



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 46

Agenda Date: September 29, 2022

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Resolution Authorizing the Financing of Certain Educational Facilities for St. Mary's University

SUMMARY:

This Resolution of the Board of Directors of the City of San Antonio, Texas Education Facilities Corporation approves and authorizes the execution of a Loan Agreement by and among the City of San Antonio, Texas Education Facilities Corporation, St. Mary's University of San Antonio, Texas, and Banc of America Public Capital Corp (an affiliate of Bank of America, N.A.) for the purpose of providing a loan of up to \$15,000,000.00 to finance certain educational facilities for the University; and approves and authorizes the execution of all other instruments and procedures related thereto.

BACKGROUND INFORMATION:

St. Mary's University of San Antonio, Texas (the "University") is a private Catholic university founded in 1852 as "St. Mary's Institute" by the Brothers of the Society of Mary (Marianists). The University currently serves approximately 2,300 undergraduate students and over 1,300 graduate students on its campus located on the west side of San Antonio.

The City of San Antonio, Texas Higher Education Authority, Inc. (was created by the City 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 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.

The University is requesting that the Board of Directors of the Issuer to approve an “Issuer Loan” of up to \$15,000,000.00, the related “Loan Agreement” by and among the Issuer, the University, and Banc of America Public Capital Corp (an affiliate of Bank of America, N.A.), and the financing of certain educational facilities to acquire, construct, and equip a new interdisciplinary innovation center (the “Projects”) at its campus in San Antonio. The Board of Trustees of the University met on March 25, 2022, and approved a Resolution authorizing the execution of the Loan Agreement for the purpose of providing a loan of up to \$15,000,000.00 to finance the Projects.

Section 147(f) of the Internal Revenue Code, as amended 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. Such public hearing is scheduled for September 26, 2022, with an authorized representative of the Issuer presiding over such hearing.

ISSUE:

The consideration and approval of these actions are consistent with the practice to provide tax-exempt financing at lower interest rates to non-profit educational institutions. In the past two decades, the Issuer has approved bond issuances for the University, as well as Trinity University, University of the Incarnate Word, and Our Lady of the Lake University. These actions are also consistent with 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 financing at higher taxable rates of interest.

FISCAL IMPACT:

This Resolution does not obligate the Issuer to pay the Issuer Loan or the interest thereon, and does not obligate or create any expectations of, or liabilities for, the Issuer. The University is solely responsible for paying all debt service and other costs associated with the Loan Agreement. The City of San Antonio, Texas Education Facilities Corporation will receive an administrative fee of \$20,000.00, from the University for the adoption of the requested Resolution upon the closing of the Issuer Loan.

RECOMMENDATION:

Staff recommends approval of this Resolution that approves and authorizes the execution of a Loan Agreement by and among the City of San Antonio, Texas Education Facilities Corporation, the St. Mary's University, and Banc of America Public Capital Corp, an affiliate of Bank of America, N.A., for the purpose of providing a tax-exempt loan of up to \$15,000,000.00 to finance certain educational facilities at St. Mary's University.