



City of San Antonio

Legislation Details (With Text)

File #: 15-3247

Type: Resolution

In control: City Council A Session

On agenda: 6/4/2015

Title: A Resolution approving a financing and refinancing by the Arlington Higher Education Finance Corporation, of its Education Revenue Bonds (America CAN!), Series 2015A, for purposes of Section 147(f) of the Internal Revenue Code. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Director, Finance]

Sponsors:

Indexes:

Code sections:

Attachments: 1. NOTICE OF PUBLIC HEARING, 2. AFFIDAVIT OF PUBLICATION, 3. CERTIFICATE OF PUBLIC HEARING OFFICER, 4. Draft Resolution, 5. Resolution 2015-06-04-0039R

Date	Ver.	Action By	Action	Result
6/4/2015	1	City Council A Session	approved	Pass

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approval of financing and refinancing for purposes of the Internal Revenue Code

SUMMARY:

This Resolution approves a financing and refinancing by the Arlington Higher Education Finance Corporation, of its Education Revenue Bonds (America CAN!), Series 2015A, 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 Responsive Education Solutions (the “School”), a qualified 501(c)(3) organization who was financing and refinancing the cost of acquiring, constructing, improving, and equipping certain educational facilities located at 1807 Centennial Blvd. in San Antonio (the “Project”).

In order to finance and refinance the cost of the Project, the School is borrowing money from the Arlington Higher Education Finance Corporation (the “Corporation”) which was created and approved by the City of Arlington, Texas, pursuant to state law. The Corporation is empowered to issue revenue bonds in order to assist institutions of education in financing and refinancing educational facilities. The School has entered into a Loan with the Corporation who is issuing the Bonds in an aggregate principal amount not to exceed \$13,000,000 to finance and refinance the cost of the Project.

A Notice of Public Hearing was published and a hearing was subsequently conducted by the Corporation on April 14, 2015. A copy of the published Notice of Public Hearing, an Affidavit of Publication, and a Certificate of Public Hearing signed by the Hearing Officer are attached.

ISSUE:

To meet the requirements of the Code, the School has requested that City Council adopt a Resolution confirming public approval of the financing by the Corporation. 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 educational 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 financing by the Corporation, this financing cannot be effectuated.

FISCAL IMPACT:

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

RECOMMENDATION:

Staff recommends approval of the Resolution which approves a financing and refinancing by the Arlington Higher Education Finance Corporation for the benefit of Responsive Education Solutions for purposes of Section 147(f) of the Internal Revenue Code.