



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 17

Agenda Date: May 12, 2022

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Approval of financing for purposes of the Internal Revenue Code.

SUMMARY:

This Ordinance approves the issuance of a tax-exempt loan in the maximum principal amount of \$9,700,000.00 by the Orchard Cultural Education Facilities Finance Corporation, created by the City of Orchard, Texas, for the benefit of America CAN! dba Texans Can Academies, as the Borrower (the "Loan") for purposes of Section 147(f) of the Internal Revenue Code. The Ordinance does not obligate the City to pay the Loan, 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 Loan. The Borrower will pay the City an administrative fee of \$4,850.00 upon the adoption of the requested Ordinance that will be deposited into the City's General Fund.

BACKGROUND INFORMATION:

Section 147(f) of the Internal Revenue Code (the "Code") requires that the issuance of any private activity bond 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.

The City was contacted regarding the issuance of a tax-exempt loan in the maximum principal amount of \$9,700,000.00 by the Orchard Cultural Education Facilities Finance Corporation which was created by the City of Orchard, Texas for the benefit of America CAN! dba Texans Can Academies for the purpose of (A) refinancing debt related to the acquisition, construction, renovation, expansion and/or equipping of the San Antonio campus located at 1807 Centennial Blvd. in City Council District 5; and (B) paying certain expenses in connection with the issuance of the Loan (the “Project”). A public hearing with respect to the Project and issuance of the loan was held on April 13, 2022, in compliance with Section 147(f) of the Code. No comments were received at the public hearing.

ISSUE:

To meet the requirements of the Code, the Borrower has requested that City Council adopt an Ordinance confirming public approval of the Loan by the Issuer up to a maximum aggregate amount of \$9,700,000.00 to finance the costs of acquisition, rehabilitation and equipping of the 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 qualified institutions obtaining tax-exempt financing for capital improvement projects through conduit issuers.

ALTERNATIVES:

If the City does not adopt an Ordinance confirming public approval of the bond issuance by the Issuer, this financing cannot be effectuated.

FISCAL IMPACT:

This Ordinance approves the issuance of a tax-exempt loan in the maximum principal amount of \$9,700,000.00 by the Orchard Cultural Education Facilities Finance Corporation, created by the City of Orchard, Texas, for the benefit of America CAN! dba Texans Can Academies, as the Borrower (the “Loan”) for purposes of Section 147(f) of the Internal Revenue Code. The Ordinance does not obligate the City to pay the Loan, 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 Loan. The Borrower will pay the City an administrative fee of \$4,850.00 upon the adoption of the requested Ordinance that will be deposited into the City’s General Fund.

RECOMMENDATION:

Staff recommends approval of the issuance of a tax-exempt loan in the maximum principal amount of \$9,700,000.00 by the Orchard Cultural Education Facilities Finance Corporation, created by the City of Orchard, Texas, for the benefit of America CAN! dba Texans Can Academies for purposes

of Section 147(f) of the Internal Revenue Code.