

Memorandum



DATE February 3, 2012

TO Members of the Economic Development Committee: Tennell Atkins (Chair), Ann Margolin (Vice Chair) Jerry R. Allen, Sheffie Kadane, Monica Alonzo
SUBJECT **City of Dallas Education Finance Corporation**
On Monday, February 6, 2012, the Economic Development Committee will be briefed on City of Dallas Education Finance Corporation.

Briefing material is attached.

Should you have any questions, please contact me at (214) 670-3296.

Ryan S. Evans

Ryan S. Evans
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, Acting City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge Municipal Court
A.C. Gonzalez, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Director, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Stephanie Pegues-Cooper, Assistant to the City Manager

City of Dallas Education Finance Corporation

Economic Development Committee
February 6, 2012



Briefing Purpose

Provide overview of Uplift Charter Schools
Discuss need for Education Financing Corporation
Seek recommendation to approve a City of Dallas Education Finance Corporation

Uplift Education: Background

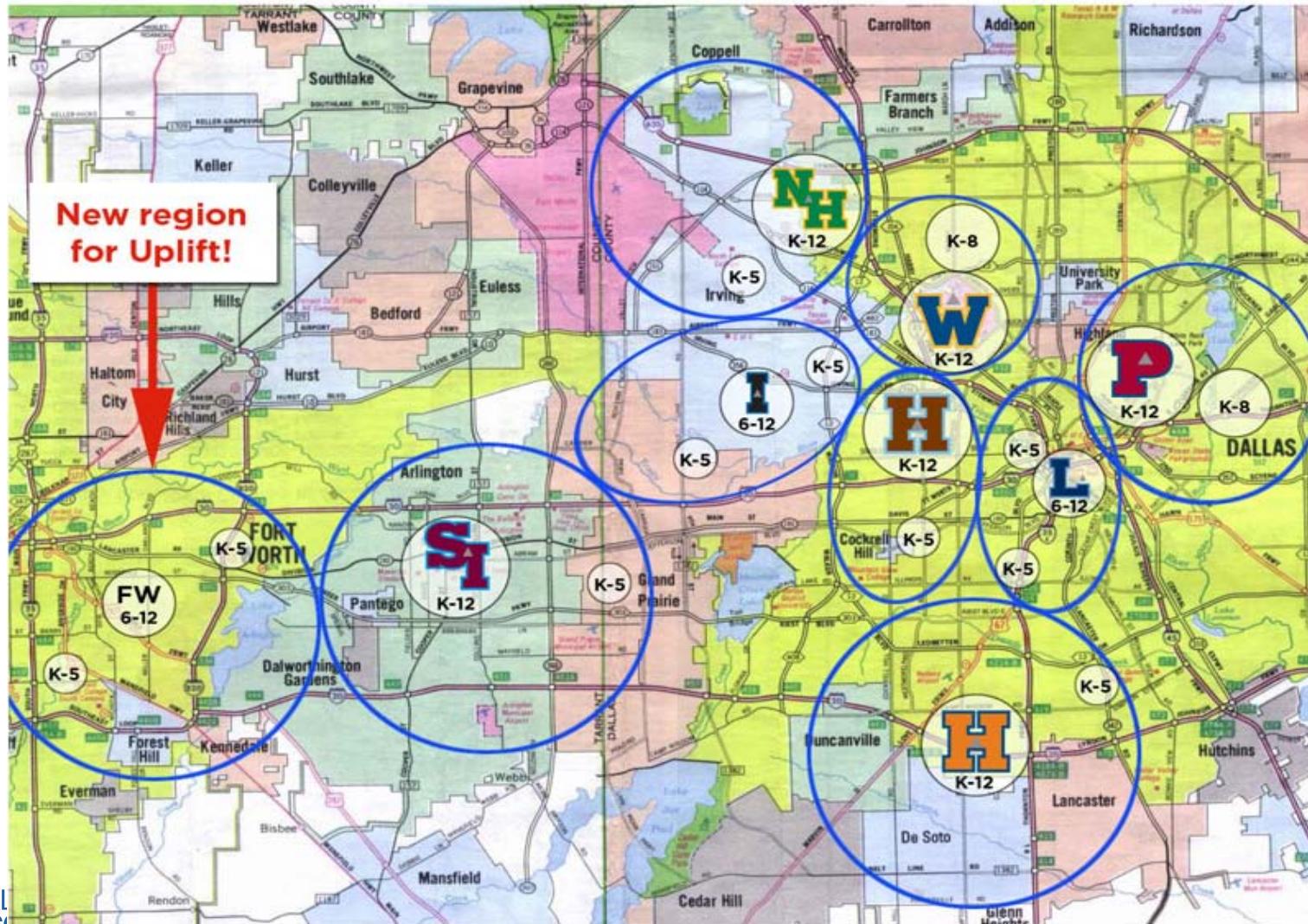
- A charter school and Texas non-profit corporation
 - Part of public school system (Texas law)
 - Physical plant must be funded privately
 - Students selected by lottery application
- Uplift opened its flagship school in North Hills Preparatory (Irving) in 1997
- Now 20 Uplift schools in Dallas, Irving and Arlington with more than 5,700 students.
- 83% of the students at urban schools (64% at all schools) are entitled to receive free or reduced price lunches
- 80% of Uplift schools are rated “Exemplary” by the state
- Peak Preparatory School near Downtown named one of five High School finalists for 2012 National Excellence in Urban Education Awards
- Received \$70 million in charitable contributions since inception.

Uplift Growth Plans

Focus on increasing Uplift's presence within its existing service area (Dallas, Irving and Arlington) and expanding to Fort Worth

- Two new school openings in Dallas in 2010-2011
- One new school in Irving and one in Dallas in 2011-12
- One new school in Dallas and two in Fort Worth expected for 2012-13

Map of Uplift Schools



Education Finance Corporation

Uplift Education requests formation of Education Finance Corporation (EFC) to facilitate financing of planned expansions in Dallas and Fort Worth

City-created EFC to be utilized to issue bonds that can be loaned to Uplift Education (or other charter schools)

Uplift anticipates pursuing \$70-90 million of bond financing of approximately \$70-90 million for regional expansion, \$36 million of which is expected for projects in Dallas

EFC can also issue allocated Qualified School Construction Bonds (QSCBs)

- User must be located within boundaries of sponsoring entities
- Uplift has a \$15 M allocation of QSCBs, some of which must be issued by the end of this April.

EFC Bond Characteristics

EFC bond debt payable from revenues received by EFC by user (Uplift)

- Bondholders only look to user for payment
- EFC is “conduit corporation” with no payment obligation
- Bonds are not obligations of either the State of Texas or the sponsoring city (Dallas)

EFC bond issuance does not impact City credit, the ability of the City to issue debt, or have any affect on the City’s debt obligations

EFC Benefits

Decrease user cost through ability to issue tax-exempt bonds (no federal income tax on interest)

EFC can issue QSCBs if user has received allocation from Texas Education Agency

- Federal government subsidizes interest cost on QSCBs

EFC Board of Directors

Board of Directors designated by the City Manager and appointed by the City Council

- Must be at least eighteen (18) years of age and a resident of the City
- Minimum of 7 people and maximum of 11
- Two year term with maximum of 6 consecutive years

Directors may be removed from office at any time by the City Council, with or without cause

Proposed Board Members are listed in the Appendix

Recommendation

Economic Development Committee
recommendation for Council action on
February 8, 2012

- Approve the City of Dallas Education Finance Corporation's board members, the bylaws and certificate of formation

Appendix

Board Members

Initial Board Members

Tricia Dzina (75243) has served in various education roles within the Dallas metroplex – high school teacher, GED Coordinator, and pre-school curriculum lead/teacher. She has lived in Dallas for over 30 years and is a graduate of Texas Tech University.

Grady (Buddy) Johnson, Jr. (75240) is a non-practicing CPA. He has been a real estate investor in Dallas for 40+ years and has worked with charter schools in such capacity. He is also involved as an Elder in First Presbyterian Church and a Director of Interfaith Housing Coalition.

Mitch Paradise (75214) is the Vice President of Corgan Associates, Inc. He has been with Corgan Associates, Inc. for 14 years. Mr. Paradise is a lifelong resident of the City of Dallas and received his degree in Architecture from Texas A&M.

Catherine Manning (75201) is a retired partner of PricewaterhouseCoopers, LLP. During her career, she served in Dallas, New York, in Washington DC and in Atlanta. Ms. Manning is a graduate of Southern Methodist University and currently serves on the Boards of the YWCA of Metropolitan Dallas and the Dallas Symphony Orchestra.

David Ray (75201) has been a Principal at St. Anthony School, a recognized and IB authorized school, for 8 years. He also taught at DISD for 8 years prior to coming to St Anthony. Prior to that, he was in private industry as a degreed accountant and MBA.

Greg Johnson (75243) is a healthcare strategy and operations consultant with 15 years in the industry. He is a 1995 graduate of Texas A&M with a B.S. in Biochemistry and Genetics and a 1997 graduate of Trinity University with a Masters degree in Healthcare Administration.

Gary Scott (75229) currently works for Solender/Hall, a commercial real estate firm where he has worked with charter schools. He has a J.D. and is a licensed real estate broker.