



**CITY OF TYLER
CITY COUNCIL COMMUNICATION**

Agenda Number: R-1

Date: December 13, 2006

Subject: Request that the City Council consider the adoption of a Resolution approving financing for the All Saints Episcopal School for a new athletic center and track/field complex and acknowledging the public hearing held on December 8, 2006.

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Item Reference: Pursuant to the provisions of Section 147(f) of the City Code, the City Council of the City of Tyler, after a public hearing and following reasonable notice, must approve the Loan by the Issuer.

The City of Tyler has received a request from the tax counsel for All Saints Episcopal School to approve financing for improvements to their school campus. The School is pursuing a tax-exempt bond issue for up to \$7.5 million to construct a new athletic center and track/field complex. While this project is similar to other projects reviewed by the City in the past (for medical, industrial, or residential projects) it is the first project for a private educational project. Since this is the first project of this nature, there is no City created review board, however such outside review is not necessary in this situation since the City has no liability associated with the School's financing. The Internal Revenue Services requires the host city for the school, the City of Tyler, to approve the financing as referenced in the attached resolution. Even so, that approval by the City Council creates no liability or obligation on the part of the City. A copy of the request letter is attached and representatives from All Saints will be present to answer questions.

RECOMMENDATION:

It is recommended that the City Council adopt the attached Resolution approving the financing for improvements to the All Saints Episcopal School which will include a new athletic center and a track/field complex.

Gary C. Landers

Drafted/Recommended By:
Department Leader

Gary C. Landers, City Attorney

Edited/Submitted By:
City Manager



First Southwest Company
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777 Main Street
Suite 1200
Fort Worth, Texas 76102

817.332.9710 Direct
877.999.3792 Toll Free
817.336.5572 Fax

Laura B. Alexander
Senior Vice President

lalexander@firstsw.com

November 22, 2006

Gary C. Landers
City Attorney
City of Tyler
212 N. Bonner Avenue
Tyler, Texas 75702

Dear Mr. Landers:

On behalf of All Saints Episcopal School (the "School"), I am requesting that the City Council consider approval of the attached resolution at its December 13th meeting. The School is pursuing a tax-exempt bond issue for up to \$7.5 million to construct a new athletic center and track/field complex. The bonds will be purchased by Southside Bank and issued through the Hudson Oaks Education Finance Corporation. First Southwest Company represents the School as placement agent, and McCall Parkhurst & Horton is legal counsel to the Corporation. We intend to close on the financing by the end of the December.

The Internal Revenue Service requires the host city for the School, the City of Tyler, approve the financing as referenced in the attached resolution. The City has no liability associated with the School's proposed financing. Should you have any questions, please call me.

Thank you for your assistance with this matter.

Sincerely yours,

A handwritten signature in cursive script that reads "Laura Alexander".

Laura B. Alexander
Senior Vice President

Attachment

cc: Art Burke, All Saints Episcopal School
Greg Sims, Southside Bank
Jeff Leuschel, McCall Parkhurst & Horton

RESOLUTION NO. R-2006-26

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TYLER, TEXAS APPROVING A PROJECT FOR ALL SAINTS EPISCOPAL SCHOOL; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the Hudson Oaks Education Finance Corporation (the "Issuer") is empowered pursuant to Chapters 53 and 53A, Texas Education Code, to enter into contractual obligations in order to assist educational institutions in financing or refinancing the acquisition, purchase, or lease, or the construction, renovation or other improvement of, education facilities or housing facilities and facilities incidental, subordinate or related thereto or appropriate in connection therewith; and

WHEREAS, the Issuer proposes to enter into a loan agreement (the "Loan Agreement") with All Saints Episcopal School, as borrower (the "Borrower") and a lending bank (the "Lender") for the purpose of borrowing funds from the Lender to be loaned by the Issuer to the Borrower (the "Loan") to finance and refinance the acquisition, construction, renovation and improvement of certain educational facilities (the "Facilities") located or to be located on the campus of the Borrower, located at 2695 S. SW Loop 323, in the City of Tyler; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the Issuer has caused to be published a notice of a public hearing (the "TEFRA Notice") with respect to the Loan and the Facilities, and held such a hearing after reasonable notice, at 9:00 a.m. on December 8, 2006, at the School (the "TEFRA Hearing"); and

WHEREAS, pursuant to the provisions of Section 147(f) of the Code, the City Council of the City of Tyler, after a public hearing, following reasonable notice, must approve the Loan by the Issuer;

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

PART 1. The City Council, solely for the purposes of Section 147(f) of the Code, hereby approves the proposed Loan by the Issuer for the benefit of the School, in an amount not to exceed \$7,500,000.

PART 2. The foregoing approval is given in accordance with the provisions of Section 147(f) of the Code and for no other purposes and is not to be construed as an undertaking by the City of Tyler. The Loan shall not constitute a liability, indebtedness, or an obligation of the City of Tyler nor shall any of the assets of the City of Tyler be pledged to the payment of the Loan.

PART 3. This resolution shall take effect immediately from and after its passage.

PASSED AND APPROVED, this 13th day of December, 2006.

JOSEPH O. SEEBER, MAYOR
CITY OF TYLER, TEXAS

ATTEST:

APPROVED:

CASSANDRA BRAGER, CITY CLERK

GARY C. LANDERS, CITY ATTORNEY