



City of San Antonio

Agenda Memorandum

File Number:20-3702

Agenda Item Number: 17A.

Agenda Date: 6/25/2020

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City wide

SUBJECT:

Resolution through the City of San Antonio Education Facilities Corporation authorizing the issuance of up to \$125,000,000 in all taxable or a combination of taxable and tax-exempt Higher Education Revenue Refunding and Improvement Bonds for Trinity University.

SUMMARY:

Item to be considered by the Board of Directors of the City of San Antonio, Texas Education Facilities Corporation:

This Resolution of the City of San Antonio, Texas Education Facilities Corporation authorizes the issuance of up to \$125,000,000 of City of San Antonio, Texas Education Facilities Corporation Higher Education Revenue Refunding and Improvement Bonds (Trinity University Project) in one or more series (either all taxable or a combination of taxable and tax-exempt) for Trinity University (the "University") to (i) refund up to \$57,450,000 in principal outstanding bonds issued by the Corporation in 2011 and 2014 for debt service savings, and (ii) finance the renovation of two existing academic buildings (Chapman and Halsell) and construct a new 45,000 square foot academic building that will tie the three buildings together in a strategic way for humanities, social sciences and business studies; authorizes the execution of a Third Amended and Restated Loan Agreement, a Third Amended and Restated Indenture of Trust, and a purchase contract; authorizes the preparation and distribution of an official statement; and approves other matters in connection therewith.

Item to be considered by the City Council of San Antonio:

This Resolution approves the issuance of up to \$125,000,000 of "Higher Education Revenue Refunding and

Improvement Bonds” in one or more series, by the City of San Antonio, Texas Education Facilities Corporation for Trinity University, a Texas Nonprofit Corporation, and approves other matters related thereto.

BACKGROUND INFORMATION:

Trinity University was founded in 1869 by the Presbyterian Church. It is governed by an independent Board of Trustees comprised of 36 members and is a private, residential, co-educational university offering 48 majors and 60 minors. There are approximately 513 full-time and 11 part-time professional and support staff and over 2,500 undergraduates from 48 states and over 32 foreign countries. Trinity also has five graduate programs - in Accounting, Health Care Administration, School Leadership, School Psychology, and Teaching.

The University campus is located on the near north side of downtown San Antonio close to the intersection of U.S. Highway 281 and Hildebrand Avenue. The University’s Skyline Campus began construction in 1952. Since that time, 16 academic and 15 residence hall buildings have been constructed, which make up approximately 2,314,590 square feet of building space. The campus occupies 117 acres and is built on an abandoned rock quarry overlooking downtown San Antonio.

In 2002, City Council, through the City of San Antonio Education Facilities Corporation (the “Corporation”), issued \$32,000,000 in tax-exempt variable rate revenue bonds for the University to demolish the main administrative building, renovate residence halls and make various improvements on the campus (the "Series 2002 Bonds"). In 2011, the Corporation issued \$20,035,000 of tax-exempt fixed rate bonds to refund a portion of the outstanding Series 2002 Bonds in order to reduce the amount of the University's outstanding variable debt (the "Series 2011 Bonds"). In 2014, the Corporation issued \$48,540,000 of tax-exempt fixed rate bonds to finance a portion of the costs to construct and equip new science facilities, generally known as the Center for Science and Innovation (CSI) complex (which had a total cost of approximately \$130 million) (the "Series 2014 Bonds"). In 2017, the Corporation issued \$30,985,000 of tax-exempt fixed rate bonds to refinance a bank loan, the proceeds of which were used to acquire a 141 unit, five story apartment complex near the University's campus to be used for student housing. Proceeds of the new Bonds being approved by the Corporation will be used to refinance all or a portion of the Series 2011 Bonds and the Series 2014 Bonds to achieve debt service savings, and (ii) finance the renovation of certain existing educational facilities and construct new educational facilities.

The Series 2020 Bonds issued by the Corporation to advance refund the Series 2011 Bonds and Series 2014 Bonds will be issued on a taxable basis. The Series 2020 Bonds issued to finance the new educational facilities for the University will be issued either as taxable or tax exempt based on market conditions.

ISSUE:

Chapter 53A of the Texas Education Code authorizes the Corporation to issue Higher Education Revenue Bonds for institutions of higher education to acquire, construct, enlarge, extend, repair, renovate, improve and refinance educational and housing facilities. The proposed actions by the Corporation and the City are consistent with the Corporation’s ability to issue tax-exempt and taxable financing for non-profit educational institutions such as Trinity University. Since 2001, the Corporation has also authorized tax-exempt bonds and loans for St. Mary’s University, the University of the Incarnate Word and Our Lady of the Lake University. This action is also consistent with the City's efforts to leverage local educational resources to create a more vibrant economy and to facilitate the development of a highly-skilled workforce.

ALTERNATIVES:

If the Corporation does not authorize this issuance, Trinity University will need to seek other sources of refinancing the Series 2011 Bonds and the Series 2014 Bonds and financing the renovation of the existing educational facilities and the construction of the new educational facility.

FISCAL IMPACT:

Neither the City nor the Corporation is obligated in any manner to pay the debt issued by the Corporation. The City will receive an application fee of \$2,500 from the University upon the adoption of the requested Resolution and the City of San Antonio, Texas Education Facilities Corporation will receive an administrative fee of \$20,000, which will be deposited into the Corporation's account upon the adoption of the requested Resolution.

RECOMMENDATION:

The Corporation approves a Resolution authorizing the issuance of up to \$125,000,000 in Higher Education Revenue Refunding and Improvement Bonds for Trinity University and approves all related documents.

The City Council approves a Resolution authorizing the Corporation to issue up to \$125,000,000 in Higher Education Revenue Refunding and Improvement Bonds for Trinity University.