



City of San Antonio

Legislation Details (With Text)

File #: 19-7906

Type: Miscellaneous Item

In control: City Council A Session

On agenda: 11/7/2019

Title: Ordinance approving the issuance by the Simonton Cultural Education Facilities Finance Corporation of bonds, loans and/or other obligations in a maximum amount of \$8,000,000.00 for the benefit of the Family Endeavors, Inc. for purposes of Section 147(f) of the Internal Revenue Code. An administrative fee of \$2,500.00, payable by the Simonton 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, 2. Ordinance 2019-11-07-0916

Date	Ver.	Action By	Action	Result
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DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approval of financing for purposes of the Internal Revenue Code.

SUMMARY:

This Ordinance approves the issuance by the Simonton Cultural Education Facilities Finance Corporation of bonds, loans and/or other obligations 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 by the Simonton Cultural Education Facilities Finance Corporation (the “Corporation”) for the benefit of the Family Endeavors, Inc. (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 \$8,000,000, whereby the proceeds of the Obligations will be loaned to Borrower for the purpose of (a) refinancing the cost of the acquisition, construction, renovation and equipping of the Endeavors Corporate Headquarters located at 6363 De Zavala Rd., San Antonio, TX 78249 and (b) financing the cost of the acquisition, construction, renovation and equipping of a new administrative and counseling building adjacent to the Endeavors Corporate Headquarters located at 6333 De Zavala Rd., San Antonio, TX 78249 (collectively, the “Project”). Family Endeavors, Inc. provides an array of programs and services in support of children, families, veterans, and those with struggling with disabilities. A public hearing with respect to the Project and the issuance of the Obligations was held in the City of San Antonio on October 2, 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 \$7,800,000, whereby the proceeds of the Obligations will be loaned to Borrower for the purpose of financing and refinancing the 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.

ALTERNATIVES:

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

FISCAL IMPACT:

This ordinance does not obligate the City to pay the debt or the Obligations, 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 the Simonton Cultural Education Facilities Finance Corporation of the Obligations for purposes of Section 147(f) of the Internal Revenue Code.