



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-19

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6845 • Fax (562) 570-5836

March 11, 2008

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 attached resolution approving the issuance of revenue bonds by the California Statewide Communities Development Authority (CSCDA) to benefit the Retirement Housing Foundation (RHF) in an amount not to exceed \$45,000,000. (District 8)

DISCUSSION

The Retirement Housing Foundation, a national nonprofit public benefit corporation, has requested that the California Statewide Communities Development Authority (CSCDA) issue revenue bonds on its behalf in an aggregate amount not to exceed \$45,000,000 to refund and refinance their 1998 Select Auction Variable Rate Securities. The purpose of this refunding is to refinance the auction rate structure and move to a more competitively priced debt structure in the market. The CSCDA will issue tax-exempt debt and refund current variable rate debt, which will be loaned to the Retirement Housing Foundation (RHF) in an amount not to exceed \$45 million. The Bixby Knolls Towers, located at 3737 and 3747 Atlantic Avenue in Long Beach, is one of the five properties that will benefit from this refunding. Since the Bixby Knolls Towers is located in Long Beach, the City held the TEFRA hearing.

CSCDA is a joint exercise of powers authority consisting of over 480 California cities, counties, and special districts, including the City of Long Beach. RHF is a California nonprofit provider of housing options and services to senior adults, persons with disabilities, and low-income families. RHF was incorporated in 1961 and has thus grown to become one of the nation's largest nonprofit providers and managers of these services. They have expanded to 155 facilities in 25 states, Puerto Rico and the Virgin Islands. In total, RHF serves approximately 16,000 residents with approximately 14,750 units and beds.

The Internal Revenue Service (IRS) Code requires that the CSCDA seek approval from the City Council of the bonds issued, a portion of which will benefit facilities within the City. A Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing notification was published in the Press-Telegram on February 8, 2008. The TEFRA hearing was held on March 4, 2008 at 9:00 a.m. The public hearing, required by Federal tax law regulations, was conducted by the City Treasurer in the sixth floor conference room at City Hall. No public comment was presented.

This matter was reviewed by Assistant City Attorney Heather A. Mahood on March 3, 2008 and Budget Management Officer Victoria Bell on February 29, 2008.

TIMING CONSIDERATIONS

City Council action is requested on March 11, 2008 to facilitate the forthcoming revenue bond issuance.

FISCAL IMPACT

The proposed action has no fiscal impact on the City of Long Beach. The City has no financial obligation or liability associated with this financing. No City interest or taxing authority was pledged in support of this financing.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

LAF:DN:EF
K:\EXEC\COUNCIL LETTERS\TREASURY\03-11-08 CCL - 2008 CSCDA TEFRA.DOC

ATTACHMENT

APPROVED:



PATRICK H. WEST
CITY MANAGER

Resolution of the City Council of the City of Long Beach

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE ISSUANCE OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY REVENUE BONDS (RETIREMENT HOUSING FOUNDATION OBLIGATION GROUP), SERIES 2008 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$45,000,000 FOR THE PURPOSE OF REFINANCING CERTAIN PRIOR INDEBTEDNESS USED TO FINANCE HEALTH CARE AND RESIDENTIAL FACILITIES, 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 Statewide Communities Development Authority (the "Authority") participate in the issuance of one or more series of revenue bonds in an aggregate principal amount not to exceed \$45,000,000 (the "Bonds") the proceeds of which will be used to: (1) refinance the Authority's Certificates of Participation Evidencing Proportionate Ownership Interests in Installment Payments to be Paid by the Authority pursuant to an Installment Purchase Agreement with Retirement Housing Foundation California Corporations Select Auction Variable Rate Securitiessm (SAVRS®) (Retirement Housing Foundation Obligated Group), the proceeds of which were used to refinance certain prior obligations and finance the acquisition, construction and improvements of the health care and residential facilities of the Borrowers, (2) fund a debt service reserve fund if deemed necessary or advisable by the Borrowers or the Authority, and (3) 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 Center, that include 168 residential apartments, 50 assisted living units, and 99 skilled nursing beds (the "Facilities"), located within the City of Long Beach (the "City"); and

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

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

WHEREAS, the Authority has requested that the Council approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 9 of the Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the "Agreement"), among certain local agencies, including the City; and

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

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Long Beach as follows:

Section 1. The Council hereby approves the issuance of the Bonds by the Authority. It is the purpose and intent of the Council that this resolution constitute approval of the issuance of the Bonds by the Authority, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the issuer of the Bonds and the governmental unit having jurisdiction over the area in which the Facilities are located, in accordance with said Section 147(f), and (b) Section 9 of the Agreement.

Section 2. The officers of the City 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.

Section 3. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Long Beach this ____ day of _____, 2008.

AYES:

NOES:

ABSENT:

[SEAL]

Attest:

By: _____

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH APPROVING THE ISSUANCE OF
5 THE CALIFORNIA STATEWIDE COMMUNITIES
6 DEVELOPMENT AUTHORITY REVENUE BONDS
7 (RETIREMENT HOUSING FOUNDATION OBLIGATION
8 GROUP), SERIES 2008 IN AN AGGREGATE PRINCIPAL
9 AMOUNT NOT TO EXCEED \$45,000,000 FOR THE
10 PURPOSE OF REFINANCING CERTAIN PRIOR
11 INDEBTEDNESS USED TO FINANCE HEALTH CARE AND
12 RESIDENTIAL FACILITIES, AND CERTAIN OTHER
13 MATTERS RELATING THERETO
14

15 WHEREAS, Bixby Knolls Towers, Inc., Gold Country Health Center, Inc.,
16 Mayflower RHF Housing, Inc., Mayflower Gardens Health Facility, Inc., and Sun City RHF
17 Housing, Inc. (collectively, the "Borrowers"), each a nonprofit public benefit corporation
18 and an organization described in Section 501(c)(3) of the Internal Revenue Code of
19 1986, as amended (the "Code"), have requested that the California Statewide
20 Communities Development Authority (the "Authority") participate in the issuance of one or
21 more series of revenue bonds in an aggregate principal amount not to exceed
22 \$45,000,000 (the "Bonds") the proceeds of which will be used to: (1) refinance the
23 Authority's Certificates of Participation Evidencing Proportionate Ownership Interests in
24 Installment Payments to be Paid by the Authority pursuant to an Installment Purchase
25 Agreement with Retirement Housing Foundation California Corporations Select Auction
26 Variable Rate SecuritiesSM (SAVRS®) (Retirement Housing Foundation Obligated
27 Group), the proceeds of which were used to refinance certain prior obligations and
28 finance the acquisition, construction and improvements of the health care and residential

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ROBERT E. SHANNON, City Attorney
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Long Beach, CA 90802-4664

1 facilities of the Borrowers, (2) fund a debt service reserve fund if deemed necessary or
2 advisable by the Borrowers or the Authority, and (3) pay certain expenses incurred in
3 connection with the issuance of the Bonds; and

4 WHEREAS, Bixby Knolls Towers, Inc. owns and operates two mid-rise
5 buildings, known as Bixby Knolls Towers and Bixby Knolls Health Care & Rehabilitation
6 Center, that include 168 residential apartments, 50 assisted living units, and 99 skilled
7 nursing beds (the "Facilities"), located within the City of Long Beach (the "City"); and

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

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

14 WHEREAS, the Authority has requested that the Council approve the
15 issuance of the Bonds by the Authority in order to satisfy the public approval requirement
16 of Section 147(f) of the Code and the requirements of Section 9 of the Amended and
17 Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the
18 "Agreement"), among certain local agencies, including the City; and

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

23 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
24 follows:

25 Section 1. The Council hereby approves the issuance of the Bonds by
26 the Authority. It is the purpose and intent of the Council that this resolution constitute
27 approval of the issuance of the Bonds by the Authority, for the purposes of (a) Section
28 147(f) of the Code by the applicable elected representative of the issuer of the Bonds and

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1 the governmental unit having jurisdiction over the area in which the Facilities are located,
2 in accordance with said Section 147(f), and (b) Section 9 of the Agreement.

3 Section 2. The officers of the City are hereby authorized and directed,
4 jointly and severally, to do any and all things and to execute and deliver any and all
5 documents which they deem necessary or advisable in order to carry out, give effect to
6 and comply with the terms and intent of this resolution and the financing transaction
7 approved hereby.

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

10 I hereby certify that the foregoing resolution was adopted by the City
11 Council of the City of Long Beach at its meeting of _____, 2008, by the
12 following vote:

13 Ayes: Councilmembers: _____

14 _____

15 _____

16 _____

17 Noes: Councilmembers: _____

18 _____

19 _____

20 Absent: Councilmembers: _____

21 _____

22 _____

23 _____

City Clerk

24
25
26
27 HAM:fl
3/3/08
28 #A08-00709