

RESOLUTION NO. 2021-10-21-____R

APPROVING THE ISSUANCE OF UP TO \$30,000,000 IN PRINCIPAL AMOUNT OF *HIGHER EDUCATION REVENUE BONDS, SERIES 2021A AND TAXABLE SERIES 2021B* BY THE CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION FOR HALLMARK UNIVERSITY, A TEXAS NONPROFIT CORPORATION, AND APPROVING OTHER MATTERS RELATED THERETO

* * * * *

WHEREAS, the **CITY OF SAN ANTONIO, TEXAS** (the “*City*”), pursuant to Section 53.35(b), Texas Education Code (now amended and recodified as Section 53A.35(b), Texas Education Code, as amended), approved and created the **CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION** (the “*Issuer*”) as a nonprofit corporation to exercise the powers enumerated and provided in Chapter 53, Texas Education Code (now amended and recodified as Chapter 53A, Texas Education Code, as amended - the “*Act*”), for and on behalf of the City; and

WHEREAS, **HALLMARK UNIVERSITY INC.**, doing business as **HALLMARK UNIVERSITY** (the “*University*”), is a Texas non-profit corporation and operates as an “institution of higher education” (within the meaning of the Act) within the corporate limits of the City; and

WHEREAS, Section 53A.34 of the Act authorizes the Issuer to issue and execute revenue bonds or other obligations to loan or otherwise provide funds to an institution of higher education to enable an institution of higher education to acquire, construct, enlarge, extend, repair, renovate, or otherwise improve an “educational facility” or “housing facility” (as such terms are defined in the Act) or any facility incidental, subordinate, or related to or appropriate in connection with an educational facility or housing facility, or for acquiring land to be used for those purposes, or to create operating and debt service reserves for and to pay issuance costs and up to two years’ interest related to the bonds or other obligations; and

WHEREAS, Section 53A.331 of the Act further authorizes the Issuer to refinance any educational facility or housing facility acquired, constructed, or improved; and

WHEREAS, the University has determined that it is appropriate and prudent to prepay and refinance all long term indebtedness of the University (as described in the Bond Resolution defined below, the “*2017 Taxable Loan*”), the proceeds of which 2017 Taxable Loan were used to finance and refinance various educational facilities of the University and facilities incidental, subordinate, or related to or appropriate in connection with educational facilities (as described in the Bond Resolution defined below and as further described in Exhibit A-2 of the Loan Agreement defined below, the “*2017 Projects*”) to restructure its debt service requirements and relieve itself of certain financial covenants; and

WHEREAS, the University has determined to proceed with the acquisition of certain land within the City of approximately 20 acres in gross area and related improvements, including an

approximately 72,000 square foot building, generally identified by the address of 9855 Westover Hills Boulevard, San Antonio, Texas 78251 (the “**Property**”), to serve as the new main campus of the University, and incur capital costs to design, construct, expand, improve, renovate, furnish and equip certain educational and support facilities of the University, including parking, located at and on the Property (as further described in Exhibit A-1 of the Loan Agreement defined below, the “**2021 Projects**”); and

WHEREAS, the City has been informed by representatives of the Issuer that the Board of Directors of the Issuer has approved a resolution (the “**Bond Resolution**,” a copy of which has been filed with the City) authorizing the issuance of two series of revenue bonds for the benefit of the University, which bonds are further described as follows: *City of San Antonio, Texas Education Facilities Corporation Higher Education Revenue Bonds (Hallmark University Project), Series 2021A* (the “**Series 2021A Bonds**”), and *City of San Antonio, Texas Education Facilities Corporation Higher Education Revenue Bonds (Hallmark University Project), Taxable Series 2021B* (the “**Series 2021B Bonds**”), in the aggregate principal amount not to exceed \$30,000,000 (collectively, the “**Bonds**”); and

WHEREAS, representatives of the Issuer have assured the City that the Bonds will be payable solely from revenues derived by the Issuer from the University pursuant to provisions of the Bond Resolution and a Loan Agreement between the Issuer and the University (the “**Loan Agreement**”), and other applicable documents being entered into by the Issuer in connection with the issuance of the Bonds, and the City will have no responsibility in any manner for the payment of the debt service requirements of the Bonds; and

WHEREAS, the University is a “501(c)(3) organization,” within the meaning of Section 145 of the Internal Revenue Code of 1986, as amended (the “**Code**”); and

WHEREAS, Section 147(f) of the Code requires that the issuance of any “qualified 501(c)(3) bonds” issued by the Issuer, such as the Series 2021A Bonds, be approved by the governing body of the City, or a designee of the City, after a public hearing following reasonable public notice; and

WHEREAS, on [____], 2021, the Issuer posted notice of a public hearing relating to refinancing and financing of the “2017 Projects” and the 2021 Projects (collectively, the “**Projects**”) described in the Loan Agreement (the “**Public Notice**”) as required by Section 147(f) of the Code, and such public hearing was held on October 13, 2021, by the representative of the Issuer ratified and approved by this Resolution; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code; and

WHEREAS, it is hereby deemed necessary and advisable that this Resolution be adopted; **NOW THEREFORE:**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. APPROVING THE ISSUANCE OF THE BONDS. The City Council hereby approves the issuance by the Issuer of the Bonds described above in the aggregate principal amount not to exceed \$30,000,000 in order to obtain funds to (i) refinance the 2017 Projects, (ii) finance the 2021 Projects, (iii) fund reasonably required deposits to accounts of a debt service reserve fund, providing additional security for the Bonds, (iv) fund up to two years' interest on the Series 2021 Bonds and an amount estimated by the University to be required for operating expenses during the first year of operation of the 2021 Projects (which estimated amount none of the Issuer, its Board, the City and this City Council has independently determined or verified), and (v) pay issuance costs. Any portion of the 2017 Taxable Loan not retired with proceeds of the Bonds will be retired with funds contributed by the University for such purpose, and no portion of the 2017 Taxable Loan shall remain outstanding upon the issuance of the Bonds. The City shall have no liability in connection with the financing, refinancing, acquisition, construction, improvement, equipping or operation of the Projects and shall not be required to take any further action with respect thereto.

SECTION 2. SECTION 147(f) APPROVAL. The City Council hereby approves, for the purposes of satisfying Section 147(f) of the Code, the Series 2021A Bonds in the principal amount not to exceed \$30,000,000, and the financing and refinancing of the 2021 Projects and other permitted deposits and costs to be financed and refinanced with the proceeds thereof, all as described in the Public Notice. The City Council hereby ratifies and confirms (i) John W. Hutchinson and Nathan A. Treu with Squire Patton Boggs (US) LLP as Bond Counsel to the Issuer in connection with the issuance of the Bonds, and (ii) Thomas K. Spurgeon with McCall, Parkhurst & Horton L.L.P., as Counsel to the Issuer, with such Counsel to the Issuer serving as the hearing officer that conducted the Public Hearing on behalf of the Issuer.

SECTION 3. INCORPORATION OF RECITALS. The City Council hereby finds that the statements set forth in the recitals of this Resolution are true and correct, and the City Council hereby incorporates such recitals as a part of this Resolution.

SECTION 4. FINANCIALS. Funds generated by this Resolution will be deposited into the Education Facilities Corporation bank account.

SECTION 5. EFFECTIVE DATE. Pursuant to Article II, Section 15 of the City's Charter, this Resolution shall become effective ten days following its passage.

RKN/Squire PB
10/21/21
Item No. __B

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AT A REGULAR MEETING ON OCTOBER 21, 2021.

M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:

Debbie Racca-Sittre, Interim City Clerk

Andrew Segovia, City Attorney

(City Seal)

Signature Page to the Resolution of the Governmental Unit Relating to the

City of San Antonio, Texas Education Facilities Corporation
Higher Education Revenue Bonds
(Hallmark University Project), Series 2021A
and
Higher Education Revenue Bonds
(Hallmark University Project), Taxable Series 2021B

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
COUNTIES OF BEXAR AND COMAL §
CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION §

I, the undersigned Interim City Clerk of the **CITY OF SAN ANTONIO, TEXAS** (the “**City**”), hereby certify as follows:

1. The City Council (the “**City Council**”) of the City convened in Regular Meeting on October 21, 2021, at the designated meeting place (the “**Meeting**”), and the roll was called of the duly constituted officers and members of the City Council to wit:

Ron Nirenberg, Mayor	Melissa Cabello Havrda, Councilwoman, District 6
Mario Bravo, Councilman, District 1	Ana Sandoval, Councilwoman, District 7
Jalen McKee-Rodriguez, Councilman, District 2	Manny Peláez, Councilman, District 8
Phyllis Viagran, Councilwoman, District 3	John Courage, Councilman, District 9
Dr. Adriana Rocha Garcia, Councilwoman, District 4	Clayton Perry, Councilman, District 10
Teri Castillo, Councilwoman, District 5	

All members of the City Council were present, except the following: _____, thus constituting a quorum, whereupon among other business, the following was transacted at the Meeting a written Resolution No. 2021-10-21-____R (the “**Resolution**”) entitled:

RESOLUTION APPROVING THE ISSUANCE OF UP TO \$30,000,000 IN PRINCIPAL AMOUNT OF HIGHER EDUCATION REVENUE BONDS, SERIES 2021A AND TAXABLE SERIES 2021B BY THE CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION FOR HALLMARK UNIVERSITY, A TEXAS NONPROFIT CORPORATION, AND APPROVING OTHER MATTERS RELATED THERETO

was duly introduced for the consideration of the City Council. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, such motion, carrying with it the adoption of the Resolution prevailed and carried by the following votes:

AYES: _____ NOES: _____ ABSTENTIONS: _____

2. A true, full, and correct copy of the Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; the Resolution has been duly recorded in the City Council’s minutes of the Meeting pertaining to the adoption of the Resolution; the persons named in the above and foregoing paragraph are duly chosen, qualified, and acting officers and members of the City Council’s and duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting, and that the Resolution would be introduced and considered for adoption at the Meeting and each such officers and members consented, in advance, to the holding of the Meeting for such purpose; and the Meeting was open to the public, and public notice was given, all as required by Chapter 551, Texas Government Code.

RKN/Squire PB
10/21/21
Item No. __B

SIGNED AND SEALED THIS 21st DAY OF OCTOBER, 2021.

Interim City Clerk
City of San Antonio, Texas

(City Seal)

Signature Page to the Certificate for Resolution Relating to the

City of San Antonio, Texas Education Facilities Corporation
Higher Education Revenue Bonds
(Hallmark University Project), Series 2021A
and
Higher Education Revenue Bonds
(Hallmark University Project), Taxable Series 2021B