City of San Antonio

Legislation Details (With Text)

File #:	19-7472
Type:	Miscellaneous Item
In control:	City Council A Session
On agenda:	10/17/2019
Title:	Ordinance approving a certificate of approval concerning the issuance of "City of Hondo, Texas Cultural Education Facilities Finance Corporation Revenue Bonds (Goodwill Industries of San Antonio Project), Series 2019" in satisfaction of the requirements of section 147(f) of the Internal Revenue Code. An administrative fee of $2,500.00, payable by the City of Hondo, Texas Cultural Education Facilities Finance Corporation, will be deposited into the General Fund in accordance with the FY 2020 Adopted Budget. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer].
Sponsors:	
Indexes:	
Code sections:	
Attachments:	1. Draft Ordinance

Date	Ver.	Action By	Action	Result
10/17/2019	1	City Council A Session		

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approval of financing for purposes of compliance with the Internal Revenue Code of 1986, as amended (the "Code").

SUMMARY:

This Ordinance authorizes execution of a certificate of approval concerning the issuance of "City of Hondo, Texas Cultural Education Facilities Finance Corporation Revenue Bonds (Goodwill Industries of San Antonio Project), Series 2019" in satisfaction of the requirements of section 147(f) of the Internal Revenue Code.

BACKGROUND INFORMATION:

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Section 147(f) of 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 San Antonio, Texas (the "City") was contacted by the Corporation, who is acting on behalf and for the benefit of Goodwill Industries of San Antonio (the "Borrower"), a Texas nonprofit corporation and 501(c)(3) organization, so that the Corporation may issue bonds, loans and/or other obligations (the "Obligations") in the maximum aggregate principal amount of $6,000,000.00. The proceeds of these Obligations will be loaned to the Borrower for the purposes of (a) financing, refinancing, acquiring, constructing, enlarging, remodeling, renovating, improving, furnishing, and equipping retail and workforce training centers for the Borrower, and facilities incidental, subordinate, or related thereto, as appropriate in connection therewith, as well as paying certain expenses in connection with the issuance of the Obligations (collectively, the "Project"). The Project will be owned and operated by the Borrower and will be located generally at Lots 10, 11, and 12, Block 1, NCB 19603, Potranco Commons in the City, within Bexar County, Texas. A public hearing with respect to the Project and the issuance of the Obligations will be held in the City on October 17, 2019 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 an Ordinance confirming public approval of the financing plan and the issuance of the Obligations in the maximum aggregate principal amount of $6,000,000.00, the proceeds from which will be loaned to Borrower for the purpose of financing the Project. The consideration and approval of this action is consistent with the City's practice of providing consent for projects located in the City that involve non-profit institutions obtaining tax-exempt financing for capital improvement projects through conduit issuers.

ALTERNATIVES:

If the City does not adopt an Ordinance confirming public approval of the issuance by the Corporation, this financing cannot be effectuated.

FISCAL IMPACT:

The Ordinance does not obligate the City to pay the Obligations, any other debt or obligation of the Borrower or the Corporation, 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 Obligations. Upon the adoption of this ordinance, the Borrower will pay the City an administrative fee of $2,500.00, which will be deposited in accordance with the FY 2020 Adopted General Fund Budget.

RECOMMENDATION:

Staff recommends approval of the Ordinance which approves the issuance by the Corporation of the Obligations for purposes of compliance with Section 147(f) of the Code.

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