

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)
HEALTHCARE EXPANSION LOAN PROGRAM II (HELP II)

First Amendment to Resolution No. HII-335

February 23, 2023

PURPOSE OF THE REQUEST:

Fleming & Barnes, Inc., doing business as (dba) Dimondale Adolescent Care Facility (Dimondale) is requesting to extend the resolution repeal date for its HELP II loan as set forth and adopted in Resolution No. HII-335.

BACKGROUND:

On August 25, 2022, the Authority approved a HELP II loan for Dimondale in an amount not to exceed \$2,000,000 to finance the purchase of one or more real properties to expand residential care facilities located in Los Angeles County. Each property was required to be financed separately, and each loan was required to satisfy the loan financing requirements set forth in the resolution. The collective amount of all the HELP II loans authorized in the resolution cannot exceed \$2,000,000.

Since approval, Dimondale has successfully purchased two properties with the HELP II loan proceeds in a total amount of \$1,182,750. The first property closed on November 4, 2022 with a loan of \$745,750, and the second property closed on December 8, 2022 with a loan of \$437,000. Dimondale experienced delays in its search for a third property as one of the newly purchased facilities required some remodeling, and the licensing process is taking more time than anticipated. Dimondale also focused its time in December on relocating its main office to accommodate the growth of new staffing that was needed. Dimondale is committed to expanding its services and is currently searching for a third and final property in Los Angeles, primarily in the Lancaster area. Dimondale is requesting to extend the repeal date of the original Resolution No. HII-335 by six months to August 31, 2023 to allow for more time to acquire a third property.

RECOMMENDATION:

Staff recommends the Authority approve the First Amendment to Resolution No. HII-335 for Fleming & Barnes Inc., dba Dimondale Adolescent Care Facility, to extend the repeal date of the original resolution by six months to August 31, 2023. All other conditions of Resolution No. HII-335 remain unchanged and in full effect.

The amended resolution is attached with revisions shown.

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
HEALTHCARE EXPANSION LOAN PROGRAM II (HELP II)

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RESOLUTION APPROVING EXECUTION AND DELIVERY OF
HELP II 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 (Gov. Code, §15430 et seq.) (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; and

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

WHEREAS, **Fleming & Barnes, Inc., doing business as (dba) Dimondale Adolescent Care Facility (Dimondale)** (the “Borrower”), a California 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, the Borrower received Authority approval for a HELP II loan, consisting of one or more loans for the purchase of one or more properties, as memorialized in Resolution No. HII-335 adopted at the August 25, 2022, Authority Board meeting and will be repealed on February 25, 2023; and

WHEREAS, the Borrower purchased two properties with the HELP II loan located at (1) 1512 W. 120th Street, Los Angeles, CA 90047 and (2) 44116 63rd Street West, Lancaster, CA 93536; and

WHEREAS, the Borrower is requesting a first amendment to Resolution No. HII-335 to extend the repeal date by six months to August 31, 2023; and

WHEREAS, approval of the ~~loan~~ First Amendment to Resolution No. HII-335 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 HELP II loan to the Borrower in a collective amount not to exceed **\$2,000,000** for individual terms not to exceed **20 years** for each property purchased with the overall HELP II loan for the purposes described in ~~the application filed with the Authority~~ Exhibit A of the First Amendment to this resolution (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. First lien on each real property purchased with HELP II funds
2. 20-year, two percent (2%) fixed-rate for each loan
3. A current appraisal for each property that exhibits a loan-to-value ratio not to exceed 95%
4. Corporate gross revenue pledge
5. Executed purchase contract for each property
6. Verification of Borrower's funds to close escrow

Section 2. The Executive Director and the Deputy Executive Director are hereby authorized, for and on behalf of the Authority, to determine the final amount, terms and conditions of the loans, 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 and the Deputy Executive Director are 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 those amounts.

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

Section 5. This resolution is repealed ~~six months from the date of approval.~~ [on August 31, 2023.](#)

Date of Approval: _____

EXHIBIT A

USE OF HELP II LOAN PROCEEDS UNDER
FIRST AMENDMENT TO RESOLUTION NO. HII-335

- Pre-approval to purchase one or more real properties located in Los Angeles County