

# Agenda Report

**TO:** CITY COUNCIL

**DATE:** August 13, 2007

**FROM:** CITY MANAGER

**SUBJECT:** RESOLUTION FOR THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY REVENUE BONDS FOR MARANATHA HIGH SCHOOL.

## **RECOMMENDATION:**

It is recommended that the City Council adopt a Resolution re-approving the issuance of the Colorado Educational and Cultural Facilities Authority Revenue Bonds, Series 2007, in an aggregate principal amount not to exceed \$32 million to be used to finance or refinance the acquisition, construction, improvement, furnishings and equipping of certain educational facilities and certain other matters relating thereto.

## **BACKGROUND:**

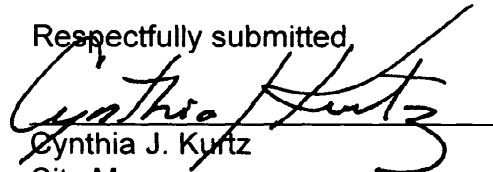
In May 2004, Maranatha High School purchased nearly 13 acres of real estate in Pasadena, situated at 169 S. St. John Avenue. The acreage included several buildings well suited for an educational institution that were once used by the former Ambassador College. Since September 2005, Maranatha has been operating its high school on this new campus. With this opportunity has come the responsibility to manage the school's finances prudently with a long term perspective. The Revenue Bonds would be used to refinance existing bank debt of approximately \$20 million, purchase additional adjacent property, consisting of two mansions and several acres for approximately \$6 million, and to acquire sufficient construction funds for completion of both current and future renovation projects on the campus.

On July 17, 2006, the City Council conducted a public hearing and adopted Resolution No. 8626 which approved the issuance of the bonds by the Colorado Education and Cultural Facilities Authority. Resolution No. 8626 expires one year after adoption unless the bonds have been issued within that one year timeframe which ended on July 17, 2007. Maranatha High School does expect to close its bond issue in the next 45 days and has requested the City to re-approve the issuance of the bonds by adopting a new resolution identical in form to last year's resolution.

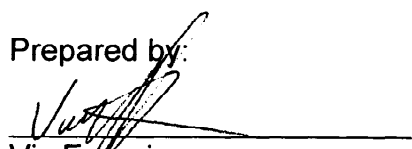
**FISCAL IMPACT:**

There is no fiscal impact to the City. The adoption of the Resolution approving the project and the issuance of the bonds complies with the requirements of Section 147(f) of the Internal Revenue Service Code. The City of Pasadena does not bear any responsibility for the tax exempt status of the bonds, the debt service on the bonds nor any other matter related to the bonds.

Respectfully submitted,

  
Cynthia J. Kurtz  
City Manager

Prepared by:

  
Vic Erganian  
City Treasurer

Approved by:

  
Steve Stark  
Director of Finance

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA APPROVING  
THE ISSUANCE OF COLORADO EDUCATIONAL AND CULTURAL FACILITIES  
AUTHORITY REVENUE BONDS IN A MAXIMUM AGGREGATE PRINCIPAL  
AMOUNT OF \$32,000,000 FOR THE PURPOSES OF FINANCING AND  
REFINANCING THE COSTS OF ACQUISITION, CONSTRUCTION,  
IMPROVEMENT, RENOVATION, REMODELING, FURNISHING AND EQUIPPING  
OF CERTAIN EDUCATIONAL FACILITIES LOCATED WITHIN THE CITY OF  
PASADENA AND CERTAIN OTHER MATTERS RELATING THERETO**

WHEREAS, Maranatha High School (the "Borrower"), an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"), has requested that the Colorado Educational and Cultural Facilities Authority (the "Authority") participate in the issuance of one or more series of revenue bonds in an aggregate principal amount not to exceed \$32,000,000 (the "Bonds") to be used to (a) refinance certain existing indebtedness of the Borrower in the amount of approximately \$21 million, the proceeds of which were used to finance the cost of acquiring, constructing and equipping the existing campus of the Borrower's educational facilities located at 169. S. St. John Avenue, Pasadena, California 91105, (b) finance, or reimburse the Borrower for, the costs of acquisition, construction, improvement, renovation, remodeling, furnishing and equipping of certain educational facilities and renovation and equipping of the existing educational facilities of the Borrower, including but not limited to the acquisition of properties near or adjacent to the existing campus of the Borrower (collectively, the "Facilities") in the amount of approximately \$10 million; (c) fund capitalized interest on the Bonds, if any; (d) fund any required debt service reserve fund; and (e) pay certain costs of issuance of the Bonds, including initial costs of any credit enhancement (collectively, the "Project"). The location of the sites that may be acquired by the Borrower with proceeds of the Bonds include the Manor Del Mar Mansion at 359 W Del Mar Blvd. and the Mayfair Mansion at 182 S. Orange Grove Blvd., each in Pasadena, California. The Borrower will be the owner and operator of the Facilities; and

WHEREAS, pursuant to Section 147(f) of the Code, prior to their issuance, the Bonds are required to be approved by the "applicable elected representative" of the governmental unit on whose behalf the Bonds are expected to be issued and by a governmental unit having jurisdiction over the entire area in which any facility financed or refinanced by the Bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the Facilities to be financed and refinanced are located within the territorial limits of the City; and

WHEREAS, the members of the City Council are the applicable elected representatives of the City; and

WHEREAS, there was published, on July 3, 2006, in a newspaper of general circulation within the City of Pasadena, a notice that a public hearing (the "Hearing") regarding the Bonds would be held by the City Council on July 17, 2006; and

WHEREAS, the City Council conducted the Hearing on July 17, 2006, at which time an opportunity was provided to interested parties to present arguments both for and against the issuance of the Bonds; and

WHEREAS, it is intended that this resolution shall constitute the approval of the issuance of the Bonds and the Project required by Section 147(f) of the Code;

NOW THEREFORE, BE IT RESOLVED AND ORDERED by the City Council of the City of Pasadena as follows:

1. The above recitals are true and correct.

2. The City Council hereby approves the issuance of the Bonds by the Authority and the Project to be financed and refinanced thereby. It is the purpose and intent of the City Council that this resolution constitute approval of the Bonds for the purposes of Section 147(f) of the Code and the approval of the Project. The City of Pasadena does not bear any responsibility for the tax-exempt status of the Bonds, the debt service on the Bonds or any other matter related to the Bonds.

3. The Mayor and the Vice-Mayor are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby.

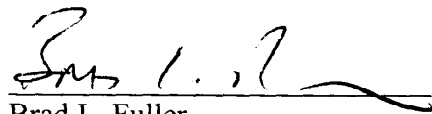
4. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Pasadena this 13th day of August, 2007.

AYES:  
NOES:  
ABSENT:

By: \_\_\_\_\_  
City Clerk of the City Council  
of the City of Pasadena

Approved as to form:

  
\_\_\_\_\_  
Brad L. Fuller  
Assistant City Attorney