

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)

STAFF SUMMARY RECOMMENDATION

TARZANA TREATMENT CENTERS, INC.

Supplement and Amendment to Resolution No. 434

October 27, 2022

PRIOR AMOUNT APPROVED: \$13,500,000
PRIOR APPROVAL DATE: January 31, 2019
PROJECT SITES: See Exhibit 1 for list of project sites

PURPOSE OF THE SUPPLEMENT AND AMENDMENT

Tarzana Treatment Centers, Inc., (Tarzana) seeks approval of the Supplement and Amendment to Resolution No. 434 (Original Resolution) to include additional projects identified in Exhibit 1.

BACKGROUND

In January 2019, the Authority adopted the Original Resolution, authorizing the issuance of one or more series of revenue bonds in an amount not to exceed \$13,500,000. Bond proceeds were authorized to be used for the financing or refinancing of the costs of the acquisition, construction, or renovation of projects at multiple sites either owned or leased by Tarzana as listed in the Original Resolution.

In March 2019, the Authority issued Series 2019A Bonds in the principal amount of \$8,865,000 and Series 2019B Bonds in the principal amount of \$4,635,000. Subsequent to the issuance of the bonds, Tarzana received substantial funding from the Behavioral Health Continuum Infrastructure Program through the State Department of Health Care Services; and applied that funding toward the projects authorized in the Original Resolution, leaving an amount of \$4.4 million in unspent Series 2019A Bond proceeds.

Tarzana requests the Authority supplement and amend the Original Resolution to apply the remaining Series 2019A Bond proceeds to the additional projects described below:

- (a) finance the acquisition and remodeling of a 13,752 square foot building to be used for outpatient drug and alcohol treatment and case management services at 1037 East Palmdale Boulevard, Palmdale, California, in an amount not to exceed \$4,000,000; and
- (b) finance tenant improvements at a facility leased by the Tarzana to provide outpatient drug and alcohol treatment and case management services at 6022 Variel Avenue, Woodland Hills, California, in an amount not to exceed \$400,000

RECOMMENDATION

Staff recommends the Authority approve the Supplement and Amendment to Resolution No. 434, with all prior provisions and conditions remaining unchanged and in full effect.

EXHIBIT 1

PROJECT SITES

Tarzana Treatment Centers, Inc.

Resolution No. 434 (Original Resolution)

- 44505 North 90th Street West, Lancaster, CA 93536
- 5190 Atlantic Boulevard, Long Beach, CA 90805
- 320 E Palmdale Boulevard, Palmdale, CA 93550
- 8330 Reseda Boulevard, Northridge, CA 91324
- 2101, 2133, and 2141 Magnolia Avenue, Long Beach, CA 90806
- 18646 Oxnard Street, Tarzana, CA 91356

Additional Projects (Supplement and Amendment to Resolution No. 434)

- 1037 East Palmdale Boulevard, Palmdale, CA 93550
- 6022 Variel Avenue, Woodland Hills, CA 91367

SUPPLEMENT AND AMENDMENT TO RESOLUTION NO. 434

**RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING
AUTHORITY SUPPLEMENTING AND AMENDING RESOLUTION NO. 434
AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO FINANCE AND
REFINANCE PROJECTS AT THE HEALTH FACILITIES OF
TARZANA TREATMENT CENTERS, INC.**

WHEREAS, the California Health Facilities Financing Authority (the "Authority"), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Health Facilities Financing Authority Act (the "Act") to issue revenue bonds and loan the proceeds thereof to any participating health institution to finance the construction, expansion, remodeling, renovation, furnishing, equipping, and acquisition of health facilities operated by participating health institutions (including by reimbursing expenditures made for such purposes) or refinance indebtedness in connection therewith;

WHEREAS, Tarzana Treatment Centers, Inc., is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), which owns and operates health care facilities in the State of California providing primary care, residential and out-patient treatment, substance use disorder treatment and mental health treatment services;

WHEREAS, the Corporation requested that the Authority issue one or more series of its revenue bonds in an aggregate principal amount not to exceed \$13,500,000, and make one or more loans of the proceeds thereof to the Corporation to finance or refinance the Project, as defined in Resolution No. 434 adopted by the Authority on January 31, 2019 (the "Original Resolution");

WHEREAS, under the Original Resolution, the Authority approved the issuance of its California Health Facilities Financing Authority Revenue Bonds (Tarzana Treatment Centers, Inc.), Series 2019A (the "2019A Bonds") and Series 2019B, in an aggregate principal amount not to exceed \$13,500,000 (collectively, the "Bonds");

WHEREAS, on March 20, 2019, the Authority issued the Bonds in the principal amount of \$8,865,000 pursuant to that certain Indenture, dated as of March 1, 2019 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee;

WHEREAS, the Authority loaned the proceeds of the Bonds to the Corporation pursuant to a loan agreement, dated as of March 1, 2019 (the "Loan Agreement"), by and between the Authority and the Corporation, to finance and refinance the Project;

WHEREAS, subsequently to the issuance of the 2019A Bonds, the Corporation received substantial amounts from the Behavioral Health Continuum Infrastructure Program (BHCIP) through the State of California Department of Health Care Services and applied such funds toward the Project, leaving a balance of 2019A Bond proceeds in the amount of \$4,400,000;

WHEREAS, the Corporation now plans to apply such remaining amounts to (a) finance the acquisition and remodeling of a 13,752 square foot building to be used for outpatient drug and alcohol treatment and case management services at 1037 East Palmdale Boulevard, Palmdale, California, in an amount not to exceed \$4,000,000; and (b) finance tenant improvements at a facility leased by the Corporation to provide outpatient drug and alcohol treatment and case management services at 6022 Variel Avenue, Woodland Hills, California, in an amount not to exceed \$400,000;

WHEREAS, the Corporation has requested that the Authority supplement and amend the Original Resolution to revise the description of the Project contained in the Original Resolution to include additional projects and to amend the Indenture and the Loan Agreement for the revised Project;

WHEREAS, to the extent required by subdivision (b) of Section 15455 of the Government Code, the Borrower has provided documentation to the Authority demonstrating, to the extent applicable, that the additional projects have complied with Division 13 (commencing with Section 21000) of the Public Resources Code or is not a “project” under such division; and

WHEREAS, the Authority now desires to supplement and amend the Original Resolution by including the additional projects to the description of the Project contained in the Original Resolution;

NOW, THEREFORE, BE IT RESOLVED by the California Health Facilities Financing Authority, as follows:

Section 1. The Original Resolution is hereby supplemented and amended by restating the third WHEREAS clause, as follows:

WHEREAS, the Corporation has requested that the Authority issue one or more series of its revenue bonds in an aggregate principal amount not to exceed \$13,500,000, and make one or more loans of the proceeds thereof to the Corporation to (i) finance or refinance certain capital improvement projects, including the following (collectively, the “Project”):

1. *Lancaster Refinancing.* Refinance a City National Bank note incurred to finance the purchase of the real property at 44505 North 90th Street West, Lancaster, California;
2. *Lancaster Construction.* Construct a new building of approximately 12,000 square feet for residential treatment services at 44505 North 90th Street West, Lancaster, California;
3. *West Lancaster Construction.* Construct a new expansion of approximately 5,000 square feet for residential treatment services at 44447 North 10th Street West, Lancaster, California;
4. *Long Beach Renovation.* Construct a 3,000 square foot expansion to its existing Long Beach leased outpatient treatment facility at 5190 Atlantic Boulevard, Long Beach, California;
5. *Long Beach Refinancing.* Refinance a City National Bank loan incurred to finance improvements at 2101, 2133 and 2141 Magnolia Avenue, Long Beach, California;
6. *Palmdale Reimbursement.* Reimburse the Corporation for the renovation of a facility providing primary care, out-patient treatment services, substance use disorder and mental health treatment at 320 East Palmdale Avenue, Palmdale, California;
7. *Northridge Reimbursement.* Reimburse the Corporation for construction of an addition at 8330 Reseda Boulevard, Northridge, California, providing substance abuse and mental health services;
8. *Tarzana Refinancing.* Refinance a City National Bank note incurred to finance improvements at 18646 Oxnard Street, Tarzana, California, providing substance abuse and mental health services;
9. Palmdale Acquisition and Remodeling. Finance the acquisition and remodeling of a 13,752 square foot building to be used for outpatient drug and alcohol treatment and case management services at 1037 East Palmdale Boulevard, Palmdale, California; and
10. Woodland Hills Remodeling. Finance tenant improvements at a facility leased by the Corporation to provide outpatient drug and alcohol treatment and case management services at 6022 Variel Avenue, Woodland Hills, California;

(ii) pay costs of issuance of the Bonds, and (iii) fund capitalized interest; provided, however, that additional projects may be approved by the Authority by an amendment to this resolution or by adoption of an additional resolution at a future date.

Section 2. The following documents:

(a) a first amendment to the Indenture, by and between the Authority and U.S. Bank Trust Company, National Association, as successor in interest to the trustee, amending and supplementing the Indenture, and

(b) a first amendment to the Loan Agreement, by and between the Authority and the Corporation, amending and supplementing the Loan Agreement

are hereby approved in the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect the purposes of this resolution, as the officer(s) executing the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof. The Executive Director shall seek the advice of bond counsel and counsel to the Authority with respect to any such insertions, deletions, or changes therein.

Section 3. Each officer of the Authority is hereby authorized and directed, for and in the name of and on behalf of the Authority, to do all things which they may deem necessary or advisable in order to effectuate the purposes of this resolution. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes.

Section 4. The Authority hereby approves and ratifies each and every action taken by its officers, agents, and employees prior to the date hereof in furtherance of the purposes of this resolution.

Section 5. The provisions of the Authority's Resolution No. 2021-01 apply to the documents and actions approved in the Original Resolution, as supplemented and amended by this resolution.

Section 6. This resolution shall take effect from and after its adoption.

Date of Adoption: _____