



City of San Antonio

Legislation Details (With Text)

File #: 20-6463

Type: Misc - Financial Services

In control: City Council A Session

On agenda: 11/12/2020

Title: Ordinance approving a financing by the New Hope Cultural Education Finance Corporation to finance certain senior living facilities located within the City of San Antonio, Texas for Morningside Ministries for purposes of Section 147(f) of the Internal Revenue Code [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer].

Sponsors:

Indexes:

Code sections:

Attachments: 1. Draft Ordinance

| Date | Ver. | Action By | Action | Result |
|------------|------|------------------------|--------|--------|
| 11/12/2020 | 1 | City Council A Session | | |

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approval of tax-exempt financing for purposes of the Internal Revenue Code

SUMMARY:

This Ordinance approves a financing by the New Hope Cultural Education Finance Corporation to finance certain senior living facilities located within the City of San Antonio, Texas for Morningside Ministries 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 tax-exempt “qualified 501(c)(3) obligations” be approved by an 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 Morningside Ministries (the “Borrower”), a Texas nonprofit corporation and 501(c)(3) organization that is financing through the New Hope Cultural Education Finance Corporation (the “Issuer”) certain capital expenditures for senior living facilities to be located at 1502 Howard Street in the City and known as “Morningside Ministries at The Chandler Estate” (the “Project”). A public hearing with respect to the Project and the issuance of the Bonds was held in the Borrower's offices located in the City on September 24, 2020, 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 an Ordinance confirming public approval of the issuance of the Bonds by the Issuer up to a maximum principal amount of \$20,000,000 to finance of 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 an Ordinance confirming public approval of the Bonds by the Issuer, the tax-exempt financing for the Project located in San Antonio cannot be effectuated.

FISCAL IMPACT:

The Ordinance does not obligate the City to pay to pay the Bonds or the interest thereon 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 Bonds. The Borrower has paid the City an administrative fee of \$2,500 at the time it submitted its request for the adoption of the requested Ordinance.

RECOMMENDATION:

Staff recommends approval of the Ordinance which approves financing by the New Hope Cultural Education Finance Corporation of senior living facilities located within the City of San Antonio, Texas for Morningside Ministries for purposes of Section 147(f) of the Internal Revenue Code.