



City of San Antonio

Legislation Details (With Text)

File #: 15-2111

Type: Miscellaneous Item

In control: City Council A Session

On agenda: 4/2/2015

Title: A Resolution approving the issuance of tax-exempt Revenue Notes by the City of Shavano Park, Texas Higher Education Facilities Corporation to finance and refinance the acquisition and construction of certain educational facilities by the Montessori School of San Antonio. [Ben Gorzell, Jr., Chief Financial Officer; Troy Elliott, Director of Finance]

Sponsors:

Indexes:

Code sections:

Attachments: 1. Draft Resolution, 2. Resolution 2015-04-02-0026R

Date	Ver.	Action By	Action	Result
4/2/2015	1	City Council A Session	adopted	Pass

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approval of financing for purposes of the Internal Revenue Code

SUMMARY:

This Resolution approves a financing by the City of Shavano Park, Texas Higher Education Facilities Corporation for the benefit of the Montessori School of San Antonio 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 of Shavano Park, Texas Higher Education Facilities Corporation (the “Issuer”) was created by the City of Shavano Park, Texas (the “Sponsor”) pursuant to the provisions of the Texas Higher Education Facility Authority for Private Schools Act, as amended, formerly Chapter 53, Texas Education Code, and now codified as Texas Education Code, Chapter 53A, and particularly Section 53.35(b) thereof (the “Act”).

The Issuer on March 20, 2015 conducted a public hearing following reasonable public notice with respect to its intent to issue its tax-exempt Revenue Notes of approximately \$5,200,000 (the “Notes”), to finance and refinance a portion of the costs of the acquisition, construction, repair, renovation, improvement, and equipping of certain educational facilities by the Montessori School of San Antonio (the “Borrower”), all located or to be located within the City of San Antonio, Texas.

ISSUE:

To meet the requirements of the Code, the Issuer 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 Notes 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 Notes. The Borrower will pay the City an administrative fee of \$2,500 to be deposited into the General Fund upon the adoption of the requested Resolution.

RECOMMENDATION:

Staff recommends approval of the Resolution which approves a financing by the City of Shavano Park, Texas Higher Education Facilities Corporation for the benefit of the Montessori School of San Antonio for purposes of Section 147(f) of the Internal Revenue Code.