

City of San Antonio



AGENDA

City Council A Session

Municipal Plaza Building
114 W. Commerce Street
San Antonio, Texas 78205

Thursday, May 8, 2025

9:00 AM

Municipal Plaza Building

The City Council will hold its regular meeting in the Norma S. Rodriguez Council Chamber in the Municipal Plaza Building located at 114 W. Commerce Street beginning at the above referenced date and time for the following items. Once convened, the City Council will take up the following items in any order during the meeting but no sooner than the designated times.

9:00 AM: Call to Order

Members of the public can comment on items on the agenda. To sign up to speak visit www.saspeakup.com. Click on meetings and events and select the meeting you'd like to participate in. Sign up to speak or submit a written comment. **NOTE: Speaker registration closes 15 minutes before the start of the meeting.** Questions relating to these rules may be directed to the Office of the City Clerk at (210) 207-7253.

Individuals signing up for public comment may register for VIA bus fare or parking validation at www.saspeakup.com. VIA bus fare or parking at City Tower Garage (located at 100 Blk N. Main) will be provided to individuals who request the assistance. Staff will provide VIA bus fare passes and parking validation tickets in the lobby of City Council Chambers.

To view the Live meeting please view our [Live Stream](#)

During the meeting, the City Council may meet in executive session for consultation with the City Attorney's Office concerning attorney-client matters under Chapter 551 of the Texas Government Code.

ACCESS STATEMENT

The City of San Antonio ensures meaningful access to City meetings, programs and services by reasonably providing: translation and interpretation, materials in alternate formats, and other accommodations upon request. To request these services call (210) 207-2098 or Relay Texas 711 or by requesting these services online at <https://www.sanantonio.gov/DEI/Language-Services>. Providing at least 72 hours' notice will help to ensure availability.

Intérpretes en español estarán disponibles durante la junta del consejo de la ciudad para los asistentes que lo requieran. También se proveerán intérpretes para los ciudadanos que deseen exponer su punto de vista al consejo de la ciudad. Para más información, llame al (210) 207-7253.

For additional information on any item on this agenda, please visit www.sanantonio.gov or call (210) 207-7080.

15.

2025--05-08-0026R

Resolution establishing the City's intention to reimburse itself, in an amount not to exceed \$32,000,000, for the prior lawful expenditure of funds of the San Antonio Water System relating to constructing various capital infrastructure improvements to the City's combined water and wastewater system. [Ben Gorzell Jr., Chief of Financial and Administrative Services; Troy Elliott, Chief Financial Officer]

THE CITY COUNCIL MAY RECESS FOR LUNCH AND RECONVENE TO CONSIDER ANY UNFINISHED COUNCIL BUSINESS

6:00 P.M. – If the Council has not yet adjourned, the presiding officer shall entertain a motion to continue the council meeting, postpone the remaining items to the next council meeting date, or recess and reconvene the meeting at a specified time on the following day.

Printed on: 07/02/2025 12:57 AM



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 15

Agenda Date: May 8, 2025

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Reimbursement Resolution

SUMMARY:

This Resolution establishes the City's intention to reimburse itself, through SAWS, 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 (TWDB) State Water Implementation Fund of Texas (SWIFT) in an amount not to exceed \$32,000,000, 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 below market interest rate loans

under the State Water Implementation Fund of Texas Program.

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

ISSUE:

The City, acting through SAWS, is requesting approval of a Reimbursement Resolution in an amount not to exceed \$32,000,000. The Reimbursement Resolution is the City's, acting through 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 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 the City, acting through SAWS, would lose the flexibility to reimburse itself for the prior lawful capital expenditure of funds from future obligations.

FISCAL IMPACT:

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 (TWDB) State Water Implementation Fund of Texas (SWIFT) in an amount not to exceed \$32,000,000, and authorizes other matters incident and related thereto.

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.

RESOLUTION

ESTABLISHING THE CITY'S INTENTION TO REIMBURSE ITSELF, IN AN AMOUNT NOT TO EXCEED \$32,000,000, FOR THE PRIOR LAWFUL EXPENDITURE OF FUNDS OF THE SAN ANTONIO WATER SYSTEM RELATING TO CONSTRUCTING VARIOUS CAPITAL INFRASTRUCTURE IMPROVEMENTS TO THE CITY'S COMBINED WATER AND WASTEWATER SYSTEM.

* * * * *

WHEREAS, the City Council (the *Governing Body*) of the City of San Antonio, Texas (the *Issuer*) or the Board of Trustees of the San Antonio Water System (the *Board*), acting on behalf of the Issuer, has entered into or will enter into various contracts pertaining to the expenditure of lawfully available funds of the Issuer or the Board to finance the costs associated with (i) acquiring, purchasing, constructing, improving, extending, enlarging, and repairing the San Antonio Water System's water and wastewater system pursuant to the Texas Water Development Board's State Water Implementation Fund For Texas Program, being those projects described in an application to the Texas Water Development Board authorized by a resolution adopted by the Governing Body on May 8, 2025 (the *Construction Costs*), (ii) the payment of various engineering costs, including design testing, design engineering, and construction inspection related to the Construction Costs (the *Engineering Costs*), (iii) the payment of various architectural costs, including preparation of plans and specifications and various other plans and drawings related to the Construction Costs (the *Architectural Costs*), and (iv) the payment of various administrative costs, including the fees of bond counsel or co-bond counsel, as the case may be, co-financial advisors, project manager, project consultant, other professionals, and printer (the *Administrative Costs*) [the Construction Costs, Engineering Costs, the Architectural Costs, and Administrative Costs collectively constitute costs of the project (the *Project*)]; and

WHEREAS, the Governing Body has delegated, pursuant to the provisions of Chapter 1502, as amended, Texas Government Code, the management, operation, and maintenance of the water utility system to the Board; and

WHEREAS, the Board has requested and recommended that the Governing Body take this action; and

WHEREAS, the provisions of Section 1201.042, as amended, Texas Government Code (*Section 1201.042*) provide that the proceeds from the sale of obligations issued to finance the acquisition, construction, equipping, or furnishing of any project or facilities, such as the Project, may be used to reimburse the Issuer, or the Board, acting on behalf of the Issuer, for costs attributable to such project or facilities paid or incurred before the date of issuance of such obligations; and

WHEREAS, the United States Department of Treasury (the *Department*) released Regulation Section 1.150-2 (the *Regulations*) which establishes when the proceeds of obligations are spent and therefore are no longer subject to various federal income tax restrictions contained in the Internal Revenue Code of 1986, as amended (the *Code*); and

WHEREAS, the Issuer or the Board intend to reimburse themselves, within eighteen months from the later of the date of expenditure or the date the property financed is placed in service (but in no event more than three years after the original expenditures are paid), for the prior lawful capital expenditure of funds from the proceeds of one or more series of tax-exempt obligations that the Issuer currently contemplates issuing in an amount not to exceed \$32,000,000 (the *Obligations*) to finance a portion of the costs of the Project; and

WHEREAS, under the Regulations, to fund such reimbursement with proceeds of the Obligations, the Issuer or the Board, acting on behalf of the Issuer, must declare their expectation ultimately to make such reimbursement before making the expenditures; and

WHEREAS, the Issuer, acting through the Board, hereby finds and determines that the reimbursement for the prior expenditure of funds of the Issuer or the Board is not inconsistent with the Issuer's or the Board's budgetary and financial circumstances; and

WHEREAS, the Governing Body hereby finds and determines that the adoption of this Resolution is in the best interests of the citizens of the Issuer; **NOW THEREFORE:**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1: This Resolution is a declaration of intent to establish the Issuer's and the Board's reasonable, official intent under section 1.150-2 of the Regulations to reimburse themselves from certain of the proceeds of the Obligations for any capital expenditures previously incurred (not more than 60 days prior to the date hereof) or to be incurred with respect to the Project from lawfully available general funds or other funds of the Issuer or the Board.

SECTION 2: The Issuer intends to issue the Obligations and allocate within 30 days after the date of issue of the Obligations the proceeds therefrom to reimburse the Issuer or the Board for prior lawful expenditures with respect to the Project in a manner to comply with the Regulations.

SECTION 3: The reimbursed expenditure will be a type properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles.

SECTION 4: The Issuer and the Board intend to otherwise comply, in addition to those matters addressed within this Resolution, with all the requirements contained in the Regulations.

SECTION 5: This Resolution may be relied upon by the appropriate officials at the Office of the Attorney General for the State of Texas and establishes compliance by the Issuer and the Board with the requirements of Texas law and the Regulations.

SECTION 6: With respect to the proceeds of the Obligations allocated to reimburse the Issuer or the Board for prior expenditures, neither the Issuer nor the Board shall employ an abusive device under Treasury Regulation Section 1.148-10, including using within one year of the reimbursement allocation, the funds corresponding to the proceeds of the Obligations in a manner that results in the creation of replacement proceeds, as defined in Treasury Regulation Section 1.148-1, of the Obligations or another issuer of tax-exempt obligations.

SECTION 7: The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Governing Body

SECTION 8: All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 9: This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 10: If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Governing Body hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 11: It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 12: The effective date of this Resolution shall be governed by the provisions of Section 1-15 of the City Code of San Antonio, Texas. This Resolution shall take effect immediately if passed by eight (8) affirmative votes; otherwise, this Resolution shall take effect ten (10) days from the date of passage.

PASSED AND APPROVED this the 8th day of May, 2025.

CITY OF SAN ANTONIO, TEXAS

M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:

Debbie Racca-Sittre, City Clerk

Andrew Segovia, City Attorney

(SEAL)

DRAFT