

**CHFFA REVENUE BOND FINANCING PROGRAM
EXECUTIVE SUMMARY**

<p>Applicant: Becoming Independent (“BI”) 1425 Corporate Center Parkway Santa Rosa, California 95407 (Santa Rosa County)</p>	<p>Amount Requested: \$5,500,000 Requested Loan Term: Up to 15 years Authority Meeting Date: March 28, 2013 Resolution Number: 389</p>																								
<p>Project Sites: Please see Exhibit 4 for a list of project sites Facility Type: Adult Day Program - Government Code 15432(d) (13) Prior Borrower: Yes (date of last issue, 1996)</p>																									
<p>Background: Established in 1980, BI is a nonprofit public benefit corporation that provides vocational and functional living services for individuals with developmental disabilities, including mental retardation, autism, epilepsy, cerebral palsy and related conditions. The program includes an Adult Day Health Care (ADHC) program, which provides a broad-based curriculum focusing on functional living skills, community access and vocational training. BI’s service area includes Sonoma, Napa, and Solano Counties. In FY 2012, BI serviced approximately 2,342 clients. (See Exhibits 2 and 5 for more detail).</p>																									
<p>Use of Proceeds: Bond proceeds will be used to refund all of CHFFA’s 1996 Series A Bonds and Association of Bay Area Government (ABAG) 2004 Series A Bonds. Based on current market conditions, BI expects this refunding to result in a combined estimated net present value savings of approximately \$442,000 or 8.89% over the life of the Bonds.</p>																									
<p>Type of Issue: Negotiated public offering with fixed rate bonds (Expected minimum denominations of \$5,000) Credit Enhancement: Cal-Mortgage Insurance (Cal-Mortgage approved on March 13, 2013) Expected Credit Rating: A- (S&P) based on Cal-Mortgage Insurance Financing Team: <i>Please see Exhibit 1 to identify possible conflicts of interest</i></p>																									
<p>Financial Overview: BI’s income statement appears to demonstrate a declining operating trend over the review period which BI reports is due the State of California’s reduction in funding for regional centers and the providers they support. BI implemented a strategic plan in December 2012 to recover from the budget reductions and to improve operations and its financial position going forward. BI’s proforma operating debt service coverage of 1.54x is at an acceptable level. This refunding is one of several cost savings measures BI is undertaking to improve its operations and financial position going forward.</p>																									
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;"><u>Estimated Sources of Funds:</u></th> <th colspan="2" style="text-align: left;"><u>Estimated Uses of Funds:</u></th> </tr> </thead> <tbody> <tr> <td style="width: 30%;">Bond proceeds</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 30%;">Refunding</td> <td style="width: 30%; text-align: right;">\$ 4,798,000</td> </tr> <tr> <td>Borrowers funds</td> <td></td> <td>Debt service reserve fund</td> <td style="text-align: right;">414,000</td> </tr> <tr> <td></td> <td></td> <td>Cal-Mortgage premium and fees</td> <td style="text-align: right;">183,000</td> </tr> <tr> <td></td> <td></td> <td>Financing costs</td> <td style="text-align: right;">181,000</td> </tr> <tr> <td>Total Estimated Sources</td> <td style="text-align: right;"><u>\$ 5,576,000</u></td> <td>Total Estimated Uses</td> <td style="text-align: right;"><u>\$ 5,576,000</u></td> </tr> </tbody> </table>		<u>Estimated Sources of Funds:</u>		<u>Estimated Uses of Funds:</u>		Bond proceeds	\$	Refunding	\$ 4,798,000	Borrowers funds		Debt service reserve fund	414,000			Cal-Mortgage premium and fees	183,000			Financing costs	181,000	Total Estimated Sources	<u>\$ 5,576,000</u>	Total Estimated Uses	<u>\$ 5,576,000</u>
<u>Estimated Sources of Funds:</u>		<u>Estimated Uses of Funds:</u>																							
Bond proceeds	\$	Refunding	\$ 4,798,000																						
Borrowers funds		Debt service reserve fund	414,000																						
		Cal-Mortgage premium and fees	183,000																						
		Financing costs	181,000																						
Total Estimated Sources	<u>\$ 5,576,000</u>	Total Estimated Uses	<u>\$ 5,576,000</u>																						
<p>Due Diligence: Staff has received and reviewed the Eligibility, Legal Review, Religious Due Diligence, Savings Pass Through, Seismic, and the Iran Contracting Act Certificate documentation. All documentation satisfies the Authority’s requirements.</p>																									
<p>Staff Recommendation: Staff recommends the Authority approve Resolution Number 389 in an amount not to exceed \$5,500,000 subject to the conditions in the resolution, and contingent upon Cal-Mortgage approval for credit enhancement. Macias Gini & O’Connell, LLP, the Authority’s financial analyst, and Public Financial Management (“PFM”), Inc., the Authority’s financial advisor, concur with the Authority’s staff recommendations.</p>																									

I. PURPOSE OF FINANCING:

BI plans to refund its CHFFA 1996 Series A Bonds and ABAG 2004 Series A Bonds to take advantage of the current market’s historic low level of tax-exempt interest rates, which is expected to result in a net present value savings of approximately \$442,000 or 8.89% over the life of the bonds. This savings will be one of many steps to improve BI’s financial position.

Refunding ABAG’s 2004 Series A Bonds..... \$4,028,000

BI plans to use bond proceeds to refund ABAG 2004 Series A Bonds. The current outstanding balance of the 2004 Bonds is approximately \$4.0 million. The 2004 Bonds were originally used to:

1. Refinance the cost of the acquisition and renovation of a 23,040 square foot building located at 1455 Corporate Center Parkway, Santa Rosa, California 95407 that provides adult day health care services for daily living activities which include communication, mobility, self-care, transportation, self-advocacy and work;
2. Acquisition of approximately 1.87 acres of undeveloped land that will serve as a garden and outdoor area until such time as BI decides to build an additional facility to meet growth; and
3. Reimbursement of certain costs for improvements and seismic upgrades.

Refunding CHFFA’s 1996 Series A Bonds..... 770,000

BI plans to use the bond proceeds to refund CHFFA 1996 Series A Bonds. The current outstanding balance of the 1996 Bonds is approximately \$770,000. The 1996 Bonds were used to:

1. Refinance two existing loans which were originated to finance the acquisition of and a portion of improvements to a 15,360 square-foot facility located in 1425 Corporate Center Parkway, Santa Rosa, California 95407 to house its administrative offices as well as a licensed adult day care facility for its clients;
2. Renovate and equip an existing facility for an administrative office and office space for BI’s programs;
3. Reimbursement of certain architectural fees and other costs related to the modification of certain existing facility; and
4. Prepay an existing bond assessment lien on BI’s property.

Debt Service Reserve Fund 414,000

Cal-Mortgage Insurance Premium and Fees..... 183,000

<i>Financing Costs</i>		<u>181,000</u>
Cost of Issuance.....	\$114,000	
Underwriter's Discount	<u>67,000</u>	
Total Uses of Funds		<u>\$5,576,000</u>

(INTENTIONALLY LEFT BLANK)

II. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES:

Cal-Mortgage Insurance. The Authority's approval of the issuance of the Bonds will be subject to the requirement that the Bonds are insured by the Office of Statewide Health Planning and Development ("Cal-Mortgage"). As the insurer for the Bonds, Cal-Mortgage will take the responsibility for negotiating the covenants with BI that it decides are necessary for this transaction. These covenants will be incorporated into the Regulatory Agreement which the Authority will be a party to; however, Cal-Mortgage is granted the power to amend, modify or terminate the terms of the Regulatory Agreement (including the covenants) without the Authority's consent.

Because of the role of Cal-Mortgage as the insurer of the Bonds, the covenants described below (other than the unconditional promise to pay) may be subject to change and further negotiation after the Authority's Board takes action on the Resolution relating to the Bonds.

Unconditional Promise to Pay. BI agrees to pay the Trustee all amounts required for principal, interest or reserve deposits and other payments and expenses designated in the Loan Agreement. The primary source of payment for BI's obligations under the Loan Agreement will be the gross revenues of BI.

Mortgage or Deed of Trust. BI's obligations under its Loan Agreement will be secured by deeds of trust on all of its facilities. The Authority should note that the lien of the deeds of trust can be released with the consent of Cal-Mortgage but without the consent of the Authority.

Pledge of Gross Revenues. BI pledges to deposit all revenues, income, receipts and money received into a Gross Revenues Fund over which the Trustee will have control if BI defaults on its payments.

Negative Pledge Against Prior Liens. BI agrees not to create or assume any Lien upon BI's Property other than the Permitted Encumbrances.

Limited Permitted Encumbrances. BI is subject to a restrictive set of allowable encumbrances it may incur pursuant to the Loan Agreement.

Debt Service Reserve. The Bonds shall be secured by a Bond Reserve Fund that will be funded at the time of issuance of the Bonds in an amount equal to maximum annual debt service on the Bonds or such lesser amount as shall be required to comply with applicable federal tax rules. The Bond Reserve Fund is available to make principal and interest payments if BI fails to timely deposit loan payments.

Debt Service Coverage Requirement. The Loan Agreement and the Regulatory Agreement will contain a debt service coverage requirement based on not less than 1.25 times annual debt service. A debt service coverage requirement is a ratio measuring ability to make interest and principal payments as they become due by assessing the amount of revenue available to meet debt service payments. This ratio can be based either on annual debt service for the next 12-months or maximum annual debt over the life of the Bonds.

Additional Debt Limitation. BI agrees not to incur additional Indebtedness unless authorized by the Loan Agreement.

Disposition of Cash and Property Limitations. BI agrees not to sell, lease or dispose of any property, plant or equipment or liquid assets unless authorized by the Loan Agreement.

Comply with SEC Rule 15c2-12. BI will take such action as is necessary to comply with SEC Rule 15c2-12. The rule prohibits underwriters from underwriting municipal bond deals unless the issuer or BI contractually agrees to disclose designated financial and operating information to the marketplace during the life of the Bonds and to report designated “material events” such as missed debt service payments, any change in bond ratings, defeasance, redemptions, etc.

Cash Requirements. BI promises to annually measure the balance of its cash and cash equivalent assets and maintain them at a 30 days cash on hand level.

Current Ratio Requirement. BI promises to annually measure the current ratio and maintain such at 1.50x.

Staff and PFM have reviewed the entirety of this financing package and find it to be acceptable.

(INTENTIONALLY LEFT BLANK)

III. FINANCIAL STATEMENTS AND ANALYSIS:

Becoming Independent Statements of Activities (Unrestricted)

	As of June 30,		
	2012	2011	2010
Changes in unrestricted net assets:			
Support and revenue			
Contributions	\$ 383,487	\$ 566,856	\$ 505,670
Special event revenue	-	35,800	37,800
Service fees	12,106,946	12,365,433	12,560,858
Santa Rosa Junior College subsidy	629,481	655,069	617,786
Work activities revenue	740,030	728,011	659,389
Investment income	30,480	229,988	90,174
Other income	32,342	38,584	61,110
Total unrestricted support and revenues	13,922,766	14,619,741	14,532,787
Net assets released from restriction			
Restrictions satisfied by payments	86,198	162,730	166,924
Expiration of time restrictions on grant funding	91,062	97,716	96,166
Total unrestricted support, revenue and reclassification	14,100,026	14,880,187	14,795,877
Expenses			
Salaries, staff	8,317,458	8,533,163	8,620,682
Salaries, clients	434,868	436,529	409,992
Employee benefits	1,373,512	1,345,134	1,301,096
Payroll taxes/workers comp	948,329	1,006,840	858,014
Professional fees	218,870	156,698	141,362
Supplies	334,024	296,415	204,377
Vehicle expenses	507,393	484,599	356,570
Travel and transportation	167,333	181,222	180,126
Rent	321,641	332,982	305,608
Insurance	53,364	83,685	107,008
Repairs and maintenance	279,572	214,968	174,679
Utilities	115,846	117,465	118,137
Telephone and data	106,568	109,605	115,950
Postage and copying	31,769	31,212	45,244
Training and conference	20,834	29,540	25,631
Interest	252,387	264,701	273,415
Event expenses	-	-	59,488
Marketing	59,703	49,817	32,782
Other	79,669	57,086	68,269
Depreciation and amortization	357,280	361,297	359,055
Total expenses	13,980,420	14,092,958	13,757,485
Change in unrestricted net assets	119,606	787,229	1,038,392

continued

	As of June 30,		
	2012	2011	2010
Change in temporarily restricted net assets			
Contributions	23,626	91,199	-
Grant funding for specific purchases	-	-	237,818
Net assets released restriction			
Restrictions satisfied by payments	(86,198)	(162,730)	(166,924)
Expiration of time restrictions on grant funding	(91,062)	(97,716)	(96,166)
Decrease in temporarily restricted net assets	(153,634)	(169,247)	(25,272)
Increase (decrease) in net assets	(34,028)	617,982	1,013,120
Net assets, beginning of year	6,788,542	6,170,560	5,157,440
Net assets, end of year	<u>\$ 6,754,514</u>	<u>\$ 6,788,542</u>	<u>\$ 6,170,560</u>

*Revenue and Support for FYE June 30, 2012

<u>Payors Source</u>	<u>Percent</u>
North Bay Regional Center & Department of Rehabilitation	87
Santa Rosa Junior College	5
Contributions (fundraising)	3
Other income	5
Total	<u>100</u>

(INTENTIONALLY LEFT BLANK)

**Becoming Independent
Balance Sheet**

	As of June 30,		
	2012	2011	2010
ASSETS			
Current assets			
Cash	\$ 2,522,790	\$ 2,844,208	\$ 3,047,059
Certificates of deposit	235,375	203,889	100,746
Accounts receivable	1,182,120	1,262,269	1,245,855
Other receivables	114,000	193,000	120,305
Other assets	57,299	41,006	68,252
Total current assets	4,111,584	4,544,372	4,582,217
Investments	1,332,625	1,310,777	975,727
Property, equipment and improvements, net	6,016,639	5,973,149	6,015,489
Debt issuance costs	166,872	179,316	191,759
Prepaid insurance expense	219,737	233,916	248,094
Debt service reserve	491,210	491,370	491,370
Assets held in trust	4,187	6,054	6,598
Deposits	208,828	185,623	170,494
Total assets	<u>\$ 12,551,682</u>	<u>\$ 12,924,577</u>	<u>\$ 12,681,748</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued expenses	\$ 941,477	\$ 1,069,092	\$ 1,215,795
Deferred income	26,400	-	-
Current portion of notes payable	243,457	236,943	228,368
Total current liabilities	1,211,334	1,306,035	1,444,163
Note payable to individual	-	-	5,775
Notes payable to trust	4,585,834	4,830,000	5,061,250
Total liabilities	<u>5,797,168</u>	<u>6,136,035</u>	<u>6,511,188</u>
Net assets			
Unrestricted	6,476,811	6,357,205	5,569,976
Temporarily restricted	276,703	430,337	599,584
Permanently restricted	1,000	1,000	1,000
Total net assets	<u>6,754,514</u>	<u>6,788,542</u>	<u>6,170,560</u>
Total liabilities and net assets	<u>\$ 12,551,682</u>	<u>\$ 12,924,577</u>	<u>\$ 12,681,748</u>

Financial Ratios:

	Proforma ^(a)			
	FYE June 30, 2012			
Debt Service Coverage - Operating (x)	1.54	1.43	2.51	3.08
Debt Service Coverage - Net (x)	1.61	1.49	2.87	3.38
Debt to Unrestricted Net Assets (x)	0.85	0.75	0.80	0.95
Margin (%)		0.63	3.44	6.03
Current Ratio (x)		3.39	3.48	3.17

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

Financial Discussion - Statement of Activities (Income Statement)

BI's income statement appears to demonstrate a declining operating trend over the review period. However, BI implemented a strategic plan in December 2012 to help address this decline and improve its financial position.

Total unrestricted support and revenue decreased from approximately \$14.5 million in FY 2010 to \$13.9 million in FY 2012 primarily due to a decrease in contributions, service fees and investment income. According to BI's management, the decrease in revenues is primarily attributed to State of California budget reductions to the regional centers and the providers they serve. Since then, BI has implemented a strategic plan to address revenue declines, including reductions in expenses.

Particular Facts to Note:

- BI is currently embarking on phase I of a new strategic plan. The goal is to see an increase in revenue by the end of FY 2013. Elements of BI's strategic plan include, (1) offering specialized services serving adults with autism, (2) aiming to increase business with the private and public business sector, and (3) aiming to increase private contributions through individual "asks" programs, events and legacy endowments.
- Over the review period, investment income fluctuated from approximately \$90,000 in FY 2010, to \$229,000 in FY 2011 and back down again to \$30,000 in FY 2012. Due to these market fluctuations, BI moved approximately \$230,000 to certificate of deposits for more security.
- BI did not hold its annual Dinner Under the Stars (DUTS) fundraiser in FY 2012, amounting to an approximate loss of \$300,000 in revenue. DUTS is BI's largest income providing fundraising event. BI expects to continue its annual fundraising event for this current year and thereafter.

Financial Discussion - Statement of Financial Position (Balance Sheet)

BI's proforma operating debt service coverage of 1.54x is at an acceptable level. This refunding is one of several cost saving measures BI is undertaking to improve its operations and financial position going forward.

Total net assets increased approximately 9.4% from \$6.2 million in FY 2010 to \$6.8 million in FY 2012. According to BI's management, the increase is primarily attributed to a reduction in accounts payable, accrued expenses and notes payable that decreased the overall total liabilities from \$6.5 million in FY 2010 to \$5.8 million in FY 2012. With this proposed refunding, BI anticipates a cost savings of approximately \$442,000 throughout the life of the bonds.

Particular Facts to Note:

- According to BI's management, cash and cash equivalents decreased from \$3 million in FY 2010 to \$2.5 million in FY 2012 primarily due to paying down liabilities and giving incentive pay to employees.
- BI is able to retain an acceptable level of 109 days cash on hand.

IV. DUE DILIGENCE:

Due diligence has been completed with regard to the following items:

- **Section 15438.5(a) of the Act (Savings Pass Through):** BI properly completed and submitted the “Pass-Through Savings Certification” in addition to a narrative explaining how it intends to pass along savings.
- **Section 15491.1 of the Act (Community Service Requirement):** BI properly completed and submitted this certification and indicated that Medi-Cal and Medicare patients are accepted.
- **Compliance with Seismic Regulations:** OSHPD seismic evaluation regulations do not apply to BI’s facilities.
- **Compliance with Section 15455(b) of the Act (California Environmental Quality Act):** CEQA documentation is not required for this refunding.
- **Religious Affiliation Due Diligence.** BI properly completed and submitted related documentation to meet the religious due diligence requirement.
- **Legal Review.** BI properly completed and submitted related documentation addressing the Authority’s Legal Questionnaire.
- **Iran Contracting Act Certificate:** BI and the underwriters properly submitted the certificate to the Authority.

(INTENTIONALLY LEFT BLANK)

EXHIBIT 1

FINANCING TEAM

Trustee: U.S. Bank National Association

Trustee's Counsel: Dorsey & Whitney LLP

Agent for Sale: California State Treasurer

Issuer's Counsel: Office of the Attorney General

Issuer's Financial Advisor: Public Financial Management, Inc.

Issuer's Financial Analyst: Macias Gini & O'Connell, LLP

Bond Counsel: Quint & Thimmig LLP

Underwriter: Wulff, Hansen & Co.

Disclosure Counsel: Jennings, Strouss & Salmon P.L.C.

Auditor: Beels & Soper LLP

Rating Agency: Standard & Poor's

Bond Insurance: Office of Statewide Health Planning and
Development (Cal-Mortgage)

Title Insurer: Stewart Title Company

EXHIBIT 2

UTILIZATION STATISTICS

The following table shows utilization statistics of BI for the fiscal years ended June 30, 2010, 2011 and 2012:

	BI- Santa Rosa South Campus & VEC	BI-Sonoma	BI-Healdsburg	BI-CLS Services
July 1, 2009 - June 30, 2010	322	55	32	234
July 1, 2010 - June 30, 2011	314	54	39	234
July 1, 2011 - June 30, 2012	314	51	40	226

	BI-Employment Services	BI-Transportation
July 1, 2009 - June 30, 2010	112	228
July 1, 2010 - June 30, 2011	109	246
July 1, 2011 - June 30, 2012	89	243

	Average Number of Person Served Per Month
July 1, 2009 - June 30, 2010	983
July 1, 2010 - June 30, 2011	996
July 1, 2011 - June 30, 2012	963

EXHIBIT 3

OUTSTANDING DEBT

<u>Date Issued</u>	<u>Original Amount</u>	<u>Amount Outstanding ^(a) As of June 30, 2012</u>	<u>Estimated Amount Outstanding after Proposed Financing</u>
-EXISTING LONG-TERM DEBT:			
CHFFA Bond Series 1996	\$ 1,665,000	\$ 785,000	\$ -
ABAG Bond Series 2004	5,000,000	3,905,000	-
- PROPOSED NEW DEBT:			
<i>CHFFA, Bond Series 2013</i>			5,500,000
- TOTAL DEBT		<u>\$ 4,690,000</u>	<u>\$ 5,500,000</u>

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

EXHIBIT 4

PROJECT SITES

- 1425 Corporate Center Parkway, Santa Rosa, California 95407
- 1455 Corporate Center Parkway, Santa Rosa, California 95407

EXHIBIT 5

BACKGROUND, GOVERNANCE AND LICENSURE

Background

Established in 1980, Becoming Independent (“BI”) is a California nonprofit public benefit corporation that provides a number of vocational and functional living services for individuals with developmental disabilities, including mental retardation, autism, epilepsy, cerebral palsy and related conditions. BI service area includes Sonoma, Napa and Solano Counties. More than 95% of this population is comprised of individuals who have very low and low-income levels. In FY 2012, BI serviced approximately 2,342 clients

BI’s programs provide broad-based curricula focusing on functional living skills, community access and vocational training. Three of these programs are licensed through the State Department of Social Services as Adult Day Care Facilities.

Adult Day Services. Adult Day Services provides a broad-based curriculum focusing on functional living skills, community access, and vocational training. These programs are primarily funded through the State Department of Developmental Services. BI has four licensed facilities in Santa Rosa, Healdsburg, and Sonoma and services approximately 392 clients at any time.

Community Living Supports. Transportation services are provided to 259 people, ambulatory and non-ambulatory persons participating in these programs who cannot yet utilize public transportation resources to participate in these programs. BI provides independent living skills, training and support services to patients learning to live independently at their own residence. Community Living Supports also includes services designed to assist parents with developmental disabilities in providing quality parenting within a stable family environment. The primary services are in Sonoma County, with services also provided in Napa and Solano Counties.

Employment and Vocational Services. BI’s Supported Employment program provides competitive employment for individuals through personnel placement, on-the-job training, and ongoing support. This unit’s geographical focus has been in Sonoma County, with job matches in businesses from Petaluma and Sonoma in the south to Cloverdale in the north. BI’s Work Adjustment program is offered in conjunction with the Personal and Social programs. This service provides intensive counseling and instructions geared to prepare individuals for community based work.

Corporate Governance

BI is governed by a board of directors, which consists of a minimum of fifteen-members . At least one director of the Board shall be a person with a developmental disability. Directors shall be elected by the current Board of directors by receiving a majority vote. The term of each elected director is three years. The Board of Directors shall serve no more than two consecutive three-year terms with the exception being, if an outgoing President's term expires, he/she can serve an additional year as Past President.

Licensure, Certification and Accreditation

BI's four facilities are licensed as Adult Day Programs by the State of California Department of Social Services.

(INTENTIONALLY LEFT BLANK)

RESOLUTION NO. 389

**RESOLUTION OF THE
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
RELATING TO THE ISSUANCE OF BONDS FOR
BECOMING INDEPENDENT**

WHEREAS, the California Health Facilities Financing Authority (the "Authority"), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Health Facilities Financing Authority Act (the "Act") to issue revenue bonds to finance the construction, expansion, remodeling, renovation, furnishing, equipping, and acquisition of health facilities operated by participating health institutions (including by reimbursing expenditures made or refinancing indebtedness incurred for such purpose);

WHEREAS, Becoming Independent, a California nonprofit, public benefit corporation (the "Corporation"), desires to provide for the refunding of the outstanding (a) California Health Facilities Financing Authority Insured Revenue Bonds (Becoming Independent: Living Skills for People with Developmental Disabilities), 1996 Series A (the "1996 Bonds"), the proceeds of which were used to (i) refinance two existing interim loans which were originated to finance the acquisition of, and a portion of improvements to, a 15,360 square foot facility located at 1425 Corporate Center Parkway in Santa Rosa, California (the "1996 Facility"), (ii) provide funds to renovate and equip the Facility for administrative offices and additional space for the Corporations programs, (iii) reimburse the Corporation for certain architectural fees and other costs related to the modification of the 1996 Facility, and (iv) prepay an existing bond assessment lien on the property of which \$785,000 principal amount of the 1996 Bonds remains outstanding, and (b) ABAG Finance Authority for Nonprofit Corporations Insured Health Facility Revenue Bonds (Becoming Independent), 2004 Series A (the "2004 Bonds"), the proceeds of which were used to (i) finance improvements to the Facility, (ii) refinance the costs of the acquisition and renovation of real property and an approximately 23,000 square foot building thereon located at 1455 Corporate Center Parkway, in Santa Rosa, California (the "2004 Facility"), and (iii) acquisition of approximately 1.9 acres of land adjacent to the 2004 Facility, of which \$3,905,000 principal amount of the 2004 Bonds remains outstanding;

WHEREAS, the Corporation has requested the financial assistance of the Authority for the issuance of its insured revenue bonds on behalf of the Corporation in a principal amount not to exceed \$5,500,000 to refund the 1996 Bonds and the 2004 Bonds, to fund a reserve fund for the bonds and to pay the costs of issuance with respect thereto, and the Authority has determined to issue its bonds for these purposes; and

WHEREAS, final approval of the terms of the issuance and sale of such bonds is now sought;

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

Section 1. Pursuant to the Act, revenue bonds of the Authority designated as the "California Health Facilities Financing Authority Insured Refunding Revenue Bonds (Becoming Independent), Series 2013" (the "Bonds"), in an aggregate principal amount not to exceed \$5,500,000, are authorized to be issued, subject to (a) the final approval of bond insurance by the Cal-Mortgage Loan Insurance Division of the Office of Statewide Health Planning and Development of the State of California (the "Office") for the Corporation, (b) receipt of a bond rating at least equal to the rating assigned to the State of California, and (c) minimum denominations of the Bonds of \$5,000. The proceeds of the Bonds shall be used for the purposes set forth in the second WHEREAS clause above.

Section 2. The Treasurer of the State of California (the "Treasurer") is hereby authorized to sell the Bonds at any time within six (6) months of the adoption of this Resolution, at public or negotiated sale, in such aggregate amount and at such price and at such interest rate or rates as the Treasurer, with the consent of the Corporation, may determine, and upon such terms and conditions as the Treasurer, with the consent of the Corporation, may determine.

Section 3. The following documents:

(a) an indenture relating to the Bonds (the "Indenture"), by and between the Authority and U.S. Bank National Association, as bond trustee (the "Trustee");

(b) a loan agreement (the "Loan Agreement"), by and between the Authority and the Corporation;

(c) a regulatory agreement (the "Regulatory Agreement"), by and among the Authority, the Office and the Corporation;

(d) a contract of insurance (the "Contract of Insurance"), by and among the Authority, the Office, and the Corporation;

(e) a bond purchase agreement, including the appendices thereto (collectively, the "Bond Purchase Agreement"), by and among Wulff, Hansen & Co., as underwriter (the "Underwriter"), the Treasurer and the Authority and approved by the Corporation, so long as the Underwriter's discount for purchase of the Bonds (exclusive of any original issue discount) does not exceed 1.5% of the principal amount of the Bonds; and

(f) a preliminary official statement relating to the Bonds (the "Preliminary Official Statement");

are hereby approved in the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect the form of credit or liquidity enhancement for any series of Bonds) as the officer(s) executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the Indenture, the Loan Agreement and the Bond Purchase Agreement and by delivery thereof in the case of the Preliminary Official Statement.

Section 4. The Authority hereby specifically finds and declares that the findings of the Authority set forth in the Loan Agreement are true and correct.

Section 5. The date, maturity dates (not exceeding 40 years from the date of issue), interest rate or rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in said Indenture as finally executed.

Section 6. The Underwriter is hereby authorized to distribute the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds. The Underwriter is hereby directed to deliver a copy of a final official statement (the "Official Statement") to all actual purchasers of the Bonds.

Section 7. The Bonds, when executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the Underwriter in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Said instructions shall provide for the delivery of the Bonds to the Underwriter upon payment of the purchase price thereof.

Section 8. Each officer of the Authority is hereby authorized and directed to do any and all things necessary or advisable in order to consummate the issuance, sale, and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution and the Indenture, the Loan Agreement, the Contract of Insurance, the Regulatory Agreement, the Bond Purchase Agreement and the Official Statement. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes: (a) certifications, including, a tax certificate, and assignment of the Authority's right title and interest in any deed of trust; and (b) any agreement or commitment letter with respect to the provisions of bond insurance, a surety bond and/or a liquidity facility for the Bonds.

Section 9. The provisions of the Authority's resolution No. 2013-02 apply to the documents and actions approved in this Resolution.

Section 10. The Authority hereby approves and ratifies each and every action taken by its officers, agents and employees prior to the date hereof in furtherance of the purposes of this Resolution.

Section 11. This Resolution shall take effect from and after the date of adoption.

Date of Adoption: _____