



City of San Antonio

Legislation Details (With Text)

File #: 13-1085

Type: Resolution

In control: City Council A Session

On agenda: 11/21/2013

Title: A Resolution of the City of San Antonio, Texas Education Facilities Corporation authorizing the issuance of up to \$50,000,000.00 in principal amount of "City of San Antonio, Texas Education Facilities Corporation Higher Education Revenue Improvement Bonds (Trinity University Project), Series 2014." [Carlos Contreras, Assistant City Manager; Rene Dominguez, Director, Economic Development]

Sponsors:

Indexes:

Code sections:

Attachments: 1. Draft Ordinance, 2. Resolution EFC 2013-11-21-0001R

Date	Ver.	Action By	Action	Result
11/21/2013	1	City Council A Session		

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Rene Dominguez

COUNCIL DISTRICTS IMPACTED: City wide

SUBJECT:

A Resolution of the City of San Antonio, Texas Education Facilities Corporation authorizing the issuance of up to \$50,000,000.00 in principal amount of *City of San Antonio, Texas Education Facilities Corporation Higher Education Revenue Improvement Bonds (Trinity University Project), Series 2014*; authorizing the execution of an amended and restated loan agreement, an amended and restated indenture of trust, and a purchase contract; approving the form of an official statement and other matters.

SUMMARY:

City Council will adjourn and convene as the City of San Antonio, Texas Education Facilities Corporation ("the Corporation") to consider this Resolution authorizing the issuance of up to \$50,000,000 in Higher Education Revenue Improvement Bonds for Trinity University to finance a portion of the costs to construct and equip new science facilities, generally known as the Center for Science and Innovation (CSI) complex, at the University. The Corporation will then adjourn and reconvene as City Council to consider a Resolution approving the issuance of these bonds by the Corporation.

BACKGROUND INFORMATION:

Trinity University was founded in 1869 by the Presbyterian Church. It is governed by an independent Board of Trustees and is a private, residential, co-educational university offering 39 majors and 52 minors. There are approximately 246 full-time professional and support staff and 2,500 undergraduates from 44 states and over 50 countries.

The University campus is located on the near north side of downtown San Antonio. The University's Skyline Campus began construction in 1952. Since that time, 16 academic and 15 residence hall buildings have been constructed, which make up approximately 2,350,000 square feet of building space. The campus occupies 117 acres and is built on an abandoned rock quarry overlooking downtown San Antonio. In 2002, City Council, through its Education Facilities Corporation, approved the issuance of \$32 million in tax-exempt variable rate revenue bonds for Trinity University to demolish the main administrative building, renovate residence halls and make various improvements on the campus. In 2011, the Corporation approved the issuance of approximately \$20 million of fixed rate bonds to refund a portion of the outstanding Series 2002 variable rate bonds.

Proceeds of the Bonds approved by the Corporation, will be used to finance a portion of the costs to construct and equip a new science facility complex, which has an estimated total cost of approximately \$127 million and to pay costs of issuance.

ISSUE:

Chapter 53A of the Texas Education Code authorizes the Corporation to issue Higher Education Revenue Bonds for institutions of higher education to acquire, construct, enlarge, extend, repair, renovate and improve educational and housing facilities, and Section 142 of the Internal Revenue Code permits the issuance of tax-exempt bonds for a 501 (c) (3) organization such as the University to assist with financing facilities for its educational purposes. Section 147(f) of the Internal Revenue Code also requires the City to approve the issuance of these Bonds. Therefore, the proposed actions by the Corporation and the City are consistent with the Corporation's ability to issue tax-exempt financing for non-profit educational institutions such as Trinity University. Since 2001, the Corporation has also authorized tax-exempt bond issuances for St. Mary's University and the University of the Incarnate Word. This action is also consistent with the City's efforts to leverage local educational resources to create a more vibrant economy and to facilitate the development of a highly-skilled workforce.

ALTERNATIVES:

If the Corporation does not authorize this issuance, Trinity University will need to seek other sources of financing at higher taxable bond rates.

FISCAL IMPACT:

Neither the City nor the Corporation is obligated in any manner to pay the debt issued by the Corporation. The Corporation will receive an application fee of \$2,500 and a closing fee of \$20,000 from Trinity University, which will be deposited into its account. The University is solely responsible for paying all debt service and other costs associated with the issuance of the Bonds. The City incurs no financial liability and no obligation for repayment and/or debt service on the Bonds.

RECOMMENDATION:

Staff recommends the Corporation approve this Resolution authorizing the issuance of up to \$50,000,000 in tax-exempt Higher Education Revenue Improvement Bonds for Trinity University and approving all related documents.