



# City of Austin

## Recommendation for Action

---

**File #:** 24-6250, **Agenda Item #:** 12.

12/12/2024

---

### Posting Language

Approve a resolution authorizing the negotiation, execution and delivery of a Principal Forgiveness Agreement with the Texas Water Development Board (TWDB) and all related documents, including an escrow agreement, to forgive the City and not require repayment of \$10,000,000 of principal for a loan from TWDB for the Buttermilk Creek Water Quality Improvement Project. Funding: This item has no fiscal impact.

### Lead Department

Financial Services Department.

### Fiscal Note

This item has no fiscal impact.

### Prior Council Action:

October 24, 2024 - Council approved Resolution No. 20241024-012 directing the publication of an Official Notice of Intention to Issue \$22,160,000 in City of Austin, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2025.

December 14, 2023 - Council approved Resolution No. 20231214-066 authorizing the City Manager to apply for low-interest loans in a total amount not to exceed \$22,160,000 from the TWDB's Clean Water State Revolving Fund for the Buttermilk Creek Water Quality Improvements Project.

### For More Information:

Belinda Weaver, City Treasurer, 512-974-7885.

### Additional Backup Information:

On December 14, 2023, City Council authorized the City Manager to apply for 20-year low-interest loan from the TWDB through the Clean Water State Revolving Fund (CWSRF), which is administered for the U.S. Environmental Protection Agency and the State of Texas by TWDB. This financial assistance program provides low-interest loans to eligible applicants for a wide range of wastewater infrastructure projects.

The CWSRF program provides low-cost financing to eligible applicants for a wide range of wastewater, stormwater, reuse, and other pollution control projects. It includes planning, acquisition, design, and construction. CWSRF offers below-market fixed interest rates with the possibility of principal loan forgiveness for green infrastructure and disadvantaged communities. CWSRF loan financial assistance will be secured by the certificates based on the TWDB's fixed lending rate reduction. In addition, up to 70% principal loan forgiveness is expected to be granted in a maximum amount of \$10 million, which would reduce the net amount to be borrowed and increase the overall cost savings for the project. The City is required to enter into a principal forgiveness agreement with the TWDB to evidence the final principal loan forgiveness granted by the TWDB.

This multi-phase green project is located in northeast Austin within the St. Johns and Coronado Hills neighborhoods. It will improve the overall water quality of Buttermilk Creek through new stormwater control measures, removal/relocation of deteriorating wastewater infrastructure, and restoration of stream stability and

---

riparian habitat. Buttermilk Creek contributes flow to Walnut Creek, listed as an impaired waterway on the 2022 Texas 303(d) List.

The Principal Forgiveness Agreement and related Escrow Agreement will be executed in substantially the same form as the form agreements included as backup information for this item.