



The Marisol HB, LLC

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February 4, 2025

- Marisol HB, LLC is seeking financing for a senior living community in Huntington Beach, known as “The Marisol.”
- A public City Council study session was held on this item on January 21, 2025.
- The financing will be through tax-exempt bonds issued by Cal Public Finance Authority (CalPFA), which requires City Council approval.
- The City must hold a public hearing under Tax Equity and Financial Responsibility Act (TEFRA) requirements, for community input, before the approval of the resolution authorizing the issuance of the tax-exempt obligations by CalPFA.
- The City must also become a member of CalPFA for the bonds to be issued, but this membership does not create any liability for the City.
- CalPFA, a joint authority of various California cities, helps finance senior living projects, but the City’s approval is required for the financing to proceed.

- The Internal Revenue Code requires all local legislative bodies (the City Council), to hold this hearing before it considers authorizing the issuance of such bonds.
- The proposed resolution, if approved by the Council, will provide authorization to the CalPFA to issue tax exempt obligations on behalf of the Applicant in an amount not to exceed \$325,000,000.
- If the City authorizes the bond issuance on behalf of the Applicant, the City will have no liability or obligation related to the facility or the bonds. The City has no revenue-sharing or expenditure obligations for the project.
- Holding the hearing and approving the resolution supports regional leadership by helping the Applicant secure favorable financing for the facility in the community.

- The Applicant plans to apply for property tax exemptions under California Revenue & Taxation Code Section 214, and potentially other taxes.
- If exemptions are granted, the Applicant agrees to make payments to the City in lieu of property and other taxes, equivalent to the amount the City would have received without the exemptions.
- The Applicant has offered to enter into a Payment in Lieu of Tax Agreement (PILOT) to formalize this arrangement.
- The PILOT agreement has been reviewed by the City Attorney and Kutak Rock, LLP, as special counsel to the City, and contains no City obligations.

Recommended Action

- Open and conduct a Public TEFRA Hearing
- Close the Public Hearing and Adopt Resolution No. 2025-05, “A Resolution of the City Council of the City of Huntington Beach Approving, Authorizing and Directing Execution of a Joint Exercise of Powers Agreement Relating to the California Public Finance Authority and Approving the Issuance by the California Public Finance Authority of Revenue Bonds in an Aggregate Principal Amount Not to Exceed \$325,000,000 to Benefit Marisol HB, LLC, with no City obligations, and Certain Other Matters Relating Thereto.”

Questions?

