



City of San Antonio

Legislation Details (With Text)

File #: 17-2741

Type: Resolution

In control: City Council A Session

On agenda: 4/20/2017

Title: A Resolution by the City Council of the City of San Antonio approving the issuance of up to \$38,000,000 in principal amount of "Higher Education Revenue Improvement Bonds" by the City of San Antonio, Texas Education Facilities Corporation for Trinity University, a Texas Nonprofit Corporation, and approving other matters related thereto.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Draft Resolution - A, 2. Draft Resolution - B, 3. Resolution 2017-04-20-0019R

Date	Ver.	Action By	Action	Result
4/20/2017	1	City Council A Session	Motion to Approve	Pass

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City wide

SUBJECT:

Resolution through City of San Antonio Education Facilities Corporation authorizing the issuance of up to \$38,000,000 in Higher Education Revenue Improvement Bonds for Trinity University.

SUMMARY:

Consideration of the following in connection with the issuance of Higher Education Revenue Improvement Bonds for Trinity University (the "University"):

Item to be considered by the Board of Directors of the City of San Antonio, Texas Education Facilities Corporation:

- This Resolution of the Board of Directors of the City of San Antonio, Texas Education Facilities Corporation approves and authorizes the issuance of up to \$38,000,000 in Higher Education Revenue Improvement Bonds for Trinity University to refinance a bank loan provided by BOKF, NA (Bank of Texas), the proceeds of which were used to acquire a 141 unit, five story apartment complex on January

17, 2017 and which will be used for student housing.

Item to be considered by the City Council of San Antonio:

- This Resolution of the City Council of San Antonio approves the issuance of up to \$38,000,000 in principal amount of “Higher Education Revenue Improvement Bonds” by the City of San Antonio, Texas Education Facilities Corporation for Trinity University, a Texas nonprofit corporation, and approves other matters related thereto.

BACKGROUND INFORMATION:

Trinity University (the “University”) was founded in 1869 by the Presbyterian Church. It is governed by an independent Board of Trustees comprised of 36 members and is a private, residential, co-educational university offering 47 majors and 59 minors. There are approximately 513 full-time and 11 part-time professional and support staff and 2,338 undergraduates from 48 states and over 32 foreign countries. Trinity also has five graduate programs - in Accounting, Health Care Administration, School Leadership, School Psychology, and Teaching.

The University campus is located on the near north side of downtown San Antonio close to the intersection of U.S. Highway 281 and Hildebrand Avenue. 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 2,314,590 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 (the “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. In 2013, the Corporation approved the issuance of up to \$50,000,000 of fixed rate bonds 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 (which had a total cost of approximately \$130 million). Proceeds of the new bonds being approved by the Corporation will be used to refinance a bank loan provided by BOKF, NA (Bank of Texas), the proceeds of which were used to acquire a 141 unit, five story apartment complex on January 17, 2017 and which will be used for student housing.

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, improve and refinance 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 and refinancing facilities for its educational purposes. Section 147(f) of the Internal Revenue Code also requires the City to approve the issuance of these bonds.

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 bonds and loans for St. Mary’s University, the University of the Incarnate Word

and Our Lady of the Lake University. 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 to refinance the short-term bank loan provided by Bank of Texas.

FISCAL IMPACT:

Neither the City nor the Corporation is obligated in any manner to pay the debt issued by the Corporation. The City will receive an application fee of \$2,500.00 from the University upon the adoption of the request Resolution and the City of San Antonio, Texas Education Facilities Corporation will receive an administrative fee of \$20,000.00, which will be deposited into the Education Facilities Corporation account upon the adoption of the requested Resolution.

RECOMMENDATION:

The Corporation approves a Resolution authorizing the issuance of up to \$38,000,000 in tax-exempt Higher Education Revenue Improvement Bonds for Trinity University and approving all related documents.

The City Council approves a Resolution authorizing the Corporation to issue up to \$38,000,000 in tax-exempt Higher Education Revenue Improvement Bonds for Trinity University.