



City Council
Agenda Memo

TO: David A. Vela, Interim City Manager

City Council
Meeting Date: 12/18/14

FROM: Mindy Patterson, Director of Finance

SUBJECT: Financing by the Sanger Cultural Educational Facilities Finance Corporation for Abilene Christian University

GENERAL INFORMATION - Abilene Christian University (ACU) has requested financing by the Sanger Cultural Educational Facilities Finance Corporation, which is a higher education finance corporation. ACU is issuing approximately \$45 million in tax exempt obligations for the purpose of financing the cost of construction and renovation of campus facilities, including (i) the Bennett Gymnasium, (ii) a new track and soccer stadium, (iii) the Onstead Science Center, (iv) the Hardin Administration Building, (v) the Zona Luce Building, (vii) the Halbert-Walling Research Center, and (viii) street and sidewalks, all located on the campus at 1600 Campus Court, Abilene, Texas. Financing has been arranged by the Frost Bank. Frost Bank’s offer is conditioned upon the financing being “Bank Qualified” which means that the issuer and the City on whose behalf it was created may not issue more than \$10 million in tax-exempt securities in any year. For this reason, ACU has opted to have the Sanger Cultural Educational Facilities Finance Corporation issue the obligation instead of the Abilene Higher Education Facilities Corporation (AHEFC) since it is unknown at this time if the City will issue certificates of obligation.

The Internal Revenue Code of 1986, Section 147(f), contains a provision that requires the chief elected officer of the City of Abilene to sign an approval of the financing and the project, since the project is located in the City.

SPECIAL CONSIDERATIONS - ACU held a public hearing on December 2, 2014, to discuss the financing. A copy of the certificate of public hearing was provided to the City. No member of the public appeared at the hearing.

FUNDING/FISCAL IMPACT - The City will have no liabilities for the payment of the obligations nor shall any of its assets be pledged to the payment of the obligations.

STAFF RECOMMENDATION - Staff recommends that the City Council approve the attached Resolution.

ATTACHMENT - Resolution without Exhibits

Prepared By:

Name Mindy Patterson

Title Director of Finance

Item No. 6.2

Disposition by City Council

Approved Denied
 Other Ord/Res # _____

City Secretary

3. That the Mayor of said City has approved and hereby approves the aforesaid Resolution; that the Mayor and the City Secretary of said City have duly signed said Resolution; and that the Mayor and the City Secretary of said City hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of said Resolution for all purposes.

SIGNED AND SEALED December 18, 2014.

City Secretary

Mayor

(SEAL)

RESOLUTION # _____

**RESOLUTION RELATING TO A PUBLIC HEARING AND APPROVING
FINANCING FOR THE BENEFIT OF ABILENE CHRISTIAN
UNIVERSITY AND RELATED MATTERS.**

THE STATE OF TEXAS ▪
COUNTY OF TAYLOR ▪
CITY OF ABILENE ▪

WHEREAS, the City of Abilene, Texas (the "City") has been informed that Abilene Christian University (the "Borrower") will entering into loans from one or more banks (the "Bank") to one or more cultural or education facilities corporation (the "Corporation") created pursuant to Article 1528m, Vernon's Texas Civil Statutes, or Chapter 53A of the Texas Education Code ("State Law"), in the maximum aggregate principal amount of \$45,000,000 and proposed loans from the Corporation to Abilene Christian University (the "Borrower") in the same amount (collectively, the "Loans") to assist it in financing on a tax-exempt basis (the "Financing");

WHEREAS, the Corporation is authorized by State Law to provide financing for cultural and/or educational facilities by contractual arrangement, and the Loans among the Borrower, the Corporation and Bank constitutes contractual arrangements in which the Corporation is authorized by State Law to participate in;

WHEREAS, The Loans are being made pursuant to a plan of finance for the purpose of (a) financing the cost of construction and renovation of campus facilities, including (i) the Bennett Gymnasium, (ii) a new track and soccer stadium, (iii) the Onstead Science Center, (iv) the Hardin Administration Building, (v) the Zona Luce Building, (vii) the Halbert-Walling Research Center, and (viii) street and sidewalks, all located on the Borrower's campus at 1600 Campus Court, Abilene, Texas 79601; and (b) paying certain expenses in connection with the issuance of the Loans (collectively, the "Project").

WHEREAS, the Borrower has agreed to make payments in amounts sufficient to pay loan payments required to be made under the Loans (the "Loan Payments");

WHEREAS, section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") requires that the issuance of any qualified 501(c)(3) obligations be approved by either the governing body of the City or the chief elected executive officer of the City after a public hearing following reasonable public notice;

WHEREAS, the publication of the Notice of Public Hearing (the "Public Notice") is evidenced by a Publisher's Affidavit (a copy of which is attached hereto as Exhibit A);

WHEREAS, attached hereto as Exhibit B is Certificate of Public Hearing regarding the conduct of the Public Hearing;

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS THAT:

Section 1. The City hereby specifically approves the Financing and the Project (as defined in the Public Notice) solely for the purpose of satisfying the requirements of section 147(f) of the Code; provided that the City shall have no liabilities for the payment of any of the Loan Payments nor shall any of the City's assets be pledged to secure the payment of the Loan Payments.

Section 2. This Resolution shall become effective immediately upon its passage.

ADOPTED AND APPROVED this the 18th day of December, 2014.

ATTEST:

City Secretary

Mayor

(City Seal)

APPROVED:

City Attorney