



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 50

**Agenda Date:** January 30, 2025

**In Control:** City Council A Session

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**DEPARTMENT:** Finance Department

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Resolution of the City of San Antonio, Texas Education Facilities Corporation Authorizing the Financing of Certain Educational Facilities for University of the Incarnate Word.

**SUMMARY:**

This Resolution of the City of San Antonio, Texas Education Facilities Corporation authorizes the issuance of up to \$55,000,000 in principal amount of City of San Antonio, Texas Education Facilities Corporation Higher Education Revenue Bonds (University of the Incarnate Word Project); authorizes the execution of a Loan Agreement, an Indenture of Trust, a Bond Purchase Contract and other related documents in connection therewith; authorizes the preparation and distribution of an official statement; and approves other matters in connection therewith.

**BACKGROUND INFORMATION:**

The University of Incarnate Word (the “University” or UIW”) has requested that the Board of Directors of the Issuer (the “Board”) issue up to \$55,000,000 in principal amount of revenue bonds, the proceeds of which would be loaned to the University to be used to (i) finance the acquisition, construction, improvement and/or equipping of educational facilities and related facilities located and/or to be located on and adjacent to the University’s campus located at 4119 Broadway and 4301 Broadway, and located on the southwest corner of the intersection of Broadway Street and

Hildebrand Avenue, , including but not limited to the Founders Hall project, building renovations, and parking facilities, and (ii) pay costs of issuing the bonds.

This financing was initially considered by the Board on December 12, 2024. However, in light of recent market conditions, the University has determined to add additional security provisions, including a revenue pledge, to improve the marketability of the Bonds. As a result, the forms of the Loan Agreement and the Indenture have materially changed and therefore require approval of the Board prior to issuance of the Bonds.

UIW is a private four-year university located in San Antonio, Texas. Founded in 1881 by three Catholic sisters known as the Sisters of Charity of the Incarnate Word, the University has grown to be the largest Catholic university in Texas and the fourth largest private university in Texas. The University offers over 90 undergraduate majors, minors, and concentrations, and over 20 graduate and doctoral programs, delivered in traditional classroom environments, online format, and blended classes. The University curriculum provides a balance between liberal studies and professional programs. The program of studies is designed to give students a foundation in the liberal arts and a competence in professional areas such as education and business, science and the arts, health care, religion, and social renewal. UIW is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award associate, baccalaureate, masters, doctorate, and professional degrees. As an approved Yellow Ribbon institution, UIW funds tuition and fees above the yearly national cap for eligible veterans, enabling generous access to higher education for those who have served in the military. The University participates in NCAA Division I athletics.

The City of San Antonio, Texas Higher Education Authority, Inc. (the “Original Corporation”) 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 Original Corporation’s Articles of Incorporation to include also aiding accredited primary and secondary schools and authorized charter schools and to change its name to the City of San Antonio, Texas Education Facilities Corporation (the “Issuer”). The City Council serves as the 11-member Board of Directors of the Issuer.

## **ISSUE:**

The consideration and approval of these actions are consistent with the City’s practice to provide tax-exempt financing through the City of San Antonio, Texas Education Facilities Corporation at lower interest rates to non-profit educational institutions. In the past two decades, the Issuer has approved bond financings for the University, as well as St. Mary’s University, Trinity University, and Hallmark 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 the issuance of the Bonds, the University will need to seek other sources of financing at higher taxable rates of interest.

**FISCAL IMPACT:**

The Resolution does not obligate the Issuer or the City to provide funds for payment of the Bonds or the interest thereon, and the Bonds will not constitute debt of the City or create any liability to the Issuer or the City. The University is solely responsible for paying all debt service and other costs associated with Bonds. The City will receive an administrative fee of \$2,500.00 from the University upon the adoption of the requested Resolution which will be deposited in the General Fund.

**RECOMMENDATION:**

Staff recommends approval by the Issuer of this Resolution that approves and authorizes the issuance of the Bonds and the execution of the Loan Agreement, Indenture, Bond Purchase Contract and other related documents.