



# City of San Antonio

## Legislation Details (With Text)

**File #:** 18-4974

**Type:** Resolution

**In control:** City Council A Session

**On agenda:** 8/30/2018

**Title:** Resolution approving a financing by the Arlington Higher Education Finance Corporation of educational facilities located within the City of San Antonio, Texas for Great Hearts America for purposes of Section 147(f) of the Internal Revenue Code.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Draft Resolution, 2. Resolution 2018-08-30-0038R

Date	Ver.	Action By	Action	Result
8/30/2018	1	City Council A Session	Motion to Approve	Pass

**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 Resolution approves a financing by the Arlington Higher Education Finance Corporation of educational facilities located within the City of San Antonio, Texas for Great Hearts America 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 Great Hearts America (the "Borrower"), a Texas nonprofit corporation and

501(c)(3) organization that is financing through the Arlington Higher Education Finance Corporation (the "Issuer") the acquisition of land and the construction and equipping of a new school located in the City of San Antonio at or adjacent to the Northwest corner of the intersection of Legacy Hill and Research Drive in San Antonio, Texas (the "San Antonio Project"). The Issuer also will be financing or refinancing educational facilities owned by the Borrower located in the City of Irving, Texas through the same financing plan. A public hearing with respect to the San Antonio Project and the issuance of the Bonds was held in the City of San Antonio on July 30, 2018 in compliance with Section 147(f) of the Code.

To meet the requirements of the Code, the Borrower has requested that City Council adopt a Resolution confirming public approval of the financing plan and the issuance of one or more series of bonds or notes (the "Bonds") by the Issuer up to a maximum principal amount of \$35 million, a portion of which (approximately \$15 million) will be used to finance the San Antonio 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.

#### **ISSUE:**

To meet the requirements of the Code, the Borrower has requested that City Council adopt a Resolution confirming public approval of the financing plan and the issuance of the one or more series of Bonds by the Corporation up to a maximum aggregate amount of \$35 million, a portion of which (approximately \$15 million) will be used to finance the San Antonio 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 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 Issuer, this financing cannot be effectuated.

#### **FISCAL IMPACT:**

The Resolution does not obligate the City 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 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 financing by the Arlington Higher Education Finance Corporation of educational facilities located within the City of San Antonio, Texas for Great Hearts America for purposes of Section 147(f) of the Internal Revenue Code.