



City of San Antonio

Legislation Details (With Text)

File #: 19-1029

Type: Resolution

In control: City Council A Session

On agenda: 1/10/2019

Title: Resolution approving the issuance by the Daingerfield Cultural Education Facilities Finance Corporation of bonds, loans and/or other obligations for purposes of Section 147(f) of the Internal Revenue Code. An administrative fee of \$2,500.00, payable by the Clarity Child Guidance Center, will be deposited into the General Fund in accordance with the FY 2019 Adopted Budget. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Sponsors:

Indexes:

Code sections:

Attachments: 1. Draft Resolution, 2. Exhibit A - Publisher's Affidavit and Notice of Public Hearing Clarity Child Guidance, 3. Exhibit B - Certificate of Public Hearing Clarity Child Guidance Center, 4. Resolution 2019-01-10-0001R

Date	Ver.	Action By	Action	Result
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DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Approval of financing for purposes of the Internal Revenue Code

SUMMARY:

This Resolution approves the issuance by the Daingerfield Cultural Education Facilities Finance Corporation of bonds, loans and/or other obligations for purposes of Section 147(f) of the Internal Revenue Code.

BACKGROUND INFORMATION:

Section 147(f) of the Internal Revenue Code (the “Code”) requires that the issuance of any qualified 501(c)(3) obligations be approved by the applicable elected representative of the governmental unit in which the project is located after a public hearing following reasonable public notice.

The City was contacted regarding Daingerfield Cultural Education Facilities Finance Corporation (the "Corporation") for the benefit of the Clarity Child Guidance Center (the "Borrower"), a Texas nonprofit corporation and 501(c)(3) organization so that the Corporation may issue bonds, loans and/or other obligations (the "Obligations") in the maximum aggregate principal amount of \$7,000,000, whereby the proceeds of the Obligations will be loaned to Borrower for the purpose of financing and refinancing the construction, acquisition, renovation and/or equipping of health facilities to assist the maintenance of public health, including the expansion of the Living Unit to add 6 psychiatric emergency services beds and 14 acute care inpatient beds, expansion of the therapeutic recreation space including gymnasium, and the Partial Hospitalization Program area; construction of the Outpatient Services Building and parking garage; and infrastructure improvements to existing facilities, all located at 8535 Tom Slick Dr., San Antonio, Texas, 78229 (the "Project"). A public hearing with respect to the Project and the issuance of the Obligations was held in the City of San Antonio on November 16, 2018 in compliance with Section 147(f) of the Code.

ISSUE:

To meet the requirements of the Code, the Borrower has requested that City Council adopt a Resolution confirming public approval of the financing plan and the issuance of the Obligations in the maximum aggregate principal amount of \$7,000,000, whereby the proceeds of the Obligations will be loaned to Borrower for the purpose of financing and refinancing the Project. The consideration and approval of this action is consistent with the City's practice of providing consent for projects located in San Antonio that involve non-profit institutions obtaining tax- exempt financing for capital improvement projects through conduit issuers.

ALTERNATIVES:

If the City does not adopt a Resolution confirming public approval of the Obligation issuance by the Corporation, this financing cannot be effectuated.

FISCAL IMPACT:

The Resolution does not obligate the City to pay the debt or the Obligations, and does not obligate or create any expectations of, or liabilities for, the City. The Borrower is solely responsible for paying all debt service and other costs associated with the Obligations. The Borrower will pay the City an administrative fee of \$2,500 upon the adoption of the requested Resolution, which will be deposited into the General Fund.

RECOMMENDATION:

Staff recommends approval of the Resolution which approves the issuance by the Daingerfield Cultural Education Facilities Finance Corporation of the Obligations for purposes of Section 147(f) of the Internal Revenue Code.