

# Memorandum



DATE May 20, 2010

TO Members of the Budget, Finance & Audit Committee:  
Jerry R. Allen, Chair, Ann Margolin, Vice-Chair, Vonciel Jones Hill, Delia D. Jasso, Ron Natinsky, David A. Neumann

SUBJECT The Lamplighter School – Bond Issue Consent

The Budget, Finance & Audit Committee's May 24, 2010 agenda includes the Subject briefing. Briefing materials are attached.

Please contact me if you need additional information.



Jeanne Chipperfield  
Chief Financial Officer

C: Honorable Mayor & Members of the City Council  
Mary K. Suhm, City Manager  
Deborah A. Watkins, City Secretary  
Tom Perkins, City Attorney  
Craig Kinton, City Auditor  
Ryan S. Evans, First Assistant City Manager  
A.C. Gonzalez, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Forest E. Turner, Assistant City Manager

# **The Lamplighter School**

## **Bond Issuance**

### **TEFRA Approval**

**Budget, Finance & Audit Committee Meeting  
May 24, 2010**

## **DISCUSSION MATERIALS**

### **SUBJECT**

- The Red River Education Finance Corporation (“RREFC”), a nonstock nonprofit education finance corporation duly created by the City of Windthorst, Texas, is empowered by Chapter 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 the acquisition of land in furtherance of such purposes. RREFC is proposing to issue bonds in one or more series in an amount not to exceed \$7.30 million for the benefit of The Lamplighter School (the "School").
- The Bonds will be issued to acquire approximately 13 acres of land on which the School’s campus is sited. The School is located at 11611 Inwood Road, Dallas, Texas 75229.

### **BACKGROUND**

- The School is an independent, co-educational day school for students in Pre-Kindergarten through fourth grade. The School was originally incorporated in 1967. The School is an organization described under section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) and is exempt from federal income taxation under section 501(a) of the Code.
- The School holds membership in the National Association of Independent Schools (NAIS) and the Independent Schools Association of the Southwest (ISAS). The school is accredited by ISAS.
- The School intends to use funds received to acquire the land upon which the campus of the School is sited. The School and RREFC intend to enter into one or more tri-party loan

agreements with Bank of Texas, N.A. (the “Bank”), pursuant to which RREFC will act as a conduit issuer in facilitating one or more tax-exempt loans from the Bank to the School to finance the Project. The School has advised RREFC that it can realize substantial cost savings by utilizing tax-exempt loans to finance the Project.

- RREFC is a statutorily created corporation organized for the purpose of financing educational facilities. RREFC has financed projects for schools including The Hockaday School, St. Mark’s School of Texas and The Episcopal School of Dallas, Inc., each of which were previously presented to the City Council. RREFC has no taxing power, no police powers, and no powers of eminent domain. RREFC is a conduit financing corporation that issues bonds which are secured by revenues and/or property pledged from a private educational institution.
- The City of Dallas is not being asked to make a loan, guarantee the credit of the School, or to provide funds or credit support for the financing in any manner. The bonds will not be a debt or liability of the City and the City’s name will not appear on the bonds issued by RREFC.
- Because the Project is located within the City of Dallas, Section 147(f) of the Internal Revenue Code of 1986, and the Treasury regulations promulgated thereunder, require that in order for interest paid on the Bonds to be exempt from United States federal income taxation, an “applicable elected representative” of the City of Dallas must approve the issuance of the bonds after a public hearing following reasonable notice. A public hearing was held following a reasonable public notice on June 7, 2010, at the campus of the School.

## **RECOMMENDATION**

- Forward the School's request to the City Council, with a recommendation to approve an item on the June 9, 2010 City Council Agenda.

