

## STAFF SUMMARY RECOMMENDATION

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY  
DELEGATING CERTAIN POWERS AND AUTHORIZING CERTAIN ACTIONS  
RELATED TO HELP II LOAN PROGRAM FINANCINGS  
Resolution Number 2011-09

August 25, 2011

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**BACKGROUND:** By statute (Government Code section 15436), the Authority is authorized to delegate to the Executive Director or any other official or employee of the Authority, any powers and duties that the Authority deems proper.

**PURPOSE OF THE RESOLUTION:** From time to time, HELP II borrowers seek consent of the Authority relating to amendments to the borrowers loan documentation, including such things as changing their trustee; the sale, encumbrance or transfer of project assets; a merger, acquisition, dissolution, legal name change, or the sale of assets; subordination agreements and changes in security interests; and prepayments. Absent a delegation of such powers to staff, Authority board approval is necessary for the Authority to give its consent to many of these amendments. In the interest of streamlining the borrowing processes, the Authority desires to authorize the Executive Director and Deputy Executive Director to consent to various amendments without first obtaining approval of the Authority board.

The resolution delegates to the Executive Director and the Deputy Executive Director, upon the Executive Director's written authorization or when the position of Executive Director is vacant, the power to perform the following, when consent or approval by the Authority is required by the applicable loan documents and such actions are made in accordance with the terms and conditions of the loan documents (Please do note that certain powers or authority, Specifically i, ii, viii, are typically already included within the resolutions approving loans for borrowers):

- (i) Sign and certify resolutions adopted by the Authority.
- (ii) Execute and deliver all loan documents previously or hereafter approved by the Authority.
- (iii) Amend and supplement certain loan documents.
- (iv) Consent to changes in trustees.
- (v) Approve or consent to the sale, encumbrance or other transfer of all or a portion of a project financed with loans provided by the Authority.
- (vi) Approve or consent to a merger, acquisition, dissolution, name changes, or the sale of assets by a participating party.
- (vii) Authorize and/ or execute certain documents including subordination agreements, changes to security interests (change in lien positions or change in specific collateral).
- (viii) Carry out any ministerial actions contemplated by any loan documents.
- (ix) Respond to any litigation or claim made against the Authority in connection with any loan issue, or any investigation of any loans by any state or federal regulatory or law enforcement authorities when such response is required by law and is necessary to protect the interests of the Authority, or to effectuate the terms of the applicable resolution adopted by the Authority.

**RECOMMENDATION:** Staff recommends the Authority approve Resolution No. 2011-09 authorizing the delegation of certain functions related to the HELP II Loan Program to the Executive Director and Deputy Executive Director.