



**KEY ISSUES**

It has not been necessary to sell bonds to reimburse the Drinking Water State Revolving Fund program as EPA grants received have provided sufficient program funds to close loans. However, DWSRF demand has increased recently, and additional sources of funding may be required going forward. Staff continues to monitor all outstanding commitments and subsequent loan closings identified in the Reimbursement Resolutions as well as program fund balances.

**SUMMARY**

The formal adoption of a Reimbursement Resolution (Attachment 1) is necessary under IRS regulations to provide notice of the Board's intent to reimburse the costs of closing program loans. This allows the Board to maintain program liquidity and cash availability for loan closings while eliminating the potential compliance issues and costs of bonds issued with the Tax Increase Prevention and Reconciliation Act provisions. Exhibit A identifies twenty (20) commitments made since Fiscal Year 2014 and identified for possible future reimbursements for a total of \$58,079,012.

**RECOMMENDATION**

The Executive Administrator recommends adoption of a Reimbursement Resolution expressing official intent to reimburse costs of loans and funds transfers through the issuance, sale and delivery of up to \$58,079,012 of Drinking Water State Revolving Fund Revenue Bonds.

**Attachment:** Attachment 1 - Reimbursement Resolution (15- )  
Exhibit A – Commitments

**CERTIFICATION**

This recommendation has been reviewed by legal counsel and is within the TWDB's legal authority.

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Les Trobman, General Counsel

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD TO REIMBURSE COSTS OF LOANS THROUGH THE ISSUANCE, SALE, AND DELIVERY OF UP TO \$58,079,012 IN DRINKING WATER STATE REVOLVING FUND REVENUE BONDS

(15- )

WHEREAS, the Texas Water Development Board (the "TWDB") expects prior to the issuance of Drinking Water State Revolving Fund Revenue Bonds (the "Obligations") to finance from available revenues other than bond proceeds one or more loans attached hereto in **Exhibit A** ("Loans") in connection with the design, planning, acquisition and construction of drinking water projects (the "Projects"); and

WHEREAS, the TWDB must comply with the Tax Increase Prevention and Reconciliation Act Provisions related to issuing bonds; and

WHEREAS, pursuant to Internal Revenue Service regulations, when the TWDB intends to reimburse itself for the costs of loans and funds transfers, it must first provide notice of said intent in accordance with Section 1.150-2 of the U.S. Treasury Regulations; and

WHEREAS, the TWDB declares said intent to reimburse itself for such loans at such time as it issues Obligations to finance the Loans; and

WHEREAS, the TWDB finds, considers, and declares that the reimbursement of the TWDB for the payment of such expenditures are in the public interest, appropriate, and consistent with the lawful objectives of the TWDB; and,

NOW THEREFORE, based on these considerations and findings, the TWDB resolves as follows:

1. The TWDB reasonably expects to incur Obligations, as one or more series, with an aggregate maximum principal amount estimated not to exceed \$58,079,012 for the purpose of paying the costs of the Loans.
2. All costs to be reimbursed pursuant to this Resolution will be solely for the purpose of reimbursement of the Loans for the Projects set forth in Exhibit A.
3. No tax-exempt Obligations will be issued by the TWDB in furtherance of this Resolution after a date which is later than 18 months after the date the Loans are made.
4. The foregoing notwithstanding, no tax-exempt Obligations will be issued pursuant to this Resolution more than three (3) years after the date any expenditure which is to be reimbursed is paid.
5. No proceeds of Obligations will be used pursuant hereto to reimburse costs previously paid with the proceeds of other Obligations issued by the TWDB or any related entity.

APPROVED and ordered of record this the 26th day of August, 2015.

TEXAS WATER DEVELOPMENT BOARD

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Bech K. Bruun, Chairman

DATE SIGNED: \_\_\_\_\_

ATTEST:

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Kevin Patteson  
Executive Administrator

Texas Water Development Board  
 Drinking Water State Revolving Fund  
 Loans Authorized for Reimbursement in August 2015  
 For Fiscal Year 2016

Exhibit A

Recipient Name	Loan Number	Commitment Date	Estimated Closing Date	Commitment Amount
Castroville	L1000392	3/26/2015	9/16/2015	\$ 3,500,000
San Marcos	L1000422	3/26/2015	9/16/2015	\$ 3,220,000
Hazy Hills WSC	LF1000425	4/29/2015	9/16/2015	\$ 94,000
Corix Utilities	LF1000427	3/26/2015	9/16/2015	\$ 200,000
Corix Utilities	LF1000428	5/6/2015	9/16/2015	\$ 153,000
Corix Utilities	LF1000429	3/26/2015	9/16/2015	\$ 200,000
Honey Grove	L1000441	5/19/2015	9/17/2015	\$ 2,025,000
Cameron	L1000378	1/29/2015	9/18/2015	\$ 3,940,000
Cameron	LF1000387	1/29/2015	9/18/2015	\$ 548,700
Amarillo	L1000431	6/16/2015	9/29/2015	\$ 17,195,000
Laredo	L1000339	10/21/2014	10/15/2015	\$ 5,500,000
Reklaw	L1000399	2/25/2015	10/15/2015	\$ 850,000
Reklaw	LF1000398	2/25/2015	10/15/2015	\$ 200,000
Upper Leon River MWD	L1000359	12/11/2014	10/16/2015	\$ 2,920,000
Upper Leon River MWD	L1000415	12/11/2014	10/16/2015	\$ 730,000
Upper Leon River MWD	LF1000372	12/11/2014	10/16/2015	\$ 1,529,308
Malone	LF1000403	2/25/2015	11/1/2015	\$ 179,000
Laredo	L1000358	3/26/2015	11/30/2015	\$ 4,600,000
Ballinger	L1000267	4/17/2014	3/15/2016	\$ 7,395,000
Ballinger	LF1000268	4/17/2014	3/15/2016	\$ 3,100,004
<b>TOTAL</b>				<b>\$ 58,079,012</b>