



# City of San Antonio

## Agenda Memorandum

**File Number:** 19-5662

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**Agenda Item Number:** 21.

**Agenda Date:** 8/15/2019

**In Control:** City Council A Session

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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 Resolution approves the issuance by the Woodloch 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 Woodloch Cultural Education Facilities Finance Corporation (the "Corporation") for the benefit of the El Centro Del Barrio dba CentroMed (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 \$17,000,000, 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 CentroMed Southside Medical Clinic located at 3750 and 3800 Commercial Avenue, San Antonio, Texas 78221 (approximately \$11,500,000 of proceeds),

(b) refinancing the cost of the acquisition, construction, renovation and equipping of the CentroMed South Park Medical Clinic located at 6315 South Zarzamora Street, San Antonio, Texas 78211 (approximately \$500,000 of proceeds),

(c) refinancing the cost of the acquisition, construction, renovation and equipping of the CentroMed South Park Dental Clinic located at 910 Wagner Avenue, San Antonio, Texas 78211 (approximately \$500,000 of proceeds);

(d) financing the costs of acquisition, construction, renovation and equipping an approximately 20,500 square foot facility (including a 2,000 square foot parking garage) for a PACE Elder Care Program located at 1444 Division Avenue, San Antonio, Texas 78225 (approximately \$5,000,000 of proceeds)

(collectively, the “Project”). A public hearing with respect to the Project and the issuance of the Obligations was held in the City of San Antonio on July 3, 2019 in compliance with Section 147(f) of the Code.

The individual project costs are estimates, but the aggregate amount will not exceed \$17,000,000.

#### **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 Obligations in the maximum aggregate principal amount of \$17,000,000, 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 a Resolution confirming public approval of the Obligation issuance by the Corporation, this financing cannot be effectuated.

#### **FISCAL IMPACT:**

The Resolution 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. 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 the Woodloch Cultural Education Facilities Finance Corporation of the Obligations for purposes of Section 147(f) of the Internal Revenue Code.