



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** JULY 2, 2024

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

**SUBMITTED BY:** DAISY PEREZ, DEPUTY CITY MANAGER

**PREPARED BY:** EDGAR ROSALES, SENIOR ADMINISTRATIVE ANALYST

**SUBJECT:** SECOND AMENDMENT TO LEASE AGREEMENT WITH BOYS AND GIRLS CLUB OF FULLERTON FOR FULLERTON COMMUNITY CENTER AND AMERIGE PARK

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### **SUMMARY**

The Boys and Girls Club of Fullerton (BGC) executed a lease agreement with the City in 2012, agreeing to pay monthly rent and a \$700,000 capital contribution over 25 years for Fullerton Community Center construction. The remaining balance totals \$352,555 as of June 2024. The Amendment would let BGC pay the \$295,000 balance as a lump sum.

### **PROPOSED MOTION**

Approve and authorize City Manager, or designee, to execute and administer the Second Amendment to Lease Agreement with the Boys and Girls Club of Fullerton, in a form approved by City Attorney.

### **ALTERNATIVE OPTIONS**

- Approve the Proposed Motion
- Keep current payment plan which allows BGC to make quarterly payments on the remaining \$352,555 balance through 2038
- Other options brought by City Council.

### **STAFF RECOMMENDATION**

Staff recommends the Proposed Motion.

### **CITY MANAGER REMARKS**

The City Manager recommends approval of approving the request from BGC to accept a lump sum payment of \$295,000, and approving this payment for the capital contribution as full payment and the balance is paid in full.

### **PRIORITY POLICY STATEMENT**

This item matches the following Priority Policy Statement:

- Infrastructure and City Assets.

## FISCAL IMPACT

Fiscal impact includes an immediate \$295,000 lump sum payment to the City from BGC as opposed to \$352,555 over the next 14 years. The City could use or invest the upfront payment immediately. This option eliminates the risk of defaults on quarterly payments.

## BACKGROUND AND DISCUSSION

BGC executed a lease agreement with the City of Fullerton in 2012, granting BGC space in the Fullerton Community Center. BGC agreed to pay monthly rent and a \$700,000 capital contribution in quarterly installments over 25 years for Fullerton Community Center construction. BGC has repaid \$347,445 to date towards the outstanding capital contribution with a \$352,555 outstanding balance.

BGC proposes a 295,000 lump sum payment in lieu of the current payment schedule. The Second Amendment to the Lease Agreement states that the lump sum payment satisfies the BGC capital contribution obligation. The proposed 2.8% discount rate reflects the present value savings to the City if receiving early payment. BGC would make the \$295,000 lump sum payment within 30 days of executing the amendment.

This proposal has potential advantages for both parties. The City benefits from an immediate infusion of funds and mitigates the risk associated with future payments. BGC benefits from the reduced total payment amount and completes their obligation ahead of schedule.

## Attachments:

- Attachment 1 – Lease Agreement with Boys and Girls Club of Fullerton Amendment Two
- Attachment 2 – Lease Agreement with Boys and Girls Club of Fullerton (2012)

cc: City Manager Eric J. Levitt