITY OF CABO ROJO, PUERTO RICO, AND PROVIDING FOR PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON SAID BONDS", was approved by the Municipal Legislature on the ___ day of _____, 2021, and approved by the Mayor on the ___ day of _____, 2021. This Ordinance shall become effective immediately after a period of ten (10) days from the date of publication of this Notice of Approval.

No action or recourse founded upon the nullity of such ordinance shall be asserted, nor shall the validity of the ordinance or of the bonds authorized thereby, or the provisions of the ordinance for the payment thereof, be questioned in any court under any ground whatsoever, except in an action or proceeding commenced within ten (10) days following the date of publication of this Notice of Approval.

By provision of Article 7.277 of Act. 107-2020 enacted on August 14, 2020, as amended, known as the "Puerto Rico Municipal Code" ("Act No. 107-2020").

Secretary of the Municipality of
Cabo Rojo, Puerto Rico

This Ordinance shall become effective immediately after ten (10) days from the date of publication of the Notice of Approval, in accordance with Act No. 107-2020.

Section 10. Any interest and any installment of principal, which may be payable prior to the delivery of the definitive Bonds, shall be paid to the holder of such Bonds, upon presentation thereof to the bond registrar designated for the appropriate notation thereon. If installments of principal become due and are paid prior to the delivery of the Bonds, the total principal amount of such Bonds shall be reduced by the amount of the principal installments so paid.

The Municipality shall have the right to pay any of said Bonds prior to their delivery by FAFAA to the USDA-Rural Development. In the event of any such payment, each of the




maturities, to the extent practicable, shall be reduced by the percentage by which the total amount of said Bonds have been prepaid.

Section 11. The officers and agents of the Municipality are hereby authorized and directed to perform all acts necessary to implement the provisions of this Ordinance.

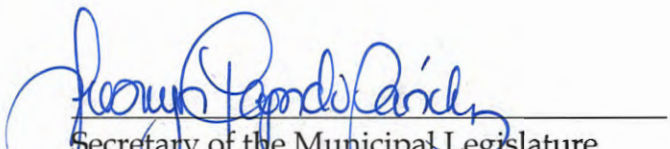
Section 12. The provisions of this Ordinance are hereby declared to be severable and if any section, paragraph, sentence or clause is invalidated by any court of competent jurisdiction, such decision shall not affect the validity of any of the remaining provisions.

Section 13. Any ordinance or resolution, or part thereof, which conflict with the provisions of this Ordinance are hereby repealed to the extent of such conflict.

IN WITNESS WHEREOF, we sign the present Ordinance No. 13, Series 2021-2022, and affix the Corporate Seal of the Municipality of Cabo Rojo, this 25th day of October, 2021.

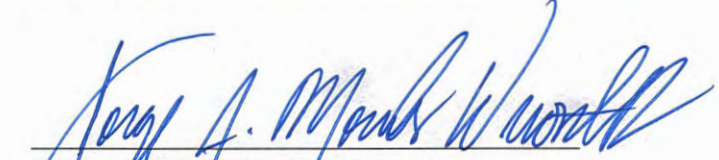


President of the Municipal Legislature
Municipality of Cabo Rojo, Puerto Rico



Secretary of the Municipal Legislature
Municipality of Cabo Rojo,
Puerto Rico

APPROVED: 29 octubre, 2021



Mayor of the Municipality of
Cabo Rojo, Puerto Rico
(Official Seal)



CERTIFICATE

CERTIFIED that the foregoing is a true and exact copy of Ordinance No. 13, Series 2021-2022, adopted by the Municipal Legislature of Cabo Rojo, Puerto Rico, at an Ordinary session on the 25th day of October, 2021, entitled:

“ORDINANCE AUTHORIZING THE ISSUANCE OF \$2,208,575 IN MUNICIPAL GENERAL OBLIGATION BONDS OF 2021 OF THE MUNICIPALITY OF CABO ROJO, PUERTO RICO, AND PROVIDING FOR PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON SAID BONDS”

IT IS ALSO HEREBY CERTIFIED that the following members of the Municipal Legislature voted in the affirmative for the adoption of this Ordinance:

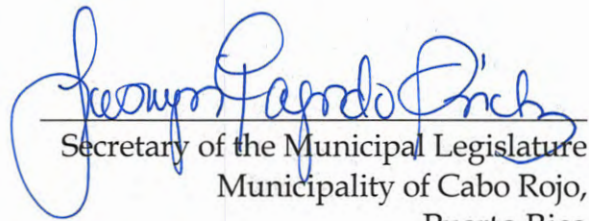
Hon. Lizzette Quintana Quintana
Hon. María M. González Bracero
Hon. Jaime Urbán Andújar
Hon. Emilio Carlo Ruiz
Hon. Wilfredo Vargas Matos
Hon. Jessica De Jesús Seda
Hon. William González Meléndez

Hon. Joanie Vélez Albino
Hon. Manuel Ayala Casiano
Hon. Beatrice E. Carrero Guerra
Hon. Evelyn Alicea González
Hon. Roberto Franqui Palermo
Hon. Josué Fas Ramírez
Hon. Vanessa Álvarez Montalvo

IN THE NEGATIVE

Hon. Guarionex Padilla Marty

IN WITNESS WHEREOF, I sign the present certificate and affix the Corporate Seal of the Municipality of Cabo Rojo, this 29th day of October, 2021.


Secretary of the Municipal Legislature
Municipality of Cabo Rojo,
Puerto Rico

(Official Seal)



AVISO DE APROBACIÓN DE ORDENANZA

La Ordenanza Núm. 13, Serie 2021-2022, titulada **"ORDENANZA QUE AUTORIZA LA EMISIÓN DE \$2,208,575 EN BONOS MUNICIPALES DE OBLIGACIÓN GENERAL DE 2021 DEL MUNICIPIO DE CABO ROJO, PUERTO RICO, Y QUE PREVÉ EL PAGO DEL PRINCIPAL Y LOS INTERESES DE DICHS BONOS"**, fue aprobada por la Legislatura Municipal el día 25 de octubre de 2021, y aprobada por el Alcalde el día 29 de octubre de 2021. Esta Ordenanza entrará en vigencia inmediatamente después de un período de diez (10) días a partir de la fecha de publicación de este Aviso de Aprobación.

Ninguna acción o recurso fundado en la nulidad de dicha ordenanza será afirmado, ni la validez de la ordenanza o de las fianzas autorizadas por la misma, o las disposiciones de la ordenanza para el pago de la misma, serán cuestionadas en ningún tribunal bajo ningún motivo, excepto en una acción o procedimiento iniciado dentro de los diez (10) días siguientes a la fecha de publicación de este Aviso de Aprobación.

Por disposición del Artículo 7.277 de la Ley 107-2020 promulgada el 14 de agosto de 2020, según enmendada, conocida como el "Código Municipal de Puerto Rico" ("Ley Núm. 107-2020").


Secretaría de la Municipalidad de
Cabo Rojo, Puerto Rico

Esta Ordenanza entrará en vigencia inmediatamente después de diez (10) días a partir de la fecha de publicación del Aviso de Aprobación, de conformidad con la Ley Núm. 107-2020.

NOTICE OF APPROVAL OF ORDINANCE

Ordinance No. 13, Series 2021-2022, entitled **"ORDINANCE AUTHORIZING THE ISSUANCE OF \$2,208,575 IN MUNICIPAL GENERAL OBLIGATION BONDS OF 2021 OF THE MUNICIPALITY OF CABO ROJO, PUERTO RICO, AND PROVIDING FOR PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON SAID BONDS"**, was approved by the Municipal Legislature on the 25th day of October, 2021, and approved by the Mayor on the 29th day of October, 2021. This Ordinance shall become effective immediately after a period of ten (10) days from the date of publication of this Notice of Approval.

No action or recourse founded upon the nullity of such ordinance shall be asserted, nor shall the validity of the ordinance or of the bonds authorized thereby, or the provisions of the ordinance for the payment thereof, be questioned in any court under any ground whatsoever, except in an action or proceeding commenced within ten (10) days following the date of publication of this Notice of Approval.

By provision of Article 7.277 of Act. 107-2020 enacted on August 14, 2020, as amended, known as the "Puerto Rico Municipal Code" ("Act No. 107-2020").


Secretary of the Municipality of
Cabo Rojo, Puerto Rico

This Ordinance shall become effective immediately after ten (10) days from the date of publication of the Notice of Approval; in accordance with Act No. 107-2020.