County of Los Angeles
CHIEF EXECUTIVE OFFICE
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WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
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First District

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Third District

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Fifth District

March 4, 2008

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:

**DEPARTMENT OF TREASURER AND TAX COLLECTOR:
APPROVAL OF A TAX-EXEMPT FINANCING BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO BENEFIT THE RETIREMENT HOUSING FOUNDATION
(FIFTH DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt a Resolution approving the issuance of California Statewide Communities Development Authority tax-exempt obligations for the purpose of refinancing certain facilities owned and operated by the Retirement Housing Foundation (the "Corporation") and its subsidiaries, Mayflower Gardens Health Facilities, Inc. and Mayflower RHF Housing, Inc.

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 $45 million.

The proceeds from this financing will be used to refund the Corporation's outstanding 1998 Certificates of Participation, which were issued as variable rate auction securities. The 1998 Certificates of Participation were themselves used to refinance certain prior obligations, as well as finance the acquisition, construction and improvements of the health care and residential facilities of the Corporation. The purpose of this refunding is to eliminate the auction rate structure and move to a debt structure that will price more competitively in the market. It is anticipated that the 2008 bonds will be issued as letter of credit-enhanced variable rate demand bonds.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal #3: Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions.

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 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 bond issuance. While your Board is requested to approve this financing and ratify the TEFRA Hearing, your approval and ratification is limited to the two facilities located in unincorporated Los Angeles County. These two facilities are located at 6705 West Avenue M and 6570 West Avenue L12, both in the City of Lancaster. They are owned and operated by Mayflower Gardens Health Facilities, Inc., and Mayflower RHF Housing, Inc., respectively, and were financed through certificates of participation issued by the County in May 1992. The three other facilities that are part of the current financing are also owned and operated by subsidiaries of the Corporation and will require approval by the local jurisdictions (city or county) in which those 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 forms of indebtedness 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 February 27, 2008 in the office of the Treasurer and Tax Collector.

In accordance with County policies regarding conduit financings, we have secured the appropriate clearances for this project from the Department of Public Health and have confirmed that there is no County obligation to pay debt service on the bonds. The public benefit related to this project is achieved through the construction of additional health and retirement care facilities within the County.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current services or projects.

CONCLUSION

Upon approval of this Resolution, the Treasurer and Tax Collector will need two (2) originally executed copies of the adopted Resolution.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:MJS

Attachment

c: Treasurer and Tax Collector
Auditor-Controller
County Counsel
Jones Day

K:\3-4-08 Retirement housing foundation1.doc

RESOLUTION OF THE BOARD OF SUPERVISORS OF LOS ANGELES COUNTY APPROVING THE ISSUANCE OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY REVENUE BONDS (RETIREMENT HOUSING FOUNDATION OBLIGATED 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 Facilities, Inc., and Sun City RHF Housing, Inc. (collectively, the "Borrowers"), each a nonprofit public benefit corporation and an organization as 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 Securities[sm] (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, Mayflower Gardens Health Facility, Inc. owns and operates a 48-bed skilled nursing facility known as Mayflower Gardens, and Mayflower RHF Housing, Inc. consists of 494 residential apartments that surround Mayflower Gardens Health, Facilities, Inc. on 44 acres and that are known as Mayflower Gardens Convalescent Hospital, (together, the "Facilities"), located within the County of Los Angeles (the "County"); and

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

WHEREAS, the Board of Supervisors of the County (the "Board") is the elected legislative body of the County 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 Board 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 County; and

WHEREAS, pursuant to Section 147(f) of the Code, the Treasurer and Tax Collector of the County has, on behalf of the Board and following notice duly given, held a public hearing

regarding the issuance of the Bonds, and the Board 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 by the Authority. It is the purpose and intent of the Board 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 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 4TH day of MARCH, 2008, 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:

RAYMOND G. FORTNER, JR.
COUNTY COUNSEL

By: _____
Principal Deputy County Counsel

16 of MARCH 4, 2008

SFI-576912v2