

**CHFFA HELP II PROGRAM  
EXECUTIVE SUMMARY**

<p><b>Applicant:</b> Sacramento Recovery House, Inc. (“SRH”) 1914 22<sup>nd</sup> Street Sacramento, CA 95816 Sacramento County</p> <p><b>Project Site:</b> <i>Please see Exhibit A of the Resolution for a list and description of project sites</i></p> <p><b>Facility Type:</b> Alcohol and Drug Recovery Facilities</p> <p><b>Eligibility:</b> A qualified health facility pursuant to Government Code section 15432(d)(14)</p> <p><b>Prior HELP II Borrower:</b> No</p>	<p><b>Amount Requested:</b> \$628,000</p> <p><b>Requested Loan Term:</b> 15-year fixed</p> <p><b>Authority Meeting Date:</b> February 28, 2013</p> <p><b>Resolution Number:</b> HII-277</p>
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**Background:** Established in 1964, SRH assists men with recovery from alcohol and drug addiction out of two facilities located in Sacramento. In June 2012, SRH merged with Gateway Foundation, Inc. (“GFI”) which similarly operates two facilities in Sacramento and assists women with recovery from alcohol and drug addiction. SRH and GFI combined all assets, liabilities, contracts and other related responsibilities under SRH. All required Secretary of State filings, including the articles of incorporation and bylaws, were completed in July 2012. In FY 2012, SRH and GFI assisted 70 men and 80 women in their respective residential treatment programs.

**Uses of Loan Proceeds:** Loan proceeds will be used to refinance three private bank loans for a combined total of approximately \$552,000 which will reduce their current averaged interest rates from 6.875% to 3%. The remaining HELP II loan proceeds will be used to finance various repairs, renovations and acquisitions of new furniture and equipment for the facilities owned and operated by SRH.

**Financing Structure:**

- 5-year fixed rate for the equipment.
- 15-year fixed rate for refinancing and renovation.
- 180 equal monthly payments of approximately \$4,295 (yearly payments of approximately \$51,545).
- Corporate gross revenue pledge.
- 60 equal monthly payments of approximately \$180 (yearly payments of approximately \$2,156.).
- Corporate gross revenue pledge.
- First (1st) lien positions on the properties located at 1914 22<sup>nd</sup> Street, Sacramento, CA 95816 and 4049 Miller Way, Sacramento, CA 95817.
- UCC-1 lien on equipment purchased.
- Loan to combined value ratio not to exceed 95% (estimated combined loan to value ratio of 73%).

**Financial Overview:** The income statements for SRH and GFI appear to exhibit improving operating results over the review period. Though the combined debt to unrestricted net assets of 1.39x is slightly above the Authority’s identified ideal level of 1.0x, both the separate and combined balance sheets remain healthy with a proforma operating debt service coverage of 1.31x for SRH, a 1.76x for GFI, and an acceptable combined (i.e., post-merger) debt service coverage ratio of 1.42x.

<u>Estimated Sources of Funds:</u>		<u>Estimated Uses of Funds:</u>	
HELP II loan, (1 <sup>st</sup> lien)	\$ 628,000	Refinance	\$ 552,000
Borrower funds	13,900	Renovations	70,000
		Equipment	10,000
		Financing Costs	9,900
<b>Total Estimated Sources</b>	<b>\$ 641,900</b>	<b>Total Estimated Uses</b>	<b>\$ 641,900</b>

**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:** American River Bank, Merchant National Bank, and Placer Title Company.

**Staff Recommendation:** Staff recommends approval of Resolution Number HII-277 for SRH in an amount not to exceed \$628,000 for a term not to exceed 15 years, contingent upon financing terms acceptable to the Authority. Macias Gini & O’Connell, LLP, the Authority’s financial analyst, concurs with staff recommendations.

**I. PURPOSE OF FINANCING:**

SRH plans to refinance three private bank loans to reduce interest rates from an averaged rate of 6.875% to 3%. Additional HELP II proceeds will be used to repair, renovate and acquire new furniture and equipment for certain facilities owned and operated by SRH.

***Refinance American River Bank Loan..... \$114,000***

In October 2005, GFI purchased a facility located at 4818 Ortega Street, Sacramento, CA 95820, known as the Koala House, for \$125,000 with an 8.25% interest rate. The Koala House (KH) is a transitional living facility for women that allow graduates from the residential treatment program to move into an encouraging and productive living environment. The women who are selected to live in KH must be employed, pay rent and remain sober.

***Refinance Merchants National Bank Loan..... \$353,000***

In March 2008, SRH purchased a facility located at 1916 23<sup>rd</sup> Street, Sacramento, CA 95816, known as the Friends House (FH), for \$375,000 with a 6.375% interest rate. FH is a transitional living facility for men that allow graduates from the residential treatment program to live a more productive lifestyle. The men who are selected to live in FH must be employed, pay rent and remain sober.

***Refinance Merchants National Bank Loan..... \$85,000***

In September 2011, SRH borrowed approximately \$90,000 at a 6% interest rate for a new roof and siding repairs at its existing facility located at 1914 22<sup>nd</sup> Street, Sacramento, CA 95816. The facility is approximately 2,646 square feet and provides transitional living to patients who suffer from alcohol and/or drug addiction.

***Finance Capital Improvement, Equipment, Renovation, and Repairs..... \$80,000***

The remaining funds of \$80,000 will be used to finance the repair, renovation and acquisition of new furniture and equipment for four facilities owned and operated by SRH: (1) 1914 22<sup>nd</sup> Street, Sacramento, CA 95816, (2) 1916 23<sup>rd</sup> Street, Sacramento, CA 95816, (3) 4049 Miller Street, Sacramento, CA 95817 and (4) 4818 Ortega Street, Sacramento, CA 95820.

The HELP II loan will be secured by a first (1<sup>st</sup>) lien position on two of SRH's properties: (1) 1914 22<sup>nd</sup> Street, Sacramento, CA 95816, which is approximately 2,646 square feet and (2) 4049 Miller Way, Sacramento, CA 95817, which is approximately 2,734 square feet. The properties have an estimated current market value of approximately \$461,000 and \$352,000 respectively, leading to an estimated loan to value ratio of 73%. A full appraisal on the two properties will be required prior to closing.

***Financing Costs ..... 9,900***

Authority Fees.....	\$7,900
Title and Escrow Fees.....	<u>2,000</u>

***Total Uses of Funds..... \$641,900***

## II. SRH - FINANCIAL STATEMENTS AND ANALYSIS

### Sacramento Recovery House, Inc. Statement of Activities (Unrestricted)

	<b>For Period Ending June 30,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Support:</b>			
County contract fees	\$ 270,963	\$ 294,719	\$ 79,244
Private pay contract fees	91,048	56,117	253,396
Resident fees	23,120	39,720	47,180
Donations	9,320	11,556	11,215
Fundraising event	7,390	5,680	4,987
Interest and dividend income	1,601	1,954	2,021
Other income	-	-	2,780
Unrealized gain on investments	-	22,893	10,822
Total unrestricted support*	<u>403,442</u>	<u>432,639</u>	<u>411,645</u>
<b>Expenses and losses:</b>			
Salaries and wages	160,238	183,427	175,245
Food expense	35,478	47,109	37,811
Management fees	29,977	29,977	29,977
Interest expense	26,362	23,148	23,452
Utilities	25,258	24,615	21,130
Health insurance	22,463	21,490	16,957
Others	18,603	17,188	18,233
Payroll taxes	15,331	17,116	15,872
Depreciation expense	14,195	12,356	12,514
Worker' compensation insurance	10,416	11,148	8,580
House supplies and expenses	10,332	12,854	13,043
Liability insurance	8,116	7,966	9,170
Repairs and maintenance	7,868	10,357	14,464
Unrealized loss on investments	3,862	-	-
Total expenses	<u>388,499</u>	<u>418,751</u>	<u>396,448</u>
<b>Total expenses</b>	<b>388,499</b>	<b>418,751</b>	<b>396,448</b>
<b>Increase in unrestricted net assets</b>	14,943	13,888	15,197
<b>Unrestricted Net Assets:</b>			
Net unrestricted assets, beginning of year	<u>217,454</u>	<u>203,566</u>	<u>188,369</u>
Net unrestricted assets, end of year	<u>\$ 232,397</u>	<u>\$ 217,454</u>	<u>\$ 203,566</u>

\*Support

<u>Payors Source</u>	<u>Percent</u>
Medical and Medicare	67
Private Pay	23
Resident Fees	6
Others	4
<b>Total</b>	<u><u>100</u></u>

**Sacramento Recovery House, Inc.  
Statement of Financial Position**

	<b>For Period Ending June 30,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Assets:</b>			
Cash	\$ 112,957	\$ 79,771	\$ 86,093
Investments	117,522	119,783	94,936
Accounts receivable	27,520	46,559	46,885
Prepaid expenses	9,778	8,637	7,197
Buildings and improvements	379,867	294,418	293,420
Land	97,040	97,040	97,040
Office furniture and equipment	33,205	66,476	66,476
Less accumulated depreciation	(92,825)	(111,901)	(99,545)
Total assets	\$ 685,065	\$ 600,783	\$ 592,502
<b>Liabilities and Net Assets:</b>			
Bank loans	\$ 442,970	\$ 360,418	\$ 365,344
Accrued expenses	9,698	15,517	15,939
Accounts payable	-	7,394	7,653
Total current liabilities	452,668	383,329	388,936
<b>Net Assets:</b>			
Unrestricted	232,397	217,454	203,566
Total liabilities & net assets	\$ 685,065	\$ 600,783	\$ 592,502

**Financial Ratios:**

	<b>Proforma (a)</b>			
	<b>FYE June 30, 2012</b>			
Debt Service Coverage (x)	1.31	1.90	0.95	1.45
Debt/Unrestricted Net Assets (x)	2.23	1.91	1.66	1.79
Margin (%)		4.66	(2.20)	1.09
Current Ratio (x)		27.61	11.12	9.97

(a) Recalculates FY 2012 audited results to include the impact of this proposed financing.

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

**SRH's income statement appears to exhibit improved operating results over the review period.**

The change of total unrestricted net assets increased from \$188,000 in FY 2010 to \$217,000 in FY 2012, a near 15% increase. SRH management attributes the increase to an increase in County Contract Fees. The operating margin fluctuated over the course of the review period: 1.09% in FY 2010, (2.20%) in FY 2011 and 4.66% in FY 2012. Although the FY 2011 decrease in SRH's operating margin appears to be due to an increase in operating expenses (salaries and wages, benefits, and food expenses), salary and wages decreased from approximately \$183,000 in FY 2011 to \$160,000 in FY 2012 due to the departure of two employees. SRH's board members decided to leave one position vacant and to hire the other position at entry level to achieve cost savings. SRH does not anticipate a negative operating margin in current year FY 2012-2013 as a result of this approach.

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

- According to SRH's management, the private pay contract fees changed from approximately \$253,396 in FY 2010 to \$56,117 in FY 2011 due to the reclassification of a private pay revenue source to a county paid revenue source. Please note, the county contract fees changed from approximately \$79,244 in FY 2010 to \$294,719 in FY 2011.
- During the review period, SRH notes resident fees decreased from approximately \$47,000 in FY 2010 to \$23,000 in FY 2012 which SRH attributes to reduced client incomes, as well as a change in the availability of Food Stamps and eligibility for General Assistance Welfare. SRH advises it is working to improve its marketing and referral efforts for the transitional living houses.

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

**SRH's balance sheet appears to exhibit moderate financial strength with a proforma operating debt service coverage ratio of 1.31x**

The change in total unrestricted net assets grew 14% from approximately \$204,000 in FY 2010 to \$232,000 in FY 2012. According to SRH's management, the increase in total unrestricted net assets is primarily attributed to an increase in cash from operations, investments, and the value of buildings and improvements thereon. In FY 2012, SRH appears to have adequate cash with 224 days cash on hand, an improved operating margin of 4.66%, and an acceptable proforma operating debt service coverage ratio of 1.31x.

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

- The total bank loans increased from approximately \$360,418 in FY 2011 to \$442,970 in FY 2012 due to an approved Merchant National Bank loan of approximately \$90,000 to repair, remodel and renovate an existing transitional living facility, known as the Friends House, located at 1916 23<sup>rd</sup> Street, Sacramento, CA, 95816.

### III. GFI - FINANCIAL STATEMENTS AND ANALYSIS

**Gateway Foundation, Inc.**  
**Statement of Activities**  
**(Unrestricted)**

	<b>For Period Ending June 30,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Support and gains:</b>			
State and county contract fees	\$ 296,177	\$ 277,151	\$ 269,243
Private pay contract fees	43,400	41,370	27,615
Resident fees	38,960	63,994	47,720
Donations	4,363	3,601	4,914
Other income and grants	15,866	16,849	18,182
Interest and dividend income	3,635	3,686	3,194
Unrealized gain on investments	745	12,437	6,650
<b>Total unrestricted support and gains*</b>	<b>403,146</b>	<b>419,088</b>	<b>377,518</b>
<b>Expenses:</b>			
Salaries and wages	178,002	168,708	179,496
Food expense	40,812	37,897	36,990
Management fees	39,277	39,277	45,162
Utilities	21,255	19,435	17,586
Health insurance	20,276	18,949	20,773
House supplies and expenses	20,095	12,446	11,933
Others	17,370	19,164	18,768
Payroll taxes	15,903	15,285	15,442
Liability insurance	11,927	8,996	9,478
Worker' compensation insurance	11,029	7,836	9,931
Repairs and maintenance	8,577	21,770	11,076
Interest expense	8,126	8,406	8,440
Depreciation expense	7,370	7,180	7,240
<b>Total expenses</b>	<b>400,019</b>	<b>385,349</b>	<b>392,315</b>
<b>Increase (decrease) in unrestricted net :</b>	<b>3,127</b>	<b>33,739</b>	<b>(14,797)</b>
<b>Unrestricted Net Assets:</b>			
Unrestricted net assets, beginning of year	226,864	193,125	207,922
Unrestricted net assets, end of year	<b>\$ 229,991</b>	<b>\$ 226,864</b>	<b>\$ 193,125</b>

\*Support

<u>Payors Source</u>	<u>Percent</u>
Medical and Medicare	73
Private Pay	11
Resident Fees	10
Others	6
<b>Total</b>	<b>100</b>

**Gate way Foundation, Inc.  
Balance Sheet**

	<b>For Period Ending June 30,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Assets:</b>			
Current assets:			
Cash	\$ 111,221	\$ 116,489	\$ 92,195
Investments	89,339	85,088	69,061
Accounts receivable	43,829	44,802	43,924
Prepaid expenses	11,685	12,049	11,094
Total current assets	256,074	258,428	216,274
Property and equipment			
Buildings and improvements	196,728	196,728	196,728
Land	26,840	26,840	26,840
Office furniture and equipment	20,825	84,354	84,354
Automobiles	3,950	3,950	3,950
Less accumulated depreciation	(143,508)	(199,666)	(192,486)
Total property and equipment	104,835	112,206	119,386
<b>Total assets</b>	<b>\$ 360,909</b>	<b>\$ 370,634</b>	<b>\$ 335,660</b>
<b>Liabilities and Net Assets:</b>			
Current liabilities			
Accrued expenses	\$ 16,541	\$ 13,903	\$ 12,675
Accounts payable	-	13,534	11,851
Current portion long-term debt	2,043	1,905	1,777
Total current liabilities	18,584	29,342	26,303
Long-term debt			
Mortgage payable net of current portion	112,334	114,428	116,232
Total liabilities	130,918	143,770	142,535
<b>Net Assets:</b>			
Unrestricted	229,991	226,864	193,125
<b>Total liabilities &amp; net assets</b>	<b>\$ 360,909</b>	<b>\$ 370,634</b>	<b>\$ 335,660</b>

**Financial Ratios:**

	<b>Proforma (a)</b>			
	<b><u>FYE June 30, 2012</u></b>			
Debt Service Coverage (x)	1.76	1.81	3.67	(0.59)
Debt/Unrestricted Net Assets (x)	0.50	0.49	0.50	0.60
Margin (%)		0.59	5.24	(5.78)
Current Ratio (x)		13.78	8.81	8.22

(a) Recalculates FY 2012 audited results to include the impact of this proposed financing.

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

**GFI's income statement appears to exhibit improved operating results over the review period.**

GFI's total unrestricted net assets steadily increased from approximately \$208,000 in FY 2010 to \$227,000 in FY 2012, a near 9% increase. According to GFI's management, the increase is primarily attributed to an increase in state and county contract fees and private pay contract fees. Expenses remain relatively constant: approximately \$392,000 in FY 2010, \$385,000 in FY 2011, and \$400,000 in FY 2012. The operating margin improved from a decreased of 5.78% in FY 2010 to an increased 5.24% in FY 2011 and 0.59% in FY 2012, which indicates an improvement in GFI's financial position.

**Particular Facts to Note:**

- During the review period, GFI notes that like SRH, residents fees have decreased from approximately \$48,000 to \$39,000 which GFI similarly attributes to reduced client incomes, as well as a change in the availability of Food Stamps and eligibility for General Assistance Welfare. Like SRH, GFI has worked and continues to do so alongside SRH, to improve its marketing and referral efforts for the transitional living houses.

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

**GFI's balance sheet appears to exhibit positive financial strength with a proforma operating debt service coverage ratio of 1.76x**

The total unrestricted assets increased 19% from approximately \$193,000 in FY 2010 to \$230,000 in FY 2012. According to GFI's management, the increase is primarily attributed to cash from operations and investments that increased the total assets, while total liabilities decreased approximately 8% from \$143,000 in FY 2010 to \$131,000 in FY 2012. In FY 2012, GFI appeared to have adequate cash with 186 days cash on hand, an operating margin of 0.56%, and an acceptable proforma operating debt service coverage ratio of 1.76x.

#### IV. COMBINED FINANCIAL STATEMENTS AND ANALYSIS

	<b>Proforma (a)</b> <b><u>FYE June 30, 2012</u></b>	<b><u>For Period Ending June 30,</u></b>		
		<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Debt Service Coverage (x)	1.42	1.88	1.68	0.92
Debt/Unrestricted Net Assets (x)	1.39	1.20	1.07	1.21
Margin (%)		2.63	1.51	(2.21)
Current Ratio (x)		18.52	9.82	9.05

(a) Recalculates FY 2012 audited results to include the impact of this proposed financing for SRH and GFI.

#### **Financial Discussion**

SRH continues to improve its financial position after its merger with GFI. The combined cash appears to show an acceptable 206 days cash on hand, as well as an acceptable proforma operating debt service coverage ratio of 1.42x.

**EXHIBIT 1**

**UTILIZATION STATISTICS**

**Clients Served/ (Patient Visits)**

**Sacramento Recovery House, Inc.  
Fiscal Year Ended June 30,**

	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Totals</b>	80/5570	75/5256	70/5235

**Gateway Foundation, Inc.  
Fiscal Year Ended June 30,**

	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Totals</b>	82/5757	81/5703	72/5009

**EXHIBIT 2**

**OUTSTANDING DEBT**

<u>Date Issued</u>	<u>Original Amount</u>	<u>Amount Outstanding <sup>(a)</sup> As of June 30, 2012</u>	<u>Estimated Amount Outstanding after Proposed Financing</u>
<b>-EXISTING LONG-TERM DEBT:</b>			
Merchants National Bank Note Payable 2008 (SRH)	\$ 375,000	\$ 355,169	\$ -
Merchants National Bank, Note Payable 2008 (SRH)	90,000	87,801	-
American River Bank Mortgage Note Payable 2008 (GFI)	125,000	114,377	-
<b>- PROPOSED NEW DEBT:</b>			
<i>CHFFA HELP II Loan</i>			<b>628,000</b>
<b>- TOTAL DEBT</b>		<b>\$ 557,347</b>	<b>\$ 628,000</b>

(a) Includes current portion of long-term debt.

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## EXHIBIT 3

### BACKGROUND AND LICENSURE

#### **Background**

In June 2012, Sacramento Recovery House, Inc. (SRH) merged with Gateway Foundation, Inc. (GFI). SRH and GFI have combined all assets, liabilities, and other related responsibilities under SRH. All required filings, such as the articles of incorporation and bylaws, were completed in July, 2012 with the Secretary of State of California.

#### ***Sacramento Recovery House, Inc. (SRH)***

SRH was founded in 1964, located at 1914 22<sup>nd</sup> Street, Sacramento, CA. 95815 and serves men who are in need of recovery and rescue from addiction to alcohol and drugs. SRH offers 30-90 day rehabilitation programs. Upon graduation from the house, the men are eligible to reside in the Friends House (FH). Established in 2008, FH is located at 1916 23<sup>rd</sup> Street, Sacramento, CA. 95816 and is available to the male recoveries who have graduated from the SRH recovery treatment program. FH allows transition from addiction and homelessness to a more fulfilling life. The men who are selected to live there must be employed, pay rent, and remain sober.

#### ***Gateway Foundation, Inc. (GFI)***

GFI was founded in 1968, located at 4049 Miller Street, Sacramento, CA. 95816 and serves women who are in need of recovery from addiction to alcohol and drugs. GFI offers 30-90 day rehabilitation programs. Upon graduation from GFI, the women are eligible to reside in the Koala House (KH). Established in 1999, KH is located at 4818 Ortega Street, Sacramento, CA. 95820 and is available to the female recoveries who have graduated from the GFI recovery treatment program. KH allows transition from addiction and homelessness to a more fulfilling life. The women who are selected to live there must be employed, pay rent and remain sober.

The two transitional living houses have seen thousands of graduates who move into productive and contributing lifestyles. Without the sanctuary of these houses, many of Sacramento's unfortunate and downtrodden citizens would not have a resource to lead a normal, sober and productive life.

#### **Licensure, Certification and Accreditation**

Sacramento Recovery House, Inc. is licensed by the State of California Department of Alcohol and Drug Programs.

# CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

## The HELP II Loan Program

### Resolution Number HII-277

#### 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, **Sacramento Recovery House, Inc.** (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 amount of **\$628,000** for term not to exceed **15 years** for the purpose described in the application filed with the Authority and Exhibit A attached hereto (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. 5-year fixed rate for equipment;
2. 15-year fixed rate for refinancing and renovation;
3. First (1st) lien positions on properties located at 1914 22<sup>nd</sup> Street, Sacramento, CA 95816 and 4049 Miller Way, Sacramento, CA. 95817;
4. UCC-1 lien on equipment purchased;
5. Loan to combined value of two properties ratio not to exceed 95%;
6. Corporate gross revenue pledge;
7. Verification of borrower’s funds to close escrow; and
8. Completed appraisals approved by CHFFA staff.

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 six months from the date of approval.

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

## **EXHIBIT A**

### **PROJECT DESCRIPTION**

Loan proceeds will be used to refinance three (3) current bank debts of approximately \$552,000 secured by two real estate properties, lowering SRH current interest rates from an averaged rate of 6.875% to 3%. Additional HELP II funds will be used to finance the repair, renovation and acquisition of new furniture and equipment for facilities owned and operated by SRH at the following project sites:

#### **Project Sites:**

- 1914 22<sup>nd</sup> Street, Sacramento, CA 95816
- 1916 23<sup>rd</sup> Street, Sacramento, CA 95816
- 4049 Miller Street, Sacramento, CA 95817
- 4818 Ortega Street, Sacramento, CA 95820