File #:	18-5224
Type:	Resolution

		In control:	City Council A Session

On agenda:	9/13/2018
Title:	Resolution approving the issuance by the Clifton Higher Education Finance Corporation of its Education Revenue Bonds (IDEA Public Schools) Series 2018 in a maximum amount of $220,000,000 for purposes of Section 147(f) of the Internal Revenue Code. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer, Finance]
Sponsors:	
Indexes:	
Code sections:	
Attachments:	1. Draft Resolution, 2. RES 2018-09-13-0043R

Date	Ver.	Action By	Action	Result
9/13/2018	1	City Council A Session		
9/13/2018	1	City Council A Session		

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 the issuance by the Clifton Higher Education Finance Corporation of its Education Revenue Bonds (IDEA Public Schools) Series 2018 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 was contacted regarding Clifton Higher Education Finance Corporation (the "Corporation") for the benefit of the IDEA Public Schools (the "Borrower"), a Texas nonprofit corporation and 501(c)(3) organization that is financing through the Clifton Higher Education Finance Corporation (the "Issuer") the costs of acquiring, constructing, improving, and equipping educational facilities for pre-K, primary, and secondary school students of the Borrower, including campuses located in the City of San Antonio: (i) IDEA Harvey E. Najim Academy and College Preparatory, 926 S. WW White Road, San Antonio, Texas 78220 ("Najim Campus"), (ii) IDEA Brackenridge Academy and College Preparatory, 5555 Old Pearsall Road, San Antonio, Texas 78242 ("Brackenridge Campus"), and (iii) IDEA Ewing Halsell Academy and College Preparatory, 2523 W. Ansley Boulevard, San Antonio, Texas 78224 ("Ewing Halsell Campus") (together, the "San Antonio Project"). 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 August 17, 2018 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 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 $220,000,000, a portion of which (approximately ~~$34 million~~ $18 million [*corrected August 31, 2018*]) 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 bond issuance by the Corporation, this financing cannot be effectuated.

FISCAL IMPACT:

The Resolution does not obligate the City to pay the debt or the Bonds, 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 the issuance by the Clifton Higher Education Finance Corporation of its Education Revenue Bonds (IDEA Public Schools) Series 2018 for purposes of Section 147(f) of the Internal Revenue Code.