



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-35

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6465 • Fax (562) 570-5836

August 8, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive supporting documentation into the record regarding the Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing; and adopt the Resolution approving the issuance of the California Municipal Finance Authority Revenue Bonds Series 2017 to benefit the Retirement Housing Foundation (RHF), a California nonprofit public benefit corporation, to finance the rehabilitation of the Bixby Knolls Towers and Bixby Knolls Health Care and Rehabilitation Center, in an amount not to exceed \$37,000,000. (District 7)

DISCUSSION

The RHF was incorporated in 1961 as a non-profit management and development corporation. The RHF's business activities include developing, operating, and maintaining housing and related facilities for senior adults, persons with disabilities, and low-income families. It also provides certain services in connection with the facilities such as nursing, rehabilitation, dietary, educational, and recreational services.

The RHF and its affiliates have requested the California Municipal Finance Authority (CMFA) issue bonds on its behalf, in an aggregate principal amount not to exceed \$37,000,000. The CMFA is a joint exercise of powers authority consisting of over 275 California cities, counties, and special districts. Its mission is to support economic development, job creation and social programs throughout the State of California, while giving back to California communities.

Affiliates of the RHF, collectively the borrowers, include: the Bixby Knolls Tower, Inc., Gold Country Health Center, Inc., Mayflower RHF Housing, Inc., Mayflower Gardens Health Facility, Inc., and Sun City RHF Housing, Inc., all of which are nonprofit public benefit corporations.

Bixby Knolls Tower, Inc., is located within the City's boundary, and owns and operates two mid-rise buildings, known as Bixby Knolls Towers and Bixby Knolls Health Care and Rehabilitation Center. Collectively, they consist of 168 residential apartments, 54 assisted living units, and 99 skilled nursing beds.

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The proceeds of the Revenue Bonds Series 2017 (Bonds) will be loaned to RHF and its affiliates to 1) refinance the outstanding principal amount of the California Statewide Communities Development Authority Revenue Bonds (Retirement Housing Foundation Obligated Group), Series 2014A; 2) finance or reimburse the costs, not to exceed \$7,000,000 (approximately \$2 million allocated to Bixby Knolls Tower, Inc.), of constructing, renovating, and/or equipping long-term care facilities; 3) fund a debt service reserve fund to secure the Bonds; and, 4) pay certain expenses incurred in connection with the issuance of the Bonds.

The Internal Revenue Code requires that CMFA seek approval from the City Council for bonds to be issued. As required by Federal tax law, a TEFRA public hearing notification was published in the *Press-Telegram* on July 10, 2017. The TEFRA hearing was held on July 25, 2017 at 9:00 a.m. The public hearing was conducted by the City Treasurer in the sixth floor conference room of City Hall. No public comment was presented at the hearing.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on July 11, 2017 and by Assistant Finance Director Lea Eriksen on July 14, 2017.

TIMING CONSIDERATIONS

City Council action is requested on August 8, 2017, to facilitate CMFA's forthcoming debt issuance.

FISCAL IMPACT

There is no fiscal impact associated with this action. The City has no financial obligation or liability associated with this financing. No City funds or taxing authority will be pledged in support of this financing.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



PATRICK H. WEST
CITY MANAGER

JG:DN:FA
K:\EXEC\COUNCIL LETTERS\TREASURY\2017\08-08-17 CCL TEFRA Bixby Knolls Towers.DOCX

ATTACHMENT: Resolution

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE ISSUANCE OF THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY REVENUE BONDS (RETIREMENT HOUSING FOUNDATION OBLIGATED GROUP) SERIES 2017 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$37,000,000; APPROVAL OF THE TEFRA HEARING RELATED TO THE ISSUANCE OF THE BONDS; AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, Bixby Knolls Towers, Inc., Gold Country Health Center, Inc., Mayflower RHF Housing, Inc., Mayflower Gardens Health Facility, Inc., and Sun City RHF Housing, Inc. (collectively, the "Borrowers"), each a nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), have requested that the California Municipal Finance Authority (the "Authority") participate in the issuance of one or more series of revenue bonds in an aggregate principal amount not to exceed \$37,000,000 (the "Bonds") the proceeds of which will be used to: (1) current refund the California Statewide Communities Development Authority Revenue Bonds (Retirement Housing Foundation Obligated Group), Series 2014A, (2) finance or reimburse the costs of constructing, renovating, remodeling and/or equipping long-term care facilities located on the Borrower's campuses in an amount not to exceed \$7,000,000, (3) fund a debt service reserve fund to secure the Bonds and (4) pay certain expenses incurred in connection with the issuance of the Bonds; and

WHEREAS, Bixby Knolls Towers, Inc. owns and operates two mid-rise buildings, known as Bixby Knolls Towers and Bixby Knolls Health Care & Rehabilitation

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1 Center, that include 168 residential apartments, 54 assisted living units and 99 skilled
2 nursing beds (the "Facilities"), located within the City of Long Beach (the "City"); and

3 WHEREAS, pursuant to Section 147(f) of the Code, the issuance of the
4 Bonds by the Authority must be approved by the City because the Facilities are located
5 within the territorial limits of the City; and

6 WHEREAS, the City Council of the City (the "Council") is the elected
7 legislative body of the City and is one of the applicable elected representatives required
8 to approve the issuance of the Bonds under Section 147(f) of the Code; and

9 WHEREAS, the Authority has requested that the Council approve the
10 issuance of the Bonds by the Authority in order to satisfy the public approval requirement
11 of Section 147(f) of the Code and the requirements of the Joint Exercise of Powers
12 Agreement Relating to the California Municipal Finance Authority, dated as of January 1,
13 2004 (the "Agreement"), among certain local agencies, including the County; and

14 WHEREAS, pursuant to Section 147(f) of the Code, the City Treasurer has,
15 on behalf of the Council and following notice duly given, held a public hearing regarding
16 the issuance of the Bonds, and the Council now desires to approve the issuance of the
17 Bonds by the Authority;

18 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
19 follows:

20 Section 1. The Council hereby approves the issuance of the Bonds by the
21 Authority. It is the purpose and intent of the Council that this resolution constitute approval
22 of the issuance of the Bonds by the Authority, for the purposes of (a) Section 147(f) of the
23 Code by the applicable elected representative of the issuer of the Bonds and the
24 governmental unit having jurisdiction over the area in which the Facilities are located, in
25 accordance with said Section 147(f), and (b) the Agreement.

26 Section 2. The officers of the City are hereby authorized and directed,
27 jointly and severally, to do any and all things and to execute and deliver any and all
28 documents which they deem necessary or advisable in order to carry out, give effect to

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1 and comply with the terms and intent of this resolution and the financing transaction
2 approved hereby.

3 Section 3. This resolution shall take effect immediately upon its adoption
4 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

5 I hereby certify that the foregoing resolution was adopted by the City
6 Council of the City of Long Beach at its meeting of _____, 2017
7 by the following vote:

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9 Ayes: Councilmembers: _____
10 _____
11 _____
12 _____

13 Noes: Councilmembers: _____
14 _____

15 Absent: Councilmembers: _____
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19 _____
20 City Clerk

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