



**NAMAN HOWELL  
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ATTORNEYS AT LAW

*MEMORANDUM*  
*from*  
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**TO:** City Council of the City of Round Rock, Texas  
C/O Stephan Sheets, City Attorney

**DATE:** February 25, 2019

**RE:** Tax Exempt Financing for Round Rock Christian Academy

To the City Council:

My name is Andrew Clark and I am a bond attorney working out of Austin and Waco. We are working on a tax exempt financing where Independent Bank will make a \$7,500,000 tax exempt loan to RR Christian Academy, d/b/a Round Rock Christian Academy (the "School") to build a new campus in Round Rock. The School is fully accredited and owns and operates a private school in Round Rock for children in Pre-K through 12<sup>th</sup> grade.

For this deal to be tax exempt we have to have it approved by the City Council of Round Rock. Prior to that approval, we have to publish notice of a public hearing to be held by the City Council at least 14 days before a regular City Council meeting. I have enclosed a copy of that notice. We are hoping to gain your approval at one of the two upcoming March 2019 council meetings.

This notice is required by Section 147(f) of the Internal Revenue Code for this type of financing.

The School cannot borrow on a tax exempt basis directly. They have to go through a special form of Texas corporation called a higher education facilities corporation. We have an education facilities corporation called the Milford Higher Education Facilities Corporation (located in a small town up near Waco) that can provide that assistance.

None of the new debt will be a liability of the City of Round Rock. The entire obligation to repay the debt will be that of Round Rock Christian Academy which will own and operate the

school. Additionally, this approval does not involve zoning, a building permit or any other approval whatsoever on behalf of the City of Round Rock regarding either the proposed obligations or the project. We are required to get this particular approval to satisfy the provisions of the Internal Revenue Code mentioned above.

Independent Bank will make a \$7,500,000 tax exempt loan (through the proposed obligations) for this financing. Any excess project costs over this amount will be paid by the School. Because the loan will be tax exempt the interest rate will be less than on a conventional loan and on \$7,500,000 that will result in substantial interest savings.

We look forward to working with you on this important transaction for the School. If you have any questions please do not hesitate to give us a call at our Waco offices. My number is 254-755-4100.

Best regards.

Andrew Clark