

FRIDAY, JULY 31, 2015
SPECIAL COUNCIL MEETING
8:30 A.M.

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1.1 CALL TO ORDER: Mayor Whiting called the City of Hilshire Village Special Council Meeting to order at 8:36 A.M. at 8301 Westview, Houston, Texas 77055.

1.2 Present: were Mayor Shannon Whiting, Mayor Pro Tem Maddock and Council Members Mike Gordy and Stephanie Post. Also, present were City Secretary Susan Blevins, Tom Sage, Andrews Kurth, Robert Swanson, Jim Cullen and David Labbe'. Council Members Russell Herron and David Gunn and City Attorney Kim Mickelson, Olson & Olson, were absent.

2. ACTION ITEMS:

2.1 Mayor Pro Tem Maddock made a motion to approve Resolution Number # 144 authorizing and approving the creation of the Hilshire Village Higher Education Finance Corporation, seconded by Council Member Post. Mayor Whiting said the reason for the new corporation was due to a technicality in the By-Laws of the Hilshire Village Cultural Education Finance Facilities Corporation that did not allow funding for a higher education which meant the Corporation could not be the conduit for Kipp Austin. Mayor Whiting said that First Southwest and Andrew Kurth would handle all paperwork at no cost to the City to open a second corporation.

Mr. Sage from Andrews Kurth said the State of Texas has a program called the "Permanent School Funds". This program guarantees bonds for all the schools in the State of Texas and has recently been granted the power to guarantee bonds for Charter Schools that have a high rating such as Kipp. The program can only guarantee funds for Higher Education Finance Corporations, not Cultural Education Finance Corporations.

The bonds are issued by the Corporation and payable solely with the revenues from the school. The Permanent School Fund has about Thirty Million dollars (\$30,000,000.00) in it and will guarantee one hundred percent (100%) of the debt. If Kipp Austin fails to pay then the State Program will.

There will be a guarantee letter from the Texas Education Agency under the Permanent School Fund program. Secondly, there is a PSF Certificate that is printed on line as part of the issuance of the bond that guarantees the bond.

Mr. Sage said the City will have both a Higher Education and a Cultural Education Finance Corporation. Mr. Swanson asked if the Hilshire Village Cultural Education Finance Facilities Corporation could be terminated and operate just out of the Hilshire Village Higher Education Finance Corporation. Mr. Sage said that it could be terminated if the City so desired, but his recommendation was to leave them both open. He said the Cultural Education Corporation

can be used for health facilities, Boy Scouts camps, YMCA and other cultural education endeavors. The Higher Education Corporation started out as a means to fund private universities and included charter schools and other private schools. The City has very limited liability. The funds are transferred to the entity that is guaranteeing the bonds.

The new Corporation will need to file franchise taxes each year and will have to open its own bank account. Council Member Post suggested that insurance be taken out on the officers and paid for out of the proceeds. Mr. Sage did not think it was necessary since the City nor the Corporation was at risk.

A vote was taken to approve the motion approving Resolution Number 144 authorizing and approving the creation of the Hilshire Village Higher Education Finance Corporation. The vote passed unanimously.

3. ADJOURNMENT: Mayor Pro Tem Maddock made a motion to adjourn, seconded by Council Member Post. The meeting was adjourned at 8:54 A.M.

Shannon Whiting, Mayor

ATTEST:

Susan Blevins, City Secretary