

A RESOLUTION 2017-11-30-0046R

AUTHORIZING THE REIMBURSEMENT OF FUNDS PREVIOUSLY EXPENDED FROM THE PROCEEDS OF A FUTURE MASTER TAX-EXEMPT LEASE/PURCHASE AGREEMENT FOR EQUIPMENT FOR VARIOUS DEPARTMENTS TO BE ENTERED INTO BY AND BETWEEN THE CITY OF SAN ANTONIO AND A FINANCIAL INSTITUTION SELECTED BY THE CITY; AND ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS RESOLUTION.

* * * *

WHEREAS, the City Council (the *Governing Body*) of the City of San Antonio, Texas (the *Issuer*) has entered into or will enter into various contracts pertaining to the expenditure of lawfully available funds of the Issuer to finance the costs associated with: (i) acquisition of Fire Department equipment, Solid Waste Management Department equipment, and a Police Department helicopter, all to be financed pursuant to a future Master Tax-Exempt Lease/Purchase Agreement to be entered into in the spring of 2018 with a financial institution to be selected by the Issuer (the *Acquisition Costs*) and (ii) the payment of various administrative costs, including the fees of bond counsel, escrow agent, depository bank or other financial institution, and other professionals and other fees directly or indirectly related to the Acquisition Costs (the *Administrative Costs*) [the Acquisition Costs and Administrative Costs collectively constitute costs of the project (the *Project*)]; and

WHEREAS, the provisions of Chapter 1201, as amended, Texas Government Code 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, 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*) Regulation Section 1.150-2 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 intends to reimburse itself, within eighteen (18) months from the later of the date of expenditure or the Project is placed in service (but in no event more than three (3) 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 master lease obligations (the *Lease Transaction*) that the Issuer currently contemplates issuing in the spring of 2018 in the maximum principal amount of \$17,000,000 to finance a portion of the costs of the Project; and

WHEREAS, under certain Department Regulations, to fund such reimbursement with proceeds of the Lease Transaction, the Issuer must declare its expectation ultimately to make such reimbursement before making the expenditures; and

WHEREAS, the Issuer hereby finds and determines that the reimbursement for the prior expenditure of funds of the Issuer is not inconsistent with the Issuer'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 Issuer and its citizens; **NOW THEREFORE:**

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

SECTION 1. This Resolution is a declaration of intent to establish the Issuer's reasonable, official intent under Department Regulation Section 1.150-2 to reimburse itself from the proceeds of the Lease Transaction for any capital expenditures previously incurred (not more than sixty (60) days prior to the date hereof) with respect to the Project from the Issuer's General Fund or other lawfully available funds of the Issuer.

SECTION 2. The Issuer intends to close and fund the Lease Transaction and allocate within thirty (30) days after the date of closing and funding of the Lease Transaction the proceeds therefrom to reimburse the Issuer for prior lawful expenditures with respect to the Project in a manner to comply with the Regulations.

SECTION 3. The reimbursement expenditures 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 intends to otherwise comply with all the requirements contained in the Regulations.

SECTION 5. This Resolution establishes compliance by the Issuer with the requirements of Texas law and the Regulations.

SECTION 6. With respect to the proceeds of the Lease Transaction allocated to reimburse the Issuer for prior expenditures, the Issuer shall not employ an abusive device under Department Regulation Section 1.148-10, including using within one year of the reimbursement allocation, the funds corresponding to the proceeds of the Lease Transaction in a manner that results in the creation of replacement proceeds, as defined in Department Regulation Section 1.148-1, of the Lease Transaction 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.

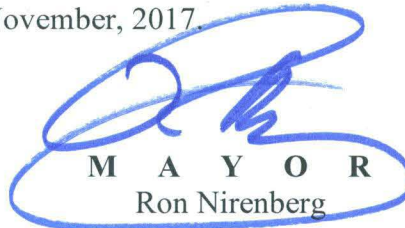
SECTION 9. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

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, Texas Government Code.

SECTION 12. This Resolution is effective immediately upon the receipt of eight affirmative votes; otherwise, it is effective ten days after passage.


PASSED and APPROVED this 30th day of November, 2017.


M A Y O R
Ron Nirenberg

ATTEST:


Leticia M. Vacek, City Clerk

I the undersigned, the City Attorney of the City of San Antonio, Texas, hereby certify that I read, passed upon, and approved as to form the foregoing Resolution prior to its adoption and passage aforesaid.


Andrew Segovia, City Attorney
City of San Antonio, Texas

Agenda Item:	29 (in consent vote: 4, 5, 6, 7, 8, 9A, 9B, 10, 11, 12, 13, 16, 18, 22, 23, 24, 25, 26, 28, 29, 30, 31, 32)						
Date:	11/30/2017						
Time:	09:43:16 AM						
Vote Type:	Motion to Approve						
Description:	A Resolution authorizing the reimbursement of up to \$17,000,000 previously expended by the City for Fire equipment, Solid Waste equipment, and a police helicopter, from the proceeds of a 2018 Master Tax-Exempt Lease Purchase Agreement [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer, Finance]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x			x	
William Cruz Shaw	District 2		x				x
Rebecca Viagran	District 3	x					
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Greg Brockhouse	District 6		x				
Ana E. Sandoval	District 7		x				
Manny Pelaez	District 8		x				
John Courage	District 9		x				
Clayton H. Perry	District 10		x				