

Agenda Report

TO: CITY COUNCIL **DATE:** FEBRUARY 25, 2008

FROM: CITY MANAGER

SUBJECT: ISSUANCE OF VARIABLE RATE DEMAND STUDENT HOUSING REVENUE BONDS BY THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY TO FINANCE PROJECT FOR FULLER THEOLOGICAL SEMINARY.

RECOMMENDATION:

It is recommended that the City Council:

1. Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing and approve the issuance of Variable Rate Demand Student Housing Revenue Bonds by the Colorado Educational and Cultural Facilities Authority in an aggregate principal amount not to exceed \$22 million to be used to finance and/or refinance the acquisition, construction, improvement, furnishings and equipping of certain facilities.
2. Authorize the Mayor to execute the attached California Public Approval Certificate to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code.

BACKGROUND:

On November 20th 2006, the City Council approved the Fuller Theological Seminary Master Development Plan. The Master Plan as Conditioned was allowed within the applicable zoning district and complied with all applicable provisions of this zoning code. The Master Development Plan includes three projects which need financing as described below.

David Allan Hubbard Library

The David Allan Hubbard Library addition to the existing McAllister Library, located on campus at 91 North Oakland Avenue is a component in the Fuller Theological Seminary approved Master Development Plan. The David Allan Hubbard Library addition was designed by William McDonough & Partners, architects, Charlottesville, VA. The contractor is DPR Construction, Newport Beach, CA. The project is a 51,000 square foot addition to the existing 48,000 square foot McAllister Library. The addition will be attached to the existing library allowing for integration of the operations of both facilities. The David Allan Hubbard addition consists of two below grade levels designed for compact storage and three above grade levels for book stacks and study carrel space. The existing McAllister Library will be remodeled and modernized. Construction began in October, 2007 and is scheduled for completion in June, 2009. The project budget is \$25,975,611, Fuller Theological Seminary capital fund raising has secured \$18,300,000 in capital gifts designated to this project; the library project requires financing in the amount of approximately \$7,675,611.

Student Service Center

The Student Services Center facility located on campus at 250 North Madison Avenue was purchased June 2, 2003 for the purpose of providing a centralized facility for all support operations related to service related transactions with students. The building was purchased and modernized for an all-in cost \$12,000,000. The facility consists of one level below grade with an atrium and three floors above grade. The building is 38,400 square feet and lot size is 59,984 square feet. Parking on site includes sixty-eight spaces. All electrical, heating, air-conditioning and plumbing and elevator were rebuilt. Operations in the facility include housing administration, career services, security & parking, registrar, admissions, international student services, financial aid, administrative offices for extensions and distance learning programs. The facility provides one hundred workstations for staff and a conference room. Classroom space is limited to 1837 square feet. The balance of existing indebtedness to be refinanced is approximately \$6,800,000.

Faculty Housing


The Fair Oaks Court affordable housing project includes seven detached craftsman style homes. The inventory of units includes three/four bedroom units located at 20, 34, 36 Peoria Street; two/three bedroom units located at 24,32 Peoria Street; two/three bedroom units located at 44,46 Peoria Street fully restored and rebuilt craftsman style homes. All units are to be purchased in a single transaction closing May 1, 2008. The homes are less than one mile from campus allowing faculty to limit commute time to a twenty minute walk. The units are adjacent to each other surrounding a common courtyard. Purchase price of the units is \$4,600,000.

Pursuant to section 147(f) of the Internal Revenue Service Code, prior to their issuance, the bonds are required to be approved by the "applicable elected representative" of the government 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.

FISCAL IMPACT:

There is no fiscal impact to the City. The approval of the financing and the execution of the certificate by the Mayor comply 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 or any other matter related to the bonds. In no event shall the City be liable for such bonds nor shall the Bonds constitute a debt of the City for any purpose.

Respectfully submitted,



Bernard K. Melekian
City Manager

Prepared by:



Vic Erganian
Acting Deputy Director of Finance

Approved by:



Steve Stark
Director of Finance

CALIFORNIA PUBLIC APPROVAL CERTIFICATE

Colorado Educational and Cultural Facilities Authority
Variable Rate Demand Revenue Bonds
(Fuller Theological Seminary Project)
Series 2008

WHEREAS, the purpose of this approval certificate is to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), in order to qualify the interest on the above-captioned bond issue (the "Bonds") for exclusion from the gross income of the owners thereof for federal income tax purposes pursuant to the applicable provisions of the Code; and

WHEREAS, the Bonds are proposed to be issued by the Colorado Educational and Cultural Facilities Authority (the "Authority") under the laws of the State of Colorado for the purpose of financing certain qualifying facilities for the benefit of Fuller Theological Seminary (the "Borrower"), which facilities are to be located within the City of Pasadena, California (the "City"); and

WHEREAS, the Borrower has advised the City that, under the Code, the issuance of the Bonds is required to be approved by the Governor of the State of Colorado and the Mayor of the City; and

WHEREAS, the Borrower has advised the City that the proceeds of the Bonds will be loaned to the Borrower for the purpose of (i) financing certain property, improvements and equipment at the campus of the Borrower in the City, including a portion of the cost of an approximately 51,000 square foot addition to the existing library on the campus, located at 91 North Oak Avenue, and a portion of the cost of purchasing existing residential units for use as faculty housing, including seven units in an area on Peoria Street with street addresses including numbers 20 through 46, (ii) refinancing a portion of an outstanding bank loan incurred by the Borrower to finance the construction of certain capital improvements on the campus, including a Student Services Center located at 250 North Madison (collectively, the "Facilities"), (iii) funding capitalized interest on the Bonds, (iv) funding a bond reserve fund and certain other reserve funds for the Bonds and (v) paying certain costs of issuing the Bonds (collectively, with the Facilities, the "Project"); and

WHEREAS, a public hearing was held before the City Council of the City at 7:30 P.M. on February 28, 2008 (the "Public Hearing"), after reasonable public notice was given in accordance with applicable law; and

WHEREAS, after reasonable public notice was given, a public hearing was held before the City Council of the City with respect to the proposed issuance of the Bonds and the financing of the Project.

NOW, THEREFORE, based upon all of the forgoing, I HEREBY CERTIFY THAT:

(a) As Mayor of the City, I am the chief elected executive officer of the City elected-at-large by popular vote of residents of the City; and

(b) The aforementioned public hearing concerning the issuance of the Bonds and the financing of the Project was duly called and held.

(c) For the sole purpose of qualifying the interest on the Bonds for exclusion from the gross income of the owners thereof for federal income tax purposes pursuant to the applicable provisions of the Code, I hereby approve the issuance of the Bonds in an aggregate principal

amount not to exceed \$22,000,000 and the financing of the Project, provided that in no event shall the City be liable for such Bonds nor shall the Bonds constitute a debt of the City for any purpose.

Signed this ____ day of February, 2008.

_____, Mayor of Pasadena, California