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| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Consent Items for Action |
| **From:** | Jessica Coleman<br>Financial Planning and Analysis Manager | **Reviewed by:** | John Warren<br>Director of Financial Planning and Analysis |
| **Submitted by:** | Jessica Williams<br>Chief Financial Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Adopt Resolution #R-2026-223 Recommending and Requesting that the New Braunfels City Council Issue a Resolution Declaring Expectation to Reimburse Expenditures Related to the Acquisition, Construction, and Equipping of NBU Capital Improvement Projects Paid in Fiscal Year 2027 with Proceeds of Future Debt; and Resolving other Matters in Connection Therewith

## BACKGROUND

New Braunfels Utilities ("NBU") may incur costs for capital projects, such as engineering, land acquisition, and construction, prior to issuing long-term debt. To preserve the ability to reimburse these expenditures with tax-exempt bond proceeds, federal regulations require formally declaring its intent to do so. Specifically, under U.S. Treasury Regulation § 1.150-2, issuers must adopt a resolution generally within 60 days of the original expenditure. This resolution allows the entity to later reimburse itself from bond proceeds, provided additional timing and eligibility requirements are met. Reimbursement generally must occur within 18 months after the latter of (1) the date the expenditure is paid or (2) the date the project is placed in service; but in no event more than 3 years after the original expenditure is paid. This action does not authorize the issuance of debt. The Bond issuance will require separate Board and City Council approval.

NBU adopted a fiscal year 2027 Capital Improvement Plan (CIP) that includes projects related to the acquisition, construction, and equipping of NBU utility system improvements. NBU plans to issue revenue bonds to fund a portion of the fiscal year 2027 CIP. NBU will make certain capital expenditures with respect to the CIP prior to issuance and desires and expects to reimburse the capital expenditures with proceeds of the revenue bonds. The maximum principal amount of the revenue bonds expected to be issued for the 2027 CIP is $155.0 million.

## FINANCIAL IMPACT

There is no immediate financial impact associated with this action. The resolution preserves NBU's ability to reimburse project expenditures from future bond proceeds, subject to subsequent Board and City Council approval of the debt issuance.

## LINK TO STRATEGIC PLAN

**Financial Excellence**

## EXHIBITS

1. Reimbursement Resolution #R-2026-223