

**CHFFA HELP II LOAN PROGRAM  
EXECUTIVE SUMMARY**

<b>Applicant:</b>	Mentally and Educationally Retarded Citizens, Inc., (M.E.R.C.I.) ["MERCY"] 525 N Chandler Avenue Monterey Park, CA 91754 Los Angeles County	<b>Amount Requested:</b>	\$900,000
		<b>Requested Loan Term:</b>	20 year fixed
		<b>Authority Meeting Date:</b>	May 28, 2015
		<b>Resolution Number:</b>	HII-294
<b>Project Site:</b>	525-527 North Chandler Avenue, Monterey Park, CA 91754 (Los Angeles County)		
<b>Facility Type:</b>	An Adult Day Health Center and Community Care Facility		
<b>Eligibility:</b>	A qualified health facility pursuant to Government Code section 15432(d)(7) and (13)		
<b>Prior HELP II Loan Borrower:</b>	Yes, October 2012, balance outstanding: \$443,242.96 as of May 2015 (Payments are current)		

**Background:** Established in 1955, MERCY offers a variety of outreach programs and services to individuals with mental retardation, cerebral palsy, epilepsy and autism. MERCY's mission is to provide individuals with severe to profound developmental disabilities, the right to an education in life skills, the opportunity to maximize their independence and to advocate for their choices through its programs that are designed to encourage independence by focusing on several key areas: self-care, independent living skills, prevocational/vocational training, and recreation/socialization skills. MERCY currently serves 120 clients in the San Gabriel Valley of the County of Los Angeles. Please see Exhibit 3 for more details.

**Uses of Loan Proceeds:** Loan proceeds will be used to fund the completion of phase two and part of the construction of phase three of a three-phase construction project. Phase two is the construction of an administration building and is approximately 70% complete. MERCY's 2012 HELP II loan was used to fund a portion of the phase two construction. For this new HELP II loan, \$400,000 of the loan proceeds will be used to finish construction on phase three. MERCY will use \$500,000 of the loan proceeds to construct a one-story, 5,024 square foot multi-purpose building to be used for classroom space, increasing capacity by at least 75-96 clients. MERCY indicates this project will nearly double MERCY's capacity.

**Financing Structure:**

- Funding approximately \$400,000 for the completion of Phase two construction (Nov 2015) and another \$500,000 for the end of Phase three construction (January 2016).
- 20-year, two percent (2%) fixed rate loan with 240 equal monthly payments of approximately \$4,553 (yearly payments of approximately \$54,635).
- Corporate gross revenue pledge.
- First (1st) lien positions on the properties located at 523, 525 & 527 N. Chandler Ave, Monterey Park, CA 91754.
- Combined loan to value ratio not to exceed 95% (estimated combined loan to value ratio of 53.9% after construction).
- Verification of approval of another funding source in the amount of approximately \$2.7 million from an acceptable funding source that would provide the remaining funds to complete the three-phase project that is acceptable to the Authority, prior to disbursement of any HELP II loan.
- The Authority may disburse construction funds in increments.
- Disbursements of construction funds shall be dependent upon Borrower's submission of supporting documentation, as may be requested by Authority staff, evidencing proper expenditure of disbursed funds and detailing the progress of construction to the satisfaction of Authority staff.
- Borrower shall deposit construction funds disbursed by the Authority into an account established solely for the loan proceeds separate from all of Borrower's other accounts to ensure a clear accounting of funds.
- Verification of borrower's funds.
- Receipt of executed construction contract.

**Financial Overview:** MERCY's income statement appears adequate with slightly below breakeven operations in FY 2014, and its financial strength appears adequate with a proforma debt service coverage ratio of 1.29x.

**Estimated Sources of Funds:**

HELP II loan, (1 <sup>st</sup> lien)	\$ 900,000
Nonprofit Finance Fund/Genesis LA loan (2nd lien)(a)	<u>2,700,000</u>
<b>Total Estimated Sources</b>	<b><u>\$ 3,600,000</u></b>

**Estimated Uses of Funds:**

Construction	\$ 2,834,000
Refinance Bridge Loan	440,000
Interest Reserve	265,000
Financing Costs	<u>61,000</u>
<b>Total Estimated Uses</b>	<b><u>\$ 3,600,000</u></b>

<sup>(a)</sup> Nonprofit Finance Fund/ Genesis LA will hold a 2nd lien position on the property behind the Authority. If MERCY is unable to obtain funds from Nonprofit Finance Fund/Genesis LA, any other funding source(s) in its place would have to be acceptable to the Authority.

**Due Diligence:** Staff has received and reviewed the Eligibility, Legal Review, Religious Due Diligence, Savings Pass Through and Community Service Requirement documentation. All documentation satisfies the Authority's requirements.

**Parties of Interest:** *(Included for the purpose of discerning conflicts of interest)*

Edge Construction LLC	Commonwealth Land Title Company	Nonprofit Finance Fund/Genesis LA
Facility and Erectors, Inc.	Appraisal Pacific	

**Staff Recommendation:** Staff recommends approval of Resolution Number HII-294 for Mentally and Educationally Retarded Citizens, Inc., (M.E.R.C.I.) in an amount not to exceed \$900,000 for a term not to exceed 20 years, and contingent upon financing terms acceptable to the Authority. Macias Gini & O'Connell, LLP, the Authority's financial analyst, concurs with the Authority's staff recommendations.

**I. PURPOSE OF FINANCING:**

MERCI is in the process of a three-phase construction project to expand its services as part of its strategic plan to address a community shortage of day programs. MERCI was approved for a HELP II loan for \$1,000,000 at the October 25, 2012 Authority meeting for phase two and phase three of the project. The Authority only disbursed \$500,000 of the approved HELP II loan amount because MERCI was unable to secure additional financing before the resolution expired. Since then, construction costs have increased and MERCI has requested an additional \$400,000 to complete phase two and \$500,000 to go towards the construction of phase three. MERCI has obtained a commitment from Nonprofit Finance Fund/Genesis LA for \$2.7 million to fund the remaining balance to complete the project and pay off a bridge loan from Pan American Bank that MERCI used towards construction costs. MERCI plans to utilize the HELP II loan proceeds to complete the second and third phases of its planned three-phase construction project, and to build administrative and multi-purpose buildings.

***Construction of a three-phase project* ..... \$2,834,000**

MERCI began phase one, construction of a new residential home, of its proposed three-phase construction project in June 2011 with grant funding from the City of Monterey Park Home Funds. MERCI has completed construction on phase one of the project. Phase one includes a two-story, 4,434 square foot residential home for individuals with developmental disabilities, which accommodates wheelchairs and includes six bedrooms (each with its own bathroom), a living room, dining room, laundry room, kitchen, and an office. MERCI began operations for the new residential home in September 2014 and is at full capacity with all six bedrooms occupied.

MERCI plans to use HELP II loan funds for phases two and three of the project. Phase two is approximately 70% complete and consists of constructing a two-story, 3,664 square foot administration building to replace an old house built in 1919 that was used as office space, and it will include administrative offices, a conference room, planning rooms, and an instructional kitchen. This building with all its amenities enhances the operations of the organization and its instructional kitchen will be used on a daily basis to teach self-help skills such as cooking, nutrition, and cleaning for the clients. MERCI anticipates completion of the second phase in November 2015.

The remaining \$500,000 in HELP II loan funds, along with funding from the Nonprofit Finance Fund/Genesis LA (or acceptable alternative funder) will be used for phase three of the planned construction project, to construct a one-story, 5,024 square foot multi-purpose building to be used for classroom space, increasing capacity by at least 75-96 clients. MERCI's current capacity is 120 individuals, and its waitlist numbers are roughly 30 individuals. MERCI plans to begin phase three in June 2015 with an estimated completion date of January 2016. MERCI expects to reach full capacity by April 2016. The HELP II loan funds for this third phase will be disbursed toward the end of the project to ensure the entire project is near completion. MERCI expects to generate additional revenues shortly after the building is completed.

According to MERCI, the contractor is currently paying prevailing wages on the construction project. The land where the project is being built was appraised at \$2.24 million prior to construction commencing in May 2011. The Authority staff has received the appraisal dated September 5, 2014 at a value of approximately \$7.6 million, based upon the completion of all three phases of construction.

***Refinance Pan American Bank Bridge Loan* ..... 440,000**

Pan American Bank issued a loan for \$500,000 on September 1, 2013. The proceeds were used to pay for a portion of construction costs for phase one and two of the project. The loan has a maturity date of November 2016. HELP II loan funds will not be used to refinance this bridge loan. The funds from the Nonprofit Finance Fund/Genesis LA loan will be used to pay off this bridge loan.

***Interest Reserve* ..... 265,000**

Nonprofit Finance Fund/Genesis LA will set up an interest reserve account from their loan proceeds to draw interest only payments during the construction period. HELP II loan funds will not be used for the interest reserve account.

***Financing Costs* ..... 61,000**

Nonprofit Finance Fund Fees.....	\$46,750
Authority Fees.....	11,250
Title and Escrow Fees.....	<u>3,000</u>

***Estimated Uses of Funds* ..... \$3,600,000**

The Authority staff plans to conduct a site visit before releasing the 2<sup>nd</sup> \$500,000 portion of the loan. The site visit should take place before November 2015, and the Authority staff will report back to the Authority regarding the progress of the project.

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## II. FINANCIAL STATEMENTS AND ANALYSIS

### Mentally and Educationally Retarded Citizens, Inc. Statement of Activities (Unrestricted)

	For the year ended August 31,		
	2014	2013	2012
<b>Support</b>			
Individuals	\$ 101	\$ 3,616	\$ 7,771
Special events	44,188	27,238	22,476
United Way	-	353	212
Corporations	-	1,711	2,534
Total support	44,289	32,918	32,993
<b>Revenue</b>			
Instructional reimbursement	1,658,082	1,643,592	1,488,352
Rental income	36,936	43,815	72,258
Investment income	95	26	552
Gain on sale of assets	3,645	-	902,183
Miscellaneous	-	3,009	1,593
Total revenue	1,698,758	1,690,442	2,464,938
Donated materials	2,632	870	16,478
<b>Total support and revenue</b>	1,745,679	1,724,230	2,514,409
<b>Net assets released from restrictions</b>			
Restriction satisfied	259,039	24,464	820,547
<b>Total support, revenue and reclassifications</b>	2,004,718	1,748,694	3,334,956
<b>Expenses</b>			
Salaries, payroll taxes & employee benefits	1,363,848	1,331,713	1,243,468
Insurance	139,207	154,409	125,213
Depreciation	59,853	19,089	23,290
Supplies	51,598	52,480	57,553
Professional services	38,191	24,946	25,669
Utilities	24,318	27,526	23,146
Special events	21,852	11,212	12,739
Repairs and maintenance	20,527	6,988	31,208
Telephone	12,723	11,076	9,651
Transportation	10,236	11,518	10,932
Interest	10,048	13,294	22,148
Real estate taxes	8,336	5,946	8,971
Rental equipment	7,018	6,770	11,002
Donated equipment and materials	2,632	870	8,488
Conferences and training	2,078	3,126	4,432
Taxes and licenses	2,035	2,856	2,974
Miscellaneous	1,155	3,065	3,671
Total expenses	1,775,655	1,686,884	1,624,555
<b>Change in Unrestricted Net Assets:</b>	229,063	61,810	1,710,401
<b>Net Assets:</b>			
Unrestricted Net assets, beginning of year	2,464,997	2,403,187	692,786
Unrestricted Net assets, end of year	\$ 2,694,060	\$ 2,464,997	\$ 2,403,187

**Mentally and Educationally Retarded Citizens, Inc.  
Statement of Financial Position**

	<b>As of August 31,</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 22,307	\$ 119,592	\$ 298,455
Cash - restricted for Ernie's Place replacement reserve	2,100	2,100	2,100
Accounts receivable	140,369	162,211	145,245
Grants receivable	-	-	526,401
Pledges receivable, current	9,340	16,035	4,435
Prepaid expenses	7,557	7,831	14,187
Total current assets	<u>181,673</u>	<u>307,769</u>	<u>990,823</u>
Investments	-	-	-
Pledges receivable	9,021	23,182	2,568
Property and equipment - net	4,236,702	4,154,333	2,131,704
Deposits	13,878	12,860	11,261
Other asset	50,000		
Total assets	<u>\$ 4,491,274</u>	<u>\$ 4,498,144</u>	<u>\$ 3,136,356</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 503,576	\$ 950,978	\$ 59,330
Accrued wages	27,100	28,544	36,125
Accrued vacation	33,968	36,988	38,223
Other accrued expenses	8,905	12,072	9,662
Current portion of long-term debt	56,116	32,284	13,438
Total current liabilities	<u>629,665</u>	<u>1,060,866</u>	<u>156,778</u>
<b>Long term liabilities:</b>			
Long-term debt	1,158,853	774,197	564,221
Total liabilities	<u>1,788,518</u>	<u>1,835,063</u>	<u>720,999</u>
<b>Net assets</b>			
Unrestricted	2,694,060	2,464,997	2,403,187
Temporarily restricted	8,696	198,084	12,170
Total net assets	<u>2,702,756</u>	<u>2,663,081</u>	<u>2,415,357</u>
<b>Total liabilities &amp; net assets</b>	<u>\$ 4,491,274</u>	<u>\$ 4,498,144</u>	<u>\$ 3,136,356</u>

**Financial Ratios:**

	<b>Proforma (a)</b>			
	<b><u>FYE June 30, 2014</u></b>			
Debt Service Coverage (x)	<b>1.29</b>	<b>7.06</b>	<b>3.52</b>	<b>21.01</b>
Debt/Unrestricted Net Assets (x)	<b>1.79</b>	<b>0.21</b>	<b>0.34</b>	<b>0.21</b>
Margin (%)	<b>11.43</b>	<b>10.35</b>	<b>10.35</b>	<b>0.06</b>
Current Ratio (x)	<b>0.29</b>	<b>3.85</b>	<b>3.85</b>	<b>1.96</b>

(a) Recalculates FY 2014 audited results to include the impact of this proposed financing.

## **Financial Discussion – Statement of Activities (Income Statement)**

### **MERCI's income statement appears adequate with slightly below breakeven operations in FY 2014.**

Over the review period, total support and revenue have remained stable outside of FY 2012, which includes the sale of a property located at 1919 S Palm Ave, Alhambra, CA 91803. MERCI states that the sale of the property provided approximately \$900,000 to put towards the construction of the three-phase project. Total support and revenue remained relatively flat from approximately \$1.72 million in FY 2013 to \$1.74 million in FY 2014, a 1% increase.

#### **Particular Facts to Note:**

- MERCI's instructional reimbursement increased slightly from approximately \$1.48 million in FY 2012 to \$1.65 million in FY 2014, an increase of 11%. MERCI attributes the increase to a rise in clients being serviced and enrolled in both the Chandler Day Program and the in-home DISCOVERY program.
- Donated equipment and materials declined 84% from FY 2012 to FY 2014. MERCI states that many of the subcontractors from the construction project donated in-kind equipment and materials and the decline is due to construction slowing down in FY 2013 and FY 2014 due to the lack of funding to finish the three-phase construction project.
- According to MERCI, repairs and maintenance expenses increased in FY 2014 to \$20,527 from \$6,988 in FY 2013, due to two incidents of water damage to Ernie's Place. In FY 2012, \$31,208 in repairs and maintenance expenses was also due to three incidents of water damage in the residential home. These incidents were covered by MERCI's insurance. Ernie's Place was remodeled in 2003, and MERCI discovered many errors in the construction of this home that led to the water damage. MERCI has sought remediation from the contractor but to no avail.
- According to MERCI, it has no shortage of clients due to being one of the most cost effective vendors for the California Department of Developmental Services with one of the lowest rates in the State of California. MERCI's management explains that one of the reasons for being one of the most cost effective vendors is due to the longevity of MERCI, the rate freeze currently in place, and it is one of a few agencies in its area that serve individuals with severe to profound developmental disabilities. As of this submittal, the California Department of Developmental Disabilities has not lifted the freeze of the current rates.

## **Financial Discussion – Statement of Financial Position (Balance Sheet)**

**MERCI's financial strength appears adequate with a proforma debt service coverage ratio of 1.29x for FY 2014.**

MERCI's existing operating debt service coverage ratio is a sound 7.06x and the proforma debt service coverage ratio is 1.29x, which includes the Authority's \$900,000 loan, and the additional funding planned from the Nonprofit Finance Fund/Genesis LA.

MERCI expects to double its capacity with the three-phase project. The Authority staff and Macias Gini & O'Connell, LLP, the Authority's financial analyst have reviewed MERCI's financials and plans, and support MERCI's view that MERCI should be able to service all of the Authority and Nonprofit Finance Fund/Genesis LA debt.

### **Particular Facts to Note:**

- During the review period cash and cash equivalents decreased significantly to approximately \$22,307 in FY 2014 from \$298,455 in FY 2012. MERCI attributes the decrease to cash funds payments for construction.
- Property and equipment increased significantly from approximately \$2.1 million in FY 2012 to \$4.2 million in FY 2014. MERCI's management states the increase is attributed to increases in net fixed assets, particularly in its construction-in-progress account. Once the new residential home was completed in April 2012, it was changed to an asset/increase in FY 2013 and FY 2014.
- According to MERCI, temporarily restricted net assets increased significantly in FY 2013 to approximately \$198,084 from \$12,170 in FY 2012, mostly due to the new home being placed as an asset.
- MERCI appears to be highly leveraged with a debt to unrestricted net assets ratio of 1.79x. MERCI's management explains that this is due to the ongoing three-phase construction project and expects it to stabilize once construction is complete and the new projects start to generate revenue.

**EXHIBIT 1**

**UTILIZATION STATISTICS**

**Patient Visits for Fiscal Year Ended August 31,**

	<b>As of May 2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Totals</b>	120	117	111	107

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**EXHIBIT 2**  
**OUTSTANDING DEBT**

<u>Date Issued</u>	<u>Original Amount</u>	<u>Amount Outstanding<sup>(a)</sup> As of August 31, 2014</u>	<u>Estimated Amount Outstanding after Proposed Financing</u>
<b>Existing Long-Term Debt:</b>			
LA County Housing Authority Mortgage payable	\$259,200	\$259,200	\$259,200
Pan American Bank	500,000	465,824	0
CHFFA HELP II Loan, 2012	500,000	433,829	433,829
<b>Proposed New Debt:</b>			
CHFFA HELP II Loan, 2015			<b>900,000</b>
Non-profit Finance Fund/ Genesis LA Loan			<b>2,700,000</b>
<b>TOTAL DEBT</b>		<b><u>\$1,158,853</u></b>	<b><u>\$4,293,029</u></b>

<sup>(a)</sup> Includes current portion of long-term debt.

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## EXHIBIT 3

### BACKGROUND AND LICENSURE

#### **Background**

MERCI began in 1955 by a group of parents who were concerned about the lack of education options for their developmentally disabled children. MERCI began classes in the basement of a church before finding a more permanent home on Chandler Avenue in Monterey Park in the 1960s. In 1959, MERCI was established as a not-for-profit corporation. It was established to provide education, socialization, and independent living skills training for children with severe developmental disabilities. Since its establishment, MERCI has offered a variety of outreach programs and services for individuals with mental retardation, cerebral palsy, epilepsy and autism. MERCI's mission is to provide people with severe to profound developmental disabilities the right to an education in life skills, the opportunity to maximize their independence and to advocate for their choices.

MERCI's programs are designed to encourage independence by focusing on several key areas: self-care, independent living skills, prevocational/vocational training, and recreation/socialization skills. It currently operates five programs:

#### ***Adult Development Center***

MERCI currently operates a day program for adults aged 22-59 in the severe to profound range of mentally disabled. The program emphasizes community involvement and living skills, socialization and recreational skills as well as vocational skills. The level of instruction is tailored to the specific needs of the consumer, each of whom is assessed on a quarterly basis. Its staff to consumer ratio is 1:4. Consumers live off-site with their families or care providers.

#### ***Extended Services Program***

MERCI offers an extended care program for adults with developmental disabilities who attend school or day programs and need additional care in the morning (7am to 9 am) or afternoon (1pm to 6pm). The program currently serves 26 consumers and focuses on social skill development using recreational activities such as basketball, crafts, gardening, and community outings.

#### ***Day Training Activity Center***

MERCI currently operates a day training activity center program for adults aged 22-59 in the severe to profound range of mentally disabled. The program emphasizes community involvement and independent living skills. Each day (Monday through Friday, 9am to 3pm) 16 adults participate in the program at the Monterey Park site. The curriculum focuses on teaching independent living skills, socialization and recreational skills and vocational skills. The staff to consumer ratio is 1:8. Consumers live off-site with their families or care providers.

***DISCOVERY***

DISCOVERY is a community based program that provides services to developmentally disabled adults with medically fragile conditions through individually structured and medically supervised support. MERCI provides 1:1 care and instruction to individuals in their own home. DISCOVERY consumers have a variety of medical needs including g-tube feeding, tracheotomy care, quadriplegia, severe diabetes as well as developmental disabilities. DISCOVERY currently serves 31 adults.

***Ernie’s Place and the John and Mary Duce Centre***

Each group home provides 6 adults with developmental disabilities a place to live and learn. Rotating shifts of professional staff provide 24 hour care with a 1:3 ratio of staff to residents. MERCI provides the supervision and support necessary for each resident to live as independently as possible. Opportunities for decision-making, self-advocacy and personal empowerment are integral to the philosophy of MERCI’s residential program. Individuals are given their own bedrooms and share common living areas in each home.

**Licensure, Certification and Accreditation**

MERCI is licensed by the California Department of Social Services to operate and maintain an Adult Day Program “MERC School,” which is located at 525 North Chandler, Monterey Park, CA 91754 and an Adult Residential Program “Ernie’s Place,” which is located at 630 N. Nicholson, Monterey Park, CA 91755. The John and Mary Duce Centre is also a licensed facility by the California Department of Social Services and is located at 523 N. Chandler Ave, Monterey Park CA 91754. MERCI is required to obtain the same licenses on its new facilities.

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# CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

## The HELP II Loan Program

### Resolution Number HII-294

#### 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, **Mentally and Educationally Retarded Citizens, Inc., (M.E.R.C.I.)** (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 **\$900,000** for a term not to exceed **20 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. 20-year, two percent (2%) fixed rate loan;
2. First (1st) lien positions on properties located at 523, 525 and 527 North Chandler Avenue, Monterey Park, CA 91754;
3. Combined Loan to value ratio not to exceed 95%;
4. Corporate gross revenue pledge;
5. Verification of approval of another funding source in the amount of approximately \$2.7 million from an acceptable funding source that would provide the remaining funds to complete the multi-phase project that is acceptable to the Authority;
6. The Authority may disburse construction funds in increments;
7. Disbursements of construction funds shall be dependent upon Borrower’s submission of supporting documentation, as may be requested by Authority staff, evidencing proper expenditure of disbursed funds and detailing the progress of construction to the satisfaction of Authority staff;
8. Borrower shall deposit construction funds disbursed by the Authority into an account established solely for the loan proceeds separate from all of Borrower’s other accounts to ensure a clear accounting of funds;
9. Verification of borrower’s funds; and
10. Executed construction contract.

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 loan may not be increased above the amount approved by the Authority and provided further that the loan continues 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 one year from the date of approval.

Date of Approval: \_\_\_\_\_