

AGENDA



Thursday, July 24, 2008

**Treasury Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 80**

Subject: Approve a resolution giving the City's consent as required by Internal Revenue Code Section 147(f) to Oglesby Education Facilities Corporation's loan to the Texas Empowerment Academy, a Texas charter school and non-profit corporation, in an amount not to exceed \$1,400,000 to purchase a building at 3813 Ed Bluestein Drive, Austin, Texas.

For More Information: Jeff Knodel, Art Alfaro, Treasurer, 974-7882
Leela Fireside, Assistant City Attorney 974-2163

This is a request for Council approval for \$1,400,000 in financing of a building for Tri-Angel Unlimited, Inc., d/b/a Texas Empowerment Agency (School). The School is a Texas charter school and a nonprofit corporation. Under the provisions of Section 147(f) of the Internal Revenue Code, the School is required to obtain approval of the city where the financing will originate.

The financing does not constitute a liability of the City of Austin (City). It does not count against the City's bonding capacity. All of the expenses and repayment liability for this financing are solely an obligation of the School.

The School advises that this is a favorable financing for the School since the interest rate on the loan is tax-exempt. Counsel for the School further advises that the School is using the "Oglesby Education Facilities Corporation" (Oglesby) to accomplish this financing. Counsel also has noted in its memorandum to Council that the financing does not exceed relevant legal limits and that Oglesby has the authority to enter tax exempt financings for facilities such as the School.

The Oglesby Education Facilities Corporation is created pursuant to Chapter 53A of the Texas Education Code. It has the authority to enter tax exempt financings throughout Texas for facilities such as the Texas Empowerment Academy project.