



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 19

**Agenda Date:** November 7, 2024

**In Control:** City Council A Session

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**DEPARTMENT:** Finance Department

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Reimbursement Resolution

**SUMMARY:**

This Resolution establishes SAWS' intention to reimburse itself for the prior lawful expenditure of funds, from the proceeds of one or more series of tax exempt or taxable obligations to be issued under the Texas Water Development Board's Drinking Water State Revolving Fund Lead Service Line Replacement Program in an amount not to exceed \$11,756,000, and authorizes other matters incident and related thereto.

**BACKGROUND INFORMATION:**

SAWS' capital financing plan utilizes a variety of sources to fund capital improvements. These include revenues, impact fees, bonds, and tax-exempt commercial paper. SAWS issues bonds periodically to finance capital improvement projects, refinance outstanding debt for debt service savings, and refund outstanding tax-exempt commercial paper notes (converting interim financing to permanent financing).

In a separate agenda item, SAWS is seeking approval of a resolution requesting financial assistance from the Texas Water Development Board (TWDB) in the form of a principal forgiveness and

below market interest rate loans under the Drinking Water State Revolving Fund Lead Service Line Replacement Program.

Approval of this reimbursement resolution provides SAWS with the flexibility to reimburse itself for capital expenditures, with proceeds from the issuance of future debt obligations under the TWDB program.

**ISSUE:**

SAWS is requesting approval of a Reimbursement Resolution in an amount not to exceed \$11,756,000. The Reimbursement Resolution is SAWS' official declaration of intent to reimburse itself from the proceeds of one or more series of tax exempt or taxable obligations for any capital expenditures previously incurred (not more than sixty (60) days prior to the date hereof) or to be incurred for projects included in the SAWS' capital financing plan. The Reimbursement Resolution complies with IRS requirements and establishes the timeframe for reimbursement of eligible capital expenditures.

**ALTERNATIVES:**

City Council could choose to not approve the Reimbursement Resolution, but SAWS would lose the flexibility to reimburse itself for the prior lawful capital expenditure of funds from future obligations.

**FISCAL IMPACT:**

The resolution has no fiscal impact to the City and has no impact on the current rate structure of SAWS.

**RECOMMENDATION:**

The SAWS Board of Trustees, the Supervisor of Public Utilities, and City Staff recommend approval of this resolution that establishes SAWS' intention to reimburse itself for prior lawful capital expenditure of funds.