

A RESOLUTION **2018-09-13-0043R**

**APPROVING FINANCING BY CLIFTON HIGHER EDUCATION
FINANCE CORPORATION FOR THE BENEFIT OF IDEA PUBLIC
SCHOOLS FOR PURPOSES OF SECTION 147(f) OF THE INTERNAL
REVENUE CODE**

* * * * *

WHEREAS, Clifton Higher Education Finance Corporation (the "*Issuer*") was created by the City of Clifton, Texas pursuant to Chapter 53 of the Texas Education Code (the "*Act*") and has the power, authority and rights to issue revenue notes and other obligations and loan the proceeds to an accredited or authorized charter school for the purpose of enabling such charter school to acquire, construct, enlarge, extend, repair, renovate, or otherwise improve an educational facility or housing facility or any facility incidental, subordinate, or related to or appropriate in connection with an educational facility or housing facility, or for acquiring land to be used for those purposes, or to create operating and debt service reserves for and to pay issuance costs related to the notes or other obligations; and

WHEREAS, IDEA Public Schools, a Texas non-profit corporation (the "*Borrower*"), has requested that the Issuer issue, and the Issuer proposes to approve the issuance of, one or more series of its Education Revenue Bonds (the "*Bonds*") and to loan the proceeds of the Bonds to the Borrower, pursuant to the Act, to be used by the Borrower for the costs of acquiring, constructing, improving, and equipping educational facilities for pre-K, primary, and secondary school students of the Borrower, including three campuses located in the City of San Antonio (the "*City*"): (i) IDEA Harvey E. Najim Academy and College Preparatory, 926 S. WW White Road, San Antonio, Texas 78220 in Council District 2 (the "*Najim Campus*"), (ii) IDEA Brackenridge Academy and College Preparatory, 5555 Old Pearsall Road, San Antonio, Texas 78242 in Council District 4 (the "*Brackenridge Campus*"), and (iii) IDEA Ewing Halsell Academy and College Preparatory, 2523 W. Ansley Boulevard, San Antonio, Texas 78224 in Council District 4 (the "*Ewing Halsell Campus*") (together, the Najim Campus, Brackenridge Campus, and Ewing Halsell Campus are referred to as the "*San Antonio Projects*"); and

WHEREAS, the Borrower has represented to the City Council that the San Antonio Projects will be owned and operated by Borrower as non-profit educational institutions; and

WHEREAS, the Bonds may be issued in one or more series pursuant to a plan of finance in an aggregate amount not to exceed \$220,000,000; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "*Code*"), requires that the plan of finance, the Bonds and the San Antonio Projects be approved by "the applicable elected representative" of the governmental unit in which the San Antonio Projects are located after a public hearing following reasonable public notice; and

WHEREAS, the City Council, as an "applicable elected representative" of the City, has been requested to approve the plan of finance, the issuance of the Bonds and the San Antonio Projects solely for purpose of complying with the requirements of Section 147(f) of the Code, and has been furnished with an affidavit of publication of notice of such hearing which was published in

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a newspaper of general circulation available to residents within the boundaries of the City (the "Public Notice") and minutes of the public hearing conducted on August 17, 2018, in connection therewith; and

WHEREAS, the actions of the Issuer with respect to the plan of finance, the San Antonio Projects and the Bonds (including the issuance of the Bonds and the execution and delivery of any related loan agreements) and the action of the City Council with respect to the matters described herein will create no liability for the City and the City Council desires to hereby approve the plan of finance, the issuance of the Bonds and the San Antonio Projects solely for the purpose of satisfying the requirements of Section 147(f) of the Code; **NOW THEREFORE**:

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

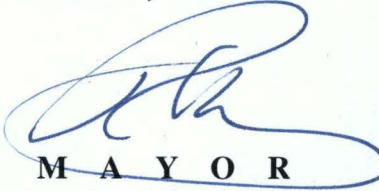
SECTION 1. The City Council hereby approves the plan of finance, the issuance of the Bonds and the San Antonio Projects for the limited purposes stated herein.

SECTION 2. The authorization and approval of the plan of finance, the Bonds and the San Antonio Projects is made for the sole purpose of satisfying the requirements of Section 147(f) of the Code, and for no other purpose and shall not be construed as a representation, warranty or other undertaking of any kind by the City or the City Council in respect of the plan of finance, the Bonds or the San Antonio Projects. The Bonds shall not constitute obligations of the City or a pledge of its faith and credit, and the City shall not be obligated to pay the Bonds or the interest thereon or otherwise incur any liability in respect thereof.

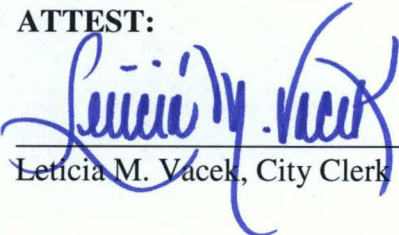
SECTION 3. The Mayor and City Clerk of the City and other officers of the City are hereby authorized to execute and deliver such instruments, certificates or documents necessary or advisable to carry out the intent and purpose of this resolution.

SECTION 4. This Resolution shall take effect immediately upon the receipt of eight affirmative votes; otherwise, it is effective ten days after passage.

PASSED AND APPROVED THIS 13TH DAY OF SEPTEMBER, 2018.



M A Y O R
Ron Nirenberg

ATTEST:



Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:



for Andrew Segovia, City Attorney

Agenda Item:	15						
Date:	09/13/2018						
Time:	12:33:39 PM						
Vote Type:	Motion to Deny						
Description:	Resolution approving the issuance by the Clifton Higher Education Finance Corporation of its Education Revenue Bonds (IDEA Public Schools) Series 2018 in a maximum amount of \$220,000,000 for purposes of Section 147(f) of the Internal Revenue Code. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer, Finance]						
Result:	Failed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ron Nirenberg	Mayor			x			
Roberto C. Treviño	District 1			x			
William Cruz Shaw	District 2			x			
Rebecca Viagran	District 3		x				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			x	
Clayton H. Perry	District 10			x			

Agenda Item:	15						
Date:	09/13/2018						
Time:	12:33:56 PM						
Vote Type:	Motion to Approve						
Description:	Resolution approving the issuance by the Clifton Higher Education Finance Corporation of its Education Revenue Bonds (IDEA Public Schools) Series 2018 in a maximum amount of \$220,000,000 for purposes of Section 147(f) of the Internal Revenue Code. [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				
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			x	
John Courage	District 9			x			
Clayton H. Perry	District 10		x				

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Consideration of a Financing
by Clifton Higher Education Finance Corporation
for the benefit of IDEA Public Schools
for the purposes of Section 147(f) of the
Internal Revenue Code

Background

IDEA Public Schools

- 501(c)(3) nonprofit
- Tax-exempt financing through a state-approved conduit
- Tax-exempt status requires approval from governmental unit where project is located

Background

Clifton Higher Education Finance Corporation

Financing the construction and equipping of several IDEA schools across the State of Texas

Projects Located in five regions

- San Antonio
- Rio Grande Valley
- Austin
- El Paso
- Tarrant County

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Background

San Antonio Locations (Existing Campuses):

- IDEA Harvey E. Najim Academy and College Preparatory, 926 S. WW White Road
- IDEA Brackenridge Academy and College Preparatory, 5555 Old Pearsall Road
- IDEA Ewing Halsell Academy and College Preparatory, 2523 W. Ansley Boulevard

Bexar County Location (New Campus):

- 10434 Marbach Road

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Background

Bond Structure:

- Amount not to exceed \$220 Million
- \$18 Million for 3 existing campuses in San Antonio
- Term is approximately 30 years
- Anticipated Rating of “AAA” from S&P Global based on Permanent School Fund Guarantee (Underlying “BBB+”)
- Bonds are not a debt or liability of the City of San Antonio

Background

IDEA Public School Financing Team:

- Bond Counsel - Hunton Andrews Kurth LLP
- Trustee - Regions Bank
- Underwriter - Robert W. Baird & Co., Inc.

Recommendation

Resolution by City Council

- Sole purpose is to satisfy the requirements of Section 147(f) of the Internal Revenue Service Code
- Staff Recommends Approval of this Resolution
- Future City Council policy discussion
- KIPP Academy financing expected to be delivered to City in next few weeks

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