



MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE OFFICE
COUNTY OF PLACER

TO: Honorable Board of Supervisors

FROM: Thomas Miller, County Executive Officer
By: Bryan Hacker, Budget Analyst

DATE: November 7, 2006

SUBJECT: Conduct Public Hearings and Consider Resolutions Approving the Issuance and Sale of Tax-Exempt Bonds for the Purpose of Making Loans to Eskaton Properties, Incorporated for Projects in Granite Bay and the City of Roseville

ACTION

1. Conduct a public hearing to discuss the proposed issuance of tax-exempt revenue bonds (the "Bonds") by the Association of Bay Area Governments (ABAG) Finance Authority For Nonprofit Corporations (the "Authority") to finance or refinance the acquisition of an existing senior residential and care facility in Granite Bay by Eskaton Properties, Incorporated (Eskaton), and adopt the resolution attached as Exhibit A that authorizes the Authority's issuance of the Bonds for the Granite Bay facility.
2. Conduct a public hearing to discuss the proposed issuance of tax-exempt revenue bonds (the "Bonds") by the Association of Bay Area Governments (ABAG) Finance Authority For Nonprofit Corporations (the "Authority") to finance the construction of a new residential and care facility in Roseville by Eskaton Properties, Incorporated (Eskaton) and adopt the resolution attached as Exhibit B that authorizes the Authority's issuance of the Bonds for the Roseville facility.

BACKGROUND

Eskaton is in the business of providing retirement housing/care to senior citizens. Eskaton, on behalf of a partnership for which it is the general partner, operates a senior residential care facility located at 8550 Barton Road, Granite Bay (commonly known as Eskaton Lodge Granite Bay). Eskaton Lodge Granite Bay is an 80,329 square foot, 99-unit facility. Eskaton proposes to purchase a 100% ownership interest in the facility from the other limited partnership owners. In connection with the acquisition, Eskaton would assume the existing taxable bond financing, and then refinance it with proceeds from the tax-exempt bonds.

On November 29, 2005, your Board conducted such a public hearing for the Granite Bay project, and took actions to become an Associate Member in the Authority and to authorize the Authority's issuance of bonds for the Granite Bay project. However, the Granite Bay project did not move forward at that time. A TEFRA public hearing is effective for one year only; therefore, the Board is being requested to hold a new public hearing prior to the anticipated issuance of the Bonds in early

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December. The Authority is proposing to issue and sell bonds in an amount not to exceed \$18,000,000 for the Granite Bay project.

In addition, a separate bond issuance is being proposed for a new facility, to be built in the city of Roseville. Eskaton Roseville, Inc. is located at 10001 Diamond Creek Boulevard, Roseville. The Bonds will finance construction of a 96 bed assisted living and memory care center of approximately 85,000 square feet. The Authority is proposing to issue and sell bonds in an amount not to exceed \$25,000,000 for the Roseville project. To make the process more efficient, the City of Roseville and the Authority have requested the Board hold a TEFRA hearing on the project in the City of Roseville, when it considers the Granite Bay project.

The Authority functions as a tax-exempt conduit for funds being lent to the borrower. The Authority is a joint powers authority duly organized and existing under the laws of the State of California. Among other purposes, the Authority was formed to assist nonprofit corporations and other entities in obtaining financing for projects and purposes serving the public interest within their jurisdiction. Eskaton is a 501(c)(3), California nonprofit public benefit corporation, incorporated in 1967.

In order for tax-exempt financing to proceed, the Board of Supervisors must grant approval for the issuance and sale of the Bonds pursuant to Federal Tax Laws, specifically Section 147(f) of the Tax Code by holding a hearing and adopting a resolution for each project.

The public hearing is a federal tax law requirement specifically delineated in the Tax and Equity Fiscal Responsibility Act of 1982 (TEFRA). It is a public accountability procedure with the Board of Supervisors acting as, or on behalf of, the legislative bodies of the jurisdiction in which the proposed tax-exempt financing projects are located. The required legal notice of the hearing was made in the Auburn Journal, and the hearing itself provides members of the public with an opportunity to speak on behalf of or against the project.

FISCAL IMPACT

The requested actions do not commit the County to any financial responsibility. The issuance of the Bonds, as well as the resulting funding of the Project, are structured to ensure there is no financial impact or liability to the County.

Attachments

Exhibit A: Resolution for Granite Bay Bond Issuance
Exhibit B: Resolution for Roseville Bond Issuance

Before the Board of Supervisors County of Placer, State of California

In the matter of:

Resol. No: _____

**A RESOLUTION APPROVING THE ISSUANCE OF
TAX-EXEMPT REVENUE BONDS BY THE
ASSOCIATION OF BAY AREA GOVERNMENTS
(ABAG) FINANCE AUTHORITY FOR NONPROFIT
CORPORATIONS, TO FINANCE AND REFINANCE
THE ACQUISITION OF A SENIOR RESIDENTIAL
AND CARE FACILITY, WHICH IS OR WILL BE
OPERATED BY ESKATON PROPERTIES,
INC., IN GRANITE BAY, UNINCORPORATED PLACER COUNTY
(ESKATON LODGE GRANITE BAY)**

The following RESOLUTION was duly passed by the Board of Supervisors of the
County of Placer at a regular meeting held November 7, 2006

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Bill Santucci
Chairman, Board of Supervisors

Attest: _____
Clerk of said Board:

WHEREAS, the ABAG Finance Authority For Nonprofit Corporations, a joint exercise of powers agency established under the laws of the State of California (the "Authority"), has proposed to issue and sell its revenue bonds in an aggregate principal amount not to exceed \$18,000,000 (the "Bonds"), which will be used for the purpose of making a loan to finance or refinance the acquisition a senior residential and care facility (the "Project"), located in the County of Placer at 8550 Barton Road, Granite Bay, California 95746 (commonly known as

EXHIBIT A

JB

Eskaton Lodge Granite Bay), which are or will be operated by Eskaton Properties, Incorporated ("Eskaton"); and

WHEREAS, the interest on the Bonds may qualify for tax exemption under Section 103 of the Internal Revenue Code of 1986, as amended (the "Tax Code") only if the Bonds are approved in accordance with Section 147(f) of the Tax Code; and

WHEREAS, the Board of Supervisors (the "Board") is the elected legislative body of the County of Placer (the "County"), and as such is required to approve the issuance of the Bonds under Section 147(f) of the Tax Code, and the Authority has requested the Board to approve the issuance and sale of the Bonds in order to satisfy the public approval requirements of Section 147(f) of the Tax Code; and

WHEREAS, a notice of public hearing to be held by the Board with respect to the issuance of the Bonds, which notice has been published once in a newspaper of general circulation in the County at least 14 days prior to the date set for the hearing; and

WHEREAS, the Board has duly held the public hearing described above on the date of adoption of this Resolution, and an opportunity was provided for persons to comment on the issuance and sale of the Bonds for the Project; and

WHEREAS, the County has associate membership in the Authority for the purpose of enabling the Authority to issue the Bonds for the Project; and

WHEREAS, issuance of bonds by the Authority on behalf of Eskaton in no way exposes the County to liability, financial or otherwise;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of Placer that the issuance of the Bonds by the Authority for the purposes of providing financing and refinancing of the Project is hereby approved for the purposes of Section 147(f) of the Tax Code.

RESOLVED FURTHER, the Board of Supervisors of the County of Placer further resolves:

Section 1. Recitals This Board of Supervisors does hereby find and declare that the above referenced recitals are true and correct.

Section 2. Public Hearing Pursuant to Section 147(f) of the Tax Code, the Office of the County Administrator held a public hearing on November 29, 2005 and provided an opportunity to present arguments both for and against the issuance of the Bonds and the nature and location of the Project. This Board of Supervisors has further considered all testimony and comments submitted in connection with the issuance of the Bonds and the nature and location of the Project at the public hearing.

Section 3. Approval of Bond Issue After consideration of comments received at the public hearing, the Board approves the issuance and sale of the Bonds by the Authority for the

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purpose of providing financing and refinancing of the Project. It is the purpose and intent of the Board that this Resolution constitute approval of the Bonds by the applicable elected representatives of the governmental unit having jurisdiction over the area in which the Project is located in accordance with Section 147(f) of the Tax Code. The approval of the Board of the issuance and sale of the Bonds does not constitute an approval by the County or the Board of the underlying credit issues of the proposed Project or of the financial structure of the Bonds. Issuance of the Bonds by the Authority on behalf of Eskaton shall in no way expose the County to liability, financial or otherwise.

Section 4. Effective Date This Resolution shall take effect from and after the date of its passage and adoption.

Before the Board of Supervisors County of Placer, State of California

In the matter of:

Resol. No: _____

**A RESOLUTION APPROVING THE ISSUANCE OF
TAX-EXEMPT REVENUE BONDS BY THE
ASSOCIATION OF BAY AREA GOVERNMENTS
(ABAG) FINANCE AUTHORITY FOR NONPROFIT
CORPORATIONS, TO FINANCE AND REFINANCE
THE ACQUISITION OF A SENIOR RESIDENTIAL
AND CARE FACILITY, WHICH IS OR WILL BE
OPERATED BY ESKATON PROPERTIES,
INC., IN THE CITY OF ROSEVILLE, PLACER COUNTY
(ESKATON ROSEVILLE)**

The following RESOLUTION was duly passed by the Board of Supervisors of the

County of Placer at a regular meeting held November 7, 2006

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Bill Santucci
Chairman, Board of Supervisors

Attest: _____
Clerk of said Board

WHEREAS, the ABAG Finance Authority For Nonprofit Corporations, a joint exercise of powers agency established under the laws of the State of California (the "Authority"), has proposed to issue and sell its revenue bonds in an aggregate principal amount not to exceed \$25,000,000 (the "Bonds"), which will be used for the purpose of making a loan to finance the construction of a senior residential and care facility (the "Project"), located in the City of Roseville, County of Placer at 10001 Diamond Creek Boulevard, Roseville, 95747 (commonly

known as Eskaton Roseville), which are or will be operated by Eskaton Properties, Incorporated ("Eskaton"); and

WHEREAS, the interest on the Bonds may qualify for tax exemption under Section 103 of the Internal Revenue Code of 1986, as amended (the "Tax Code") only if the Bonds are approved in accordance with Section 147(f) of the Tax Code; and

WHEREAS, the Board of Supervisors (the "Board") is the elected legislative body of the County of Placer (the "County"), and as such may approve the issuance of the Bonds under Section 147(f) of the Tax Code for a project within the City of Roseville, and the City of Roseville and Authority have requested the Board to approve the issuance and sale of the Bonds in order to satisfy the public approval requirements of Section 147(f) of the Tax Code; and

WHEREAS, a notice of public hearing to be held by the Board with respect to the issuance of the Bonds, which notice has been published once in a newspaper of general circulation in the County at least 14 days prior to the date set for the hearing; and

WHEREAS, the Board has duly held the public hearing described above on the date of adoption of this Resolution, and an opportunity was provided for persons to comment on the issuance and sale of the Bonds for the Project; and

WHEREAS, the County has associate membership in the Authority for the purpose of enabling the Authority to issue the Bonds for the Project; and

WHEREAS, issuance of bonds by the Authority on behalf of Eskaton in no way exposes the County to liability, financial or otherwise;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of Placer that the issuance of the Bonds by the Authority for the purposes of providing financing and refinancing of the Project is hereby approved for the purposes of Section 147(f) of the Tax Code.

RESOLVED FURTHER, the Board of Supervisors of the County of Placer further resolves:

Section 1. Recitals This Board of Supervisors does hereby find and declare that the above referenced recitals are true and correct.

Section 2. Public Hearing Pursuant to Section 147(f) of the Tax Code, the Office of the County Administrator held a public hearing on November 7, 2006, and provided an opportunity to present arguments both for and against the issuance of the Bonds and the nature and location of the Project. This Board of Supervisors has further considered all testimony and comments submitted in connection with the issuance of the Bonds and the nature and location of the Project at the public hearing.

Section 3. Approval of Bond Issue After consideration of comments received at the public hearing, the Board approves the issuance and sale of the Bonds by the Authority for the purpose of providing financing and refinancing of the Project. It is the purpose and intent of the Board that this Resolution constitutes approval of the Bonds by the applicable elected representatives of the governmental unit having jurisdiction over the area in which the Project is located in accordance with Section 147(f) of the Tax Code. The approval of the Board of the issuance and sale of the Bonds is does not constitute an approval by the County or the Board of the underlying credit issues of the proposed Project or of the financial structure of the Bonds. Issuance of the Bonds by the Authority on behalf of Eskaton shall in no way expose the County to liability, financial or otherwise.

Section 4. Effective Date This Resolution shall take effect from and after the date of its passage and adoption.