



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 32

Agenda Date: November 18, 2021

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Approval of tax-exempt financing for purposes of the Internal Revenue Code (Mystic Park Nursing and Rehabilitation Center).

SUMMARY:

This Ordinance consents to the issuance of revenue bonds by the New Hope Cultural Education Finance Corporation (the “Issuer”) to finance the acquisition by the Borrower (defined below) of 27 senior living facilities in 17 Texas counties (collectively, the “Projects”), including the Mystic Park Nursing and Rehabilitation Center located at 8503 Mystic Park in San Antonio (the “San Antonio Project”) for purposes of complying with Section 147(f) of the Internal Revenue Code (the “Code”).

BACKGROUND INFORMATION:

Section 147(f) of the Code requires that the issuance of any tax-exempt “qualified 501(c)(3) obligations” be approved by an 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 representatives of the Jack and Nancy Dwyer Workforce Development Center, Inc., a Delaware nonprofit corporation and a 501(c)(3) organization under

the Code (the “Borrower”), regarding the issuance by the Issuer of Senior Care Revenue Bonds (Dwyer Workforce Development Portfolio Project) (the “Bonds”) to finance the Borrower's acquisition of the Projects, including the San Antonio Project. A public hearing with respect to the Projects and the issuance of the Bonds was held on October 11, 2021, via teleconference, after publication of notice thereof in the San Antonio Express-News on September 29, 2021, all in compliance with Section 147(f) of the Code.

ISSUE:

To meet the requirements of the Code, the Borrower has requested the City Council adopt an Ordinance confirming public approval of the issuance of the Bonds by the Issuer up to a maximum principal amount of \$531 million to finance of the Projects. The Borrower expects approximately \$18.1 million in principal amount of the Bonds will be used in connection with the San Antonio 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 the Ordinance confirming public approval of the Bonds by the Issuer, the tax-exempt financing for the San Antonio Project cannot be effectuated.

FISCAL IMPACT:

The Ordinance does not obligate the City to pay the Bonds or the interest thereon 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 Bonds. The Borrower will pay the City an administrative fee of \$20,000 upon the adoption of the requested Ordinance.

RECOMMENDATION:

Staff recommends approval of the Ordinance which approves the issuance of the Bonds by the Issuer, a portion of the proceeds of which will be used to finance the acquisition by the Borrower of the San Antonio Project, for purposes of satisfying Section 147(f) of the Code.