



Agenda Report

Fullerton City Council

MEETING DATE: JULY 20, 2021

TO: CITY COUNCIL / FULLERTON PUBLIC FINANCING AUTHORITY

FROM: STEVE DANLEY, ACTING CITY MANAGER

PREPARED BY: ELLIS CHANG, DIRECTOR OF ADMINISTRATIVE SERVICES

SUBJECT: ISSUANCE OF NOT TO EXCEED \$35,000,000 OF CITY OF FULLERTON PUBLIC FINANCING AUTHORITY REVENUE OBLIGATIONS FOR BENEFIT OF MARSHALL B. KETCHUM UNIVERSITY

SUMMARY

A Tax and Equity Fiscal Responsibility Act ("TEFRA") public hearing of the Fullerton City Council and Fullerton Public Financing Authority Board of Directors to consider adopting resolutions authorizing the City of Fullerton Public Financing Authority ("the Authority") to issue Revenue Obligations ("Obligations") for the benefit of Marshall B. Ketchum University and approve related bond documents.

RECOMMENDATION

1. Acting as the City Council, adopt Resolution No. 2021-XX.

RESOLUTION NO. 2021-XX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA APPROVING THE ISSUANCE OF REVENUE OBLIGATIONS FOR THE PURPOSE OF REFINANCING THE COST OF THE ACQUISITION, CONSTRUCTION, IMPROVEMENT, RENOVATION, FURNISHING AND EQUIPPING OF CERTAIN EDUCATIONAL FACILITIES, PROVIDING THE TERMS AND CONDITIONS FOR SUCH OBLIGATIONS AND OTHER MATTERS RELATING THERETO FOR THE BENEFIT OF MARSHALL B. KETCHUM UNIVERSITY, AND/OR A RELATED OR SUCCESSOR ENTITY
2. Acting as the Fullerton Public Financing Authority, adopt Resolution No. FPFA-XX:

RESOLUTION NO. FPFA-XX – AUTHORIZING AND APPROVING THE ISSUANCE OF BONDS IN AN AMOUNT NOT TO EXCEED \$35,000,000 FOR THE PURPOSE OF MAKING A LOAN TO MARSHALL B. KETCHUM UNIVERSITY, FOR THE PURPOSE OF FINANCING AND REFINANCING THE COST OF THE ACQUISITION, CONSTRUCTION, IMPROVEMENT, RENOVATION, FURNISHING AND EQUIPPING OF CERTAIN PROPERTY, PROVIDING THE TERMS AND CONDITIONS FOR SUCH LOAN AND OTHER MATTERS RELATING THERETO AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS HEREIN SPECIFIED

BUDGET POLICY PRIORITY STATEMENT

This item matches the following Budget Policy Priority Statement:

- Fiscal and Organizational Stability.

FISCAL IMPACT

There is no financial impact to the City. The City of Fullerton shall have no liability nor obligation to pay the principal of, premium, if any, or interest on the Obligations.

DISCUSSION

Background

The City of Fullerton Public Financing Authority (the “Authority”) is a joint exercise of powers authority established by the City of Fullerton and the former Fullerton Redevelopment Agency to issue bonds, notes and other evidences of indebtedness or certificates of participation in leases or other agreements in order to promote economic development and to enter into loan agreements to finance or refinance facilities owned and/or leased by organizations described in Section 501(c)(3) of the Code.

Marshall B. Ketchum University, a California nonprofit public benefit corporation (the “Borrower”), is an independent, private and accredited educational institution. Founded in 1904 as the Los Angeles School of Ophthalmology and Optometry, the Borrower’s multidisciplinary health care teaching facilities now include the Southern California College of Optometry, the School of Physician Assistant Studies and the College of Pharmacy.

The Borrower is an organization described in Section 501(c)(3) of the Code and owns and operates the facilities in connection with its mission of educating caring, inspired health care professionals prepared to deliver collaborative, patient-centric health care in an interprofessional environment.

Project Description

This project proposes that the Authority will loan the proceeds of the Obligations to the Borrower for the purpose of:

- (a) current refunding of the outstanding City of Fullerton Public Financing Authority Revenue Bonds Marshall B. Ketchum University 2015A and the City of Fullerton Public

Financing Authority Revenue Bonds Marshall B. Ketchum University 2015B (Taxable), the proceeds of which were used to:

(i) finance or refinance the costs of the acquisition, construction, improvement, renovation, furnishing and equipping of certain educational facilities for the Borrower and facilities related and appurtenant thereto, consisting of a 80,998 gross square foot, two story building, located at 5460 East La Palma, Anaheim, California (the "Anaheim Facility")

(ii) finance or refinance costs of the acquisition, construction, improvement, renovation, furnishing and equipping of educational facilities of the Borrower located at 2575 Yorba Linda Boulevard, Fullerton, California, including a library and lecture hall, parking and maintenance facilities and lab and clinic renovations for physician assistant and pharmacy programs and other campus facilities and improvements and the acquisition of student and faculty housing, in the vicinity of the Borrower's campus, located at 2029 Woodbriar Court, 2016 Ravenhill Court and 2025 Ravenhill Court, Fullerton, California (collectively, the "Fullerton Facility", and together with the Anaheim Facility, the "Facilities")

(b) paying certain costs of issuance in connection with the Obligations.

The issuance of the Obligations in this manner will reduce financing costs and debt service costs for the Borrower.

In order to satisfy the requirements for issuance of the Obligations as tax-exempt, City Council must approve issuance of the Obligations by the Authority in accordance with Section 147(f) of the Code following a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing by the applicable representative of the governmental unit having jurisdiction of the territory in which the Facilities are located. City Council is the elected legislative body of the City and an applicable elected representative to approve the financing of the Fullerton Facility under Section 147(f) of the Code. The Anaheim City Council approved financing of the Anaheim Facility for purposes of Section 147(f) of the Code on July 13, 2021.

Financing Plan

The Authority will act as issuer and perform all necessary legal and administrative responsibilities associated with the refinancing. The Obligations are special, limited obligations of the Authority payable solely through the repayment of the loan from the Borrower which repayment is used to pay the principal of and interest on the Obligations. The Obligations issued by the Authority are not an obligation of the City or any member of the Authority. Neither the faith, credit, taxing power of the City nor any member of the Authority, State or any political subdivision is pledged to the repayment of the Obligations.

The Borrower will reimburse the City for its costs associated with the actions to approve the financing and refinancing for the Borrower.

Attachments:

Attachment 1 – Presentation

Attachment 2 – Resolution No. 2021-XX

Attachment 3 – Resolution No. FPFA-XX

Attachment 4 – Preliminary Official Statement

Attachment 5 – Indenture

Attachment 6 – Loan Agreement

Attachment 7 – Bond Purchase Agreement

Attachment 8 – BPA Appendix A