

**CITY OF LONG BEACH**

DEPARTMENT OF FINANCIAL MANAGEMENT

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

December 7, 2004

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

SUBJECT: Resolution Authorizing the Conversion of the 1998 Bixby Knolls Towers
Obligations to Federally Tax-Exempt Status (District 8)

DISCUSSION

The Retirement Housing Foundation, a non-profit public benefit organization (Applicant), had financed through the California Statewide Communities Development Authority (Authority) certain continuing care facilities for seniors (Project) in an amount not to exceed \$69 million. The Project is located in multiple jurisdictions throughout California, including the City of Long Beach. The local facility, Bixby Knolls Towers, is located at 3737 Atlantic Avenue. Bixby Knolls Towers comprises 168 congregate care units, 60 assisted living units, 99 skilled nursing beds, and other related facilities. The 1998 obligations were issued as federally taxable obligations subject to conversion to federally tax-exempt obligations upon satisfaction of certain terms. The Applicant desires to convert the remaining \$9,500,000 to tax-exempt obligations.

The Authority is a joint exercise of powers authority consisting of numerous California cities, counties and special districts, including the City of Long Beach. The Authority, pursuant to its Amended and Restated Joint Exercise of Powers Agreement, is authorized to assist in the financing of facilities for non-profit public benefit organizations, including the Applicant. In order to initiate such financing, the member participant of the Authority in which the proposed facilities are located, must (I) conduct a public hearing and (II) approve the Authority's issuance of indebtedness. Therefore, although the Authority will be the issuer of the tax-exempt obligations for the Applicant, the financing cannot proceed without the approval of the City of Long Beach.

A Tax and Equity Fiscal Responsibility Act (TEFRA) public hearing notification was published in the Press-Telegram on November 22, 2004. The TEFRA hearing was held on December 7, 2004 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.

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This matter was reviewed by Chief Assistant City Attorney Heather A. Mahood on November 29, 2004, and Budget Management Officer David Wodynski on November 23, 2004.

TIMING CONSIDERATIONS

City Council action is requested on December 7, 2004 to facilitate the planned conversion of the 1998 Obligations by December 21, 2004.

FISCAL IMPACT

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

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Receive a report from the City Treasurer regarding the public hearing, and adopt the attached Resolution authorizing the conversion of obligations issued by the California Statewide Communities Development Authority to benefit Bixby Knolls Towers, Inc., a wholly owned subsidiary of the Retirement Housing Foundation, a California not-for-profit corporation, from federally taxable to federally tax-exempt status.

Respectfully submitted,



MICHAEL A. KILLEBREW
ACTING DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



GERALD R. MILLER
CITY MANAGER

MAK: DN

Attachment