

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“Authority”)
STAFF SUMMARY AND RECOMMENDATION**

HELP II Loan Program

**OPARC
Amendment to Resolution No. HII-288
February 26, 2015**

Background:

At the December 4, 2014 board meeting, the Authority approved a HELP II loan for OPARC in the amount of \$822,700 to refinance a high interest private loan through The H.N & Frances C. Berger Foundation. At the time, the Authority required two first position liens on OPARC’s real properties located at 9160 Monte Vista Avenue, Montclair, California 91736 (“Montclair”) and 436 S. Sultana Avenue, Upland, California 91786 (“Upland”), because Authority staff and OPARC believed both properties would be required in order to satisfy the Authority’s loan to value ratio requirement (loan to value ratio may not exceed 95%). OPARC estimated the combined value of the two properties at approximately \$1.1 million, and based on that estimate, staff recommended the Authority take first lien positions on both properties.

Request:

Since the Authority’s approval, OPARC had both properties formally appraised. Staff received and reviewed the appraisals. The Upland property was appraised for \$550,000 and the Montclair property was appraised for \$895,000. The appraisal for the Montclair property came in higher than OPARC’s management expected and meets the Authority’s loan to value requirement of 95% or below (estimated loan to value ratio would be 92%). OPARC would like to liberate their Upland property from the Authority’s security requirement because it allows OPARC to keep the Upland property free of liens, saves money on recording fees, and the Montclair property meets the Authority’s loan to value requirements. Staff is comfortable accepting the Montclair property as sole collateral given the recent appraisal confirming its fair market value.

Staff has reviewed OPARC’s most recent audited financial statements for fiscal year ending 2014 and OPARC appears to remain fiscally healthy, with a solid debt service coverage ratio of 3.57x.

Recommendation:

Staff recommends the Authority amend Resolution No. HII-288 to remove the condition of a first lien position on the real property located at 436 S. Sultana Avenue, Upland, California. All other conditions required for the approval of the HELP II loan will remain the same and in full effect. The amended resolution is attached and the change is in track changes

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

The HELP II Loan Program

Amendment to Resolution Number HII-288

RESOLUTION APPROVING EXECUTION AND DELIVERY OF HELP II LOAN PROGRAM AGREEMENTS WITH CERTAIN PARTICIPATING HEALTH INSTITUTIONS

WHEREAS, the California Health Facilities Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized by the provisions of the California Health Facilities Financing Authority Act (the “Act”) to provide secured or unsecured loans to participating health institutions to refinance existing debt and finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, or equipping of a health facility;

WHEREAS, the Authority established the HELP II Loan Program (the “Program”) to provide loans to participating health institutions as authorized by the Act;

WHEREAS, **OPARC** (the “Borrower”), a California nonprofit corporation and participating health institution, has applied to the Authority for a loan through the Program, and the application has been reviewed by the staff of the Authority; and

WHEREAS, approval of the loan by the Authority is now sought;

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

Section 1. Pursuant to the Act, the Authority approves a loan to the Borrower, in an amount not to exceed **\$822,700** for a term not to exceed **15 years** for the purpose described in the application filed with the Authority (the “Project”), but solely to the extent there are available proceeds of the Program, as determined pursuant and subject to Section 2 hereof. This approval is further contingent upon the following conditions:

1. 15-year fixed rate;
2. First lien on the property located at 9160 Monte Vista Avenue, Montclair, California 91736;
- ~~3. First lien on the property located at 436 S. Sultana Avenue, Upland, California 91786;~~
- 4.3. Corporate gross revenue pledge;
- ~~5.4.~~ Current appraisals on above referenced properties acceptable to Authority staff;
- ~~6.5.~~ Loan to combined value ratio of the two properties not to exceed 95%; and
- ~~7.6.~~ Verification of Borrower’s funds to close escrow.

Section 2. The Executive Director is hereby authorized, for and on behalf of the Authority, to determine the final amount, terms and conditions of the loan, and to approve any changes in the Project described in the application submitted to the Authority, as said officer shall deem appropriate and authorized under the Act (provided that the amount of the loans may not be increased above the amount approved by the Authority and provided further that the loans continue to meet the Authority's guidelines for HELP II loans). Nothing in this resolution shall be construed to require the Authority to obtain any additional funding, even if more loans are approved than there is available funding. Any notice to the Borrower shall indicate that the Authority shall not be liable to the Borrower in any manner whatsoever should such funding not be completed for any reason whatsoever.

Section 3. The Executive Director is hereby authorized and directed, for and on behalf of the Authority, to draw money from the Program fund not to exceed those amounts approved by the Authority for the Borrower. The Executive Director is further authorized and directed, for and on behalf of the Authority, to execute and deliver to the Borrower any and all documents necessary to complete the transfer of funds.

Section 4. The Executive Director of the Authority is hereby authorized and directed to do any and all things and to execute and deliver any and all documents which the Executive Director deems necessary or advisable in order to effectuate the purposes of this resolution and the transactions contemplated hereby, and which have heretofore been approved as to form by the Authority.

Section 5. This resolution expires six months from the date of approval.

Date of Approval: _____