



City of San Antonio

Agenda Memorandum

File Number:15-1872

Agenda Item Number: 6.

Agenda Date: 3/12/2015

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Resolution Authorizing the Refinancing of Certain Educational and Housing Facilities for the University of the Incarnate Word

SUMMARY:

Consideration of the following in connection with the Refinancing of Certain Educational and Housing Facilities for the University of the Incarnate Word:

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

- This Resolution of the Board of Directors of the City of San Antonio, Texas Education Facilities Corporation approving and authorizing the execution of a loan agreement by and among the City of San Antonio, Texas Education Facilities Corporation, the University of the Incarnate Word (the "University"), and DNT Asset Trust, a Delaware business trust and wholly-owned subsidiary of JPMorgan Chase Bank, N.A., for the purpose of refinancing certain educational and housing facilities previously financed for the University and an affiliated educational institution; and approving and authorizing the execution of all other instruments and procedures related thereto.

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

- This A Resolution by the City Council of the City of San Antonio, Texas regarding approval for purposes of Section 147(f) of the Internal Revenue Code, of a tax exempt loan agreement by and among the City of San Antonio, Texas Education Facilities Corporation, the University of the Incarnate Word

(the “University”), and DNT Asset Trust, a Delaware business trust and wholly-owned subsidiary of JPMorgan Chase Bank, N.A.

BACKGROUND INFORMATION:

The University of the Incarnate Word (the “University”) is a private Catholic university founded in 1881 by the Sisters of Charity of the Incarnate Word. The University currently serves over 4,000 students on its main campus in San Antonio along with other campuses located in China and Mexico.

The City of San Antonio, Texas Higher Education Authority was created by the City of San Antonio in 1984 for the purpose of aiding educational institutions of higher education with tax-exempt bond financing options to improve their facilities. On May 31, 2001, the City Council approved amendments to the Corporation’s Articles of Incorporation to change its name to the City of San Antonio, Texas Education Facilities Corporation (the “Issuer”). City Council serves as the 11-member Corporation Board of Directors.

The University has requested that City Council approve the Issuer loan, the loan agreement, and the refinancing of the projects. The Board of Trustees of the University met on March 6, 2015, to consider and approve a Resolution authorizing the execution of a loan agreement by and among the Issuer, the University, and DNT Asset Trust, a Delaware business trust and wholly-owned subsidiary of JPMorgan Chase Bank, N.A., for the purpose of refinancing certain educational and housing facilities previously financed for the University and an affiliated educational institution.

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.

ISSUE:

The consideration and approval of these actions are consistent with the City’s practice to provide tax-exempt financing at lower interest rates to non-profit educational institutions. In the past decade, the Issuer has approved bond issuances for Trinity University, St. Mary’s University, Our Lady of the Lake University, and the University. These actions are 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 Issuer does not authorize this loan agreement, the University will need to seek other sources of refinancing at higher taxable bond rates of interest.

FISCAL IMPACT:

The Resolution does not obligate the Issuer or the City to pay the Bonds or the interest thereon, and does not

obligate or create any expectations of, or liabilities for, the Issuer or the City. The University is solely responsible for paying all debt service and other costs associated with the loan agreement. The City will receive an application fee of \$2,500.00 from the University upon the adoption of the request Resolution and the City of San Antonio, Texas Education Facilities Corporation will receive an administrative fee of \$20,000.00, which will be deposited into the Education Facilities Corporation account upon the adoption of the requested Resolution.

RECOMMENDATION:

Staff recommends approval of this Resolution that approves and authorizes the execution of a loan agreement by and among the Issuer, the University, and DNT Asset Trust, a Delaware business trust and wholly-owned subsidiary of JPMorgan Chase Bank, N.A., for the purpose of refinancing certain educational and housing facilities previously financed for the University and an affiliated educational institution.