COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

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MARK J. SALADINO
TREASURER AND TAX COLLECTOR

July 21, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

APPROVAL OF A TAX-EXEMPT FINANCING BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO BENEFIT THE SOUTHERN CALIFORNIA PRESBYTERIAN HOMES (FIFTH DISTRICT) (3 VOTES)

SUBJECT

The California Statewide Communities Development Authority has requested the County's assistance in the issuance of tax-exempt revenue bonds in an aggregate principal amount not to exceed $85 million for the purpose of financing and refinancing certain capital expenditures related to facilities owned and operated by the Southern California Presbyterian Homes.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt a Resolution approving the issuance of California Statewide Communities Development Authority tax-exempt revenue bonds (the "Bonds") for the purpose of financing and refinancing capital expenditures at certain continuing care retirement facilities owned and operated by the Southern California Presbyterian Homes (the "Corporation") and its affiliates.

2. Ratify a Tax Equity and Fiscal Responsibility Act ("TEFRA") Hearing held by the Los Angeles County Treasurer and Tax Collector.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The California Statewide Communities Development Authority (the "Authority") has requested the County's assistance with meeting certain legal and public approval

requirements for the issuance of tax-exempt revenue bonds on behalf of the Corporation. The bonds will be issued by the Authority in an aggregate principal amount not to exceed $85 million.

The purpose of the Bonds is to finance and refinance capital expenditures related to six continuing care retirement facilities in California, including Royal Oaks Manor, which is located in an unincorporated area of Los Angeles County. It is anticipated that approximately $22 million of the bond proceeds will be applied to the refinancing of prior debt obligations associated with Royal Oaks Manor, while $276,000 will be used to reimburse prior capital expenditures related to the Royal Oaks facility. The remainder of the bond proceeds will be allocated to the five other retirement facilities operated by the Corporation.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal #1: Operational Effectiveness by facilitating access to the tax-exempt bond market in accordance with federal regulations for a non-profit public benefit corporation that provides continuing care retirement services to residents of the County.

FISCAL IMPACT/FINANCING

There will be no fiscal impact to the County or the Authority. Repayment of the bonds will be the obligation of the Corporation.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Corporation has requested that the Authority serve as the conduit issuer for this financing and issue the Bonds on its behalf. The County's participation in the financing is limited to holding a TEFRA Hearing and your Board's approval of the Bonds as they relate to the Royal Oaks Manor facility, located at 1763 Royal Oaks Drive North in the City of Bradbury. The five other facilities that are included in this financing are located throughout Southern California and will require a separate approval from the governing body of the local jurisdiction in which the facilities are located.

Pursuant to the Joint Powers Act, a number of cities, counties (including the County of Los Angeles), and special districts entered into a joint exercise of powers agreement (the "Agreement") by which the Authority was organized. The Authority is authorized by the Agreement to issue bonds or other debt instruments to promote economic development and/or to benefit a nonprofit organization as described under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Pursuant to Section 147(f) of the

Code, this transaction must be approved by an elected legislative body having jurisdiction over the area in which the project is located. In addition, both the Code and Section 9 of the Agreement require that a TEFRA Hearing be held to give the public an opportunity to comment on the transaction. This hearing was duly noticed and held on July 2, 2009 in the office of the Treasurer and Tax Collector.

In accordance with County policies regarding conduit financings, we have confirmed that there is no County obligation to pay debt service on the bonds. Furthermore, we have secured an Indemnity Agreement from the Corporation related to this financing. The public benefit associated with this project is achieved through the refinancing and construction of continuing care retirement facilities located within the County.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current services or projects.

CONCLUSION

Upon approval, it is requested that the Executive Officer-Clerk of the Board of Supervisors return two originally executed copies of the adopted resolution to the Treasurer and Tax Collector (Office of Public Finance).

Respectfully submitted,

MARK J.SALADINO
Treasurer and Tax Collector

MJS:GB:DB:JP:LS
Pb/boardltrscphconduit

Attachment

c: Chief Executive Officer
Executive Officer, Board of Supervisors
Auditor-Controller
Acting County Counsel
Orrick, Herrington & Sutcliffe LLP

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES APPROVING THE ISSUANCE OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHERN CALIFORNIA PRESBYTERIAN HOMES), SERIES 2009A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $85,000,000 FOR THE PURPOSE OF FINANCING AND REFINANCING THE CAPITAL EXPENDITURES AT ONE OR MORE CONTINUING CARE FACILITIES, WHICH ARE, OR WILL BE, OPERATED BY SOUTHERN CALIFORNIA PRESBYTERIAN HOMES, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION

WHEREAS, Southern California Presbyterian Homes (the "Corporation"), a nonprofit public benefit corporation, has 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 $85,000,000 (the "Bonds") for the purpose of financing and refinancing, among other things, the capital expenditures related to the following continuing care retirement facilities located within the County of Los Angeles (the "County"): Royal Oaks Manor facility located at 1763 Royal Oaks Drive North (the "Facility"). Royal Oaks Manor is owned and operated by the Corporation. The Facility is located in the unincorporated area of the County;

WHEREAS, the Bonds are also financing and refinancing capital expenditures at additional continuing care retirement facilities located in other jurisdictions, which jurisdictions will also consider approval of the transaction separate from the County;

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the issuance of the Bonds by the Authority to finance the Facility must be approved by the County because the Facility is located within the territorial limits of the County;

WHEREAS, the Board of Supervisors of the County (the "Board") is the elected legislative body of the County and the applicable elected representative of the County required to approve the issuance of the Bonds to finance and refinance the Facility under Section 147(f) of the Code;

WHEREAS, the Authority has requested that the Board approve the issuance of the Bonds by the Authority to finance the Facility 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 County;

WHEREAS, the Authority is also requesting that the Board approve the issuance of any refunding bonds hereafter issued by the Authority for the purpose of refinancing the Bonds which financed the Facility (the "Refunding Bonds"), but only in such cases where federal tax laws would not require additional consideration or approval by the Board; and

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

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of Los Angeles as follows:

Section 1. The Board hereby approves the issuance of the Bonds and Refunding Bonds by the Authority. It is the purpose and intent of the Board that this Resolution constitute approval of the financing and the issuance of the Bonds and Refunding 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 County 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.

The foregoing resolution was on the _____ day of July, 2009, adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

SACHI A. HAMAI, Executive Officer –
Clerk of the Board of Supervisors of the
County of Los Angeles

By: _____
Deputy

Approved as to form:

ROBERT E. KALUNIAN
Acting County Counsel

By: _____
Principal Deputy County Counsel