

**CHFFA REVENUE BOND FINANCING PROGRAM
EXECUTIVE SUMMARY**

Applicant:	Asian Community Center of Sacramento Valley, Inc. ("ACC") 7334 Park City Drive Sacramento, CA 95831 Sacramento County	Amount Requested:	\$20,000,000
		Date Requested:	October 19, 2016
		Requested Loan Term:	Up to 25 years
		Resolution Number:	422
Project Site:	1180 Corporate Way, Sacramento, CA 95831		
Facility Type:	Assisted Living Facility		
Eligibility:	A multilevel facility pursuant to Government Code 15432(d)(9)		
Prior Borrower:	Yes (date of last CHFFA issue, October 2007)		
Background: Asian Community Center of Sacramento Valley, Inc. is an established nonprofit tax exempt organization that promotes the general welfare and enhanced quality of life of the community by identifying, developing, and providing culturally sensitive health and social services for seniors. Current programs include a 99-bed skilled nursing facility (ACC Care Center), a 142-apartment independent living and 24-apartment assisted living community for seniors (ACC Greenhaven Terrace), Meals on Wheels by ACC, community-based lifelong learning and wellness, and transportation programs (ACC Programs). ACC employs over 225 employees.			
Use of Proceeds: ACC is seeking to advance refund CHFFA Bonds, Series 2007A. The purpose of the refunding is to take advantage of the historically low interest rates being offered in the marketplace and the significant savings. The 2007 bonds financed the acquisition of a 166-unit apartment complex, which has both independent living and assisted living units for seniors and is operated in conjunction with a skilled nursing facility. ACC expects to achieve a net present value of approximately \$3.55 million in debt service savings from the proposed refunding over the life of the bonds.			
Type of Issue: Negotiated public offering with fixed rate bonds (expected minimum denominations of \$5,000)			
Expected Credit Rating: "AA-" with Stable Outlook (S&P) based on Cal-Mortgage Insurance			
Financing Team: <i>Please see Exhibit 1 to identify possible conflicts of interest</i>			
Financial Overview: ACC's income statement exhibits solid financials with total revenue increasing during the review period, while expenses also rose from FY 2013 to 2015. ACC appears to have a solid financial position with an operating pro-forma maximum annual debt service coverage ratio of 1.19x over the review period.			
Estimated Sources of Funds:		Estimated Uses of Funds:	
Par amount of bonds	\$ 16,035,000	Refund CHFFA Series 2007A Bonds	\$ 20,000,000
Net premium	1,862,394	Financing costs	1,311,000
Reserve fund release	1,367,690		
Borrower funds	2,045,916		
Total Estimated Sources	<u>\$ 21,311,000</u>	Total Estimated Uses	<u>\$ 21,311,000</u>
Legal Review: 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.			
Staff Recommendation: Staff recommends the Authority approve Resolution Number 422 for Asian Community Center of Sacramento Valley, Inc. in an amount not to exceed \$20,000,000 subject to the conditions in the resolution, contingent upon Cal-Mortgage commitment, and receiving a bond rating of at least investment grade by a nationally recognized rating agency. Macias Gini & O'Connell, LLP, the Authority's financial analyst, and KNN Public Finance, LLC, the Authority's financial advisor, concur with the Authority's staff recommendation.			

I. PURPOSE OF FINANCING:

Asian Community Center of Sacramento Valley, Inc. (“ACC”) seeks to advance refund the CHFFA Insured Revenue Bonds 2007 Series A for the sole purpose of taking advantage of the historically low interest rates being offered in the marketplace and the significant savings. ACC estimates the refinancing will result in a net present value savings of approximately \$3.55 million over the life of the bond.

***Refunding*..... \$20,000,000**

ACC is advance refunding the CHFFA Insured Revenue Bonds 2007 Series A, originally issued for \$19,405,000, which were utilized to finance the acquisition of a 166-unit apartment complex that has both independent and assisted living for seniors and is operated in conjunction with a skilled nursing facility.

***Financing Costs*..... 1,311,000**

Estimated debt service reserve fund	\$561,000
Estimated cost of issuance.....	158,000
Estimated underwriter’s discount	82,000
Estimated Cal-Mortgage fees	<u>510,000</u>

***Total Estimated Uses of Funds* \$21,311,000**

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I. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES:

This executive summary and recommendations include minimum requirements. Additional or more stringent covenants or disclosures may be added following consultation with Authority staff but without further notification to the Authority's Board. These covenants and disclosures cannot be diluted or removed without subsequent review. If there have been modifications to the proposed covenants and disclosures following the preparation of this executive summary, staff will report it at the meeting.

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 ACC that it decides are necessary for this transaction. 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.

After reviewing ACC's current finances, prior bond transactions, and considering what the market will support, ACC, KNN Public Finance, LLC (the Authority's financial advisor), Cal-Mortgage, and the underwriters have all concluded that the below listed covenants should be applicable to this transaction and are consistent with covenants that have applied to ACC's prior bond transactions, and that ACC's current financial situation does not suggest additional covenants should be required.

The following covenants are applicable to this transaction:

Cal Mortgage Insurance. *The primary security for this transaction is insurance from the Office of Statewide Health Planning and Development Cal Mortgage Insurance Program covering payment of principal and interest on the 2016 Bonds. Following completion of this proposed 2016 transaction, the only ACC bonds that will be outstanding are the 2016 bonds.*

Unconditional Promise to Pay. *ACC agrees to pay the Bond Trustee all amounts required for principal, interest or redemption premium, if applicable, and other payments and expenses designated in the Loan Agreement. ACC guarantees all such payments under a trust indenture obligation. All Revenues and any other amounts held in a designated fund or account under the Indenture are pledged to secure the full payment of the Bonds.*

Pledge of Gross Revenues. *ACC pledges to deposit all revenues, income, receipts and money received into a Gross Revenue Fund.*

Negative Pledge Against Prior Liens. *ACC agrees not to create, assume or permit any Lien upon the Gross Revenues or its Property other than Permitted Encumbrances.*

Reserve Fund. *ACC is required to fund and maintain a reserve fund in an amount equal to 50% of maximum annual debt service (as permitted by Cal Mortgage) pursuant to the Loan Agreement.*

Limited Permitted Encumbrances. *ACC is subject to a restrictive set of allowable encumbrances it may incur pursuant to the Indenture.*

Debt Service Coverage Requirement. *The Loan Agreement and Regulatory Agreement contain a debt service coverage requirement based on 1.25 times Maximum Annual Debt Service coverage ratio. 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.*

Additional Debt Limitation. *ACC agrees not to incur additional Indebtedness unless authorized by various financial performance or projection measures set out in the Loan Agreement and Regulatory Agreement.*

Disposition of Cash and Property Limitations. *ACC agrees not to sell, lease or dispose of any property, plant or equipment or liquid assets unless authorized by various limiting measures set out in the Loan Agreement and Regulatory Agreement.*

Comply with SEC Rule 15c2-12. *ACC will take such action as is necessary to assist the underwriter in complying with SEC Rule 15c2-12. ACC will contractually agree to disclose designated financial and operating information to the Municipal Securities Rulemaking Board web site (EMMA) 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.*

Staff has completed its due diligence and KNN has reviewed the draft Loan Agreement, Indenture, Preliminary Official Statement, Appendix A and prior ACC offering documents associated with this financing package and find these documents and proposed covenants to be acceptable.

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II. FINANCIAL STATEMENTS AND ANALYSIS:

Asian Community Center of Sacramento Valley, Inc. Consolidated Statements of Activities

	For the year ended December 31,		
	2015	2014	2013
<u>Revenue and Support</u>			
Patient care	\$ 11,335,786	\$ 11,179,852	\$ 10,058,833
Grants	4,525,271	4,294,783	4,172,166
Rental income	1,847,648	1,819,431	1,881,873
Contributions and other support, unrestricted	1,345,128	1,439,630	1,176,185
Contributions and other support, temporarily restricted	(9,176)	105,854	227,142
Contributions and other support, permanently restricted	-	-	100,000
In-kind donations	1,195,054	1,227,586	1,384,973
Investment income	(175,497)	486,312	362,329
Program revenue	1,293,070	443,384	190,645
Special events, net of direct expenses	125,830	96,901	121,590
Other	456,789	459,508	205,082
Total Revenue and Support, unrestricted	21,949,079	21,447,387	19,553,676
Total Revenue and Support, temporarily restricted	(9,176)	105,854	227,142
Total Revenue and Support, permanently restricted	-	-	100,000
<u>Operating Expenses</u>			
Salaries and benefits	10,127,936	9,196,158	8,386,817
Supplies	3,070,427	3,258,765	2,982,323
Purchased services	1,916,447	1,917,660	1,817,663
In-kind donations	1,195,054	1,227,586	1,336,973
Depreciation and amortization	1,364,083	1,269,488	1,245,740
Interest	995,719	1,028,980	1,034,079
Other direct expenses	954,507	892,901	805,370
Professional fees	284,477	416,561	465,861
Utilities	494,516	441,884	397,414
Insurance and taxes	283,782	274,460	235,935
Repairs and maintenance	180,146	205,955	174,327
Lease and rental	100,694	151,349	147,449
Vehicles	138,181	137,947	127,818
Other expenses	82,563	96,665	71,364
Total Operating Expenses	21,188,532	20,516,359	19,229,133
Change in Net Assets, unrestricted	760,547	931,028	324,543
Change in Net Assets, temporarily restricted	(9,176)	105,854	227,142
Change in Net Assets, permanently restricted	-	-	100,000
Net Assets, beginning of year	15,707,419	14,670,537	14,018,852
Net Assets, end of year	\$ 16,458,790	\$ 15,707,419	\$ 14,670,537

Patient care revenues for FYE December 31,

<u>Payor Source</u>	<u>2015</u>	<u>2014</u>
*Medicare	42.0%	43.0%
Medicaid	39.0%	39.0%
Private	18.0%	17.0%
Other	1.0%	1.0%
Total	100.0%	100.0%

** According to ACC management, Medicare is impacted by ACA (approximately 15% of the patient days)*

**Asian Community Center of Sacramento Valley, Inc.
Consolidated Statements of Financial Position**

	December 31,			
	2015	2014	2013	
<u>Assets</u>				
Cash and cash equivalents	\$ 2,231,990	\$ 1,921,456	\$ 1,988,028	
Cash held by trustee	1,959,842	2,227,426	2,281,091	
Investments	5,463,502	5,792,833	6,038,930	
Receivables				
Patient care, net of allowance	1,001,451	1,392,133	1,185,277	
Grants	598,264	511,403	439,498	
Pledges receivable, net	325,320	334,496	228,642	
Other	153,621	131,676	16,986	
Prepaid expenses	218,112	287,658	-	
Security deposits	52,732	52,669	-	
Patient trust fund	4,782	3,495	-	
Pre-development costs and option deposits	261,278	225,544	-	
Construction in progress	330,023	1,291,416	-	
Other assets	-	-	269,899	
Property and equipment, net of accumulated depreciation	26,720,430	26,420,918	27,196,962	
Bond and organization costs, net of accumulated amortization	285,689	300,921	329,579	
Total Assets	\$ 39,607,036	\$ 40,894,044	\$ 39,974,892	
 <u>Liabilities and Net Assets</u>				
<u>Liabilities</u>				
Accounts payable, accrued expenses and other liabilities	\$ 1,683,076	\$ 2,107,821	\$ 1,558,061	
Deferred revenue	135,500	341,114	-	
Revenue received in advance	-	-	553,084	
Security deposit	47,427	57,711	-	
Patient trust fund payable	4,532	3,245	-	
Line of credit	-	904,000	950,000	
Mortgage notes payable	3,069,182	3,087,078	3,101,668	
Bonds payable, net	18,208,529	18,685,656	19,141,542	
Total Liabilities	23,148,246	25,186,625	25,304,355	
 <u>Net Assets</u>				
Unrestricted	15,709,246	14,948,699	14,017,671	
Temporarily restricted	549,544	558,720	452,866	
Permanently restricted	200,000	200,000	200,000	
Total Net Assets	16,458,790	15,707,419	14,670,537	
Total Liabilities and Net Assets	\$ 39,607,036	\$ 40,894,044	\$ 39,974,892	
 <u>Financial Ratios:</u>				
	Proforma	2015	2014	2013
	<u>FYE December 31, 2015</u>			
Debt Service Coverage of Operating Income (x)	1.19	1.21	1.27	1.08
Debt Service Coverage of Net Income (x)	1.25	1.28	1.32	1.08
Debt/Unrestricted Net Assets (x)	1.47	1.35	1.46	1.59
Margin (%)		3.47	4.34	1.66
Current Ratio (x)		3.58	2.60	2.80

Financial Discussion – Statement of Activities (Income Statement)

ACC's income statement exhibits solid financials with total revenue increasing during the review period, while expenses also rose from FY 2013 to FY 2015.

ACC's total unrestricted revenue appears to have grown over the review period from approximately \$19.5 million in Fiscal Year ("FY") 2013 to \$21.7 million in FY 2015. Over the same period, total expenses increased as well but at a slower pace than revenue. According to ACC's management, these increases in income and expenses are mainly due to the opening of the 24-Unit Assisted Living at ACC Greenhaven Terrace in July of 2014, the acquisition of the ACC Campus building, the increasing Medicare patient load at the ACC Care Center, and the increase in health insurance. Net patient care revenue, which attributes approximately 51% of the total revenues, increased 12.69% from approximately \$10 million in FY 2013 to \$11.3 million in FY 2015. This increase is mainly attributed to private room rate increases, approximating 3% per year, higher overall census, increasing Medicare patients' days, and higher average Medicare Resource Utilization Group (RUG) rates for the Medicare patients that are being served.

Particular Facts to Note:

- According to ACC's management, a major capital campaign was launched in early FY 2013. The fund development consultant fees were spread over 18 months totaling close to \$250,000. As a result, the professional fees decreased 38.94%, from \$465,861 in FY 2013 to \$284,477 in FY 2015.
- Lease and rental expenses decreased 31.71% from \$147,449 in FY 2013 to \$100,694 in FY 2015. According to ACC's management, this decrease was due to ACC Administration moving into the ACC Campus in January 2015.
- In FY 2013, a donor clarified the terms of their \$100,000 gift placing specific restrictions on the donation. As a result, the gift was reclassified to permanently restricted contributions increasing the total balance to \$200,000, according to ACC's management.
- In FY 2015, ACC experienced a loss of \$175,497 on investments. According to ACC's management, this loss was reflective of the market in FY 2015 with a disappointing return on equity.

Financial Discussion – Statement of Financial Position (Balance Sheet)

ACC appears to have a solid financial position with an operating pro-forma debt service coverage ratio of 1.19x over the review period.

ACC's debt-to-unrestricted net assets ratio appears to have decreased at 1.59x, 1.46x, and 1.35x in FY 2013, FY 2014, and FY 2015, respectively, showing decreased leverage. ACC also appears to demonstrate the ability to service its debt with an increasing operating debt service coverage ratio of 1.08x, 1.27x, and 1.21x in FY 2013, FY 2014, and FY 2015, respectively. With the issuance of the new refunding bonds, ACC's pro-forma debt service coverage ratio appears to remain solid at approximately 1.19x, indicating ACC's ability to likely manage the new debt. Total net assets fluctuated from approximately \$39.9 million in FY 2013 to \$40.8 million in FY 2014 to \$39.6 million in FY 2015. According to ACC's management, with net assets building up through the end of 2014, it was decided to pay off the line of credit of \$950,000 and the cash advance related to the Meals on Wheels in the amount of \$250,000 in FY 2015.

Particular Facts to Note:

- Cash and cash equivalents increased 12.3% from \$1.98 million in FY 2013 to \$2.23 million in FY 2015. According to ACC's management, the improvement was attributed primarily to a strong overall occupancy and strong Medicare patient load at the ACC Care Center. Cash held by Trustees went from \$2.28 million in FY 2013 to \$1.95 million in FY 2015. According to ACC's management, the 14.1% decrease in Cash held by Trustees was a result of paying off the ACC Care Center bonds in May of 2015, which no longer required ACC to maintain a debt service reserve with the Trustee.
- Investments decreased 9.5% from \$6 million in FY 2013 to \$5.46 million in FY 2015. According to ACC's management, this decrease was due to a drop in market value and the use of \$800,000 for tenant improvements at the ACC Campus net of investment earnings over the review period. Investments make up approximately 14% of ACC's assets.
- Receivables had an 11.13% increase from \$1.87 million in FY 2013 to \$2 million in FY 2015; however, from FY 2014 to FY 2015, there was a 12.28% decrease from \$2.36 million in FY 2014 to \$2 million in FY 2015. According to ACC's management, these fluctuations were primarily due to the timing of Medicare and Medi-Cal payments. The other factors were the capital campaign launched in FY 2014 that added \$500,000 to receivables and in 2015, the grant payments for the Meals on Wheels program were delayed, which also increased receivables.
- Patient care, which creates about 50% of receivables, decreased 28.1% from \$1.39 million in FY 2014 to \$1 million in FY 2015. This decrease was due to the timing of Medicare payments. According to ACC's management, one month of Medicare payments average \$350,000. If one payment does not come before the end of the month, it would increase ACC's patient care receivables by \$350,000. This decrease

also accounts for the fluctuation in accounts payable. Accounts payable increased 35.3% from \$1.56 million in FY 2013 to \$2.1 million in FY 2014; however, accounts payable decreased 20.2% from \$2.1 million in FY 2014 to \$1.68 million in FY 2015.

- ACC has seen no immediate impact on its skilled nursing operation as a result of ACA. ACC does believe that the move toward a bundled payment system for acute and post-acute care needs of patients puts the organization in a unique position to meet that challenge. ACC currently operates programs in the community such as Rides, Meals on Wheels, senior services center, independent living units, assisted living units, and skilled nursing beds. ACC is positioned to offer a total package of “post-acute care” services to acute care providers who need to work toward the prevention of readmissions and avoidable emergency department use.

III. DUE DILIGENCE:

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

- **Section 15438.5(a) of the Act (Savings Pass Through):** ACC 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):** ACC properly completed and submitted this certification and indicated that Medi-Cal and Medicare patients are accepted.

ACC is a nonprofit dedicated to enriching the lives of seniors and caregivers. ACC promotes the general welfare and enhanced quality of life of their community by offering specially designed, culturally sensitive services, programs and classes for older adults and caregivers that promote health, wellness, and independence. ACC provides seniors with a point of contact for information and referrals as well as coordination with needed services throughout the region. Since 1987, ACC Nursing Home has consistently had more than 55% of its 99 beds occupied by patients who rely on Medi-Cal for care. At ACC Greenhaven Terrace, up to 10 units of their 144 units have been subsidized through the section 8 housing voucher program. ACC is also the largest provider of community based senior services subsidized through the Older Americans Act. Some of the services ACC provides are:

- Bridge to Healthy Families: provides a caregiver network that can help identify issues and provide guidance.
- Friendly Visitor: gives caregivers that badly needed "break" from caregiving duties.
- ACC Rides Transportation Service: assists loved ones to and from ACC Senior Services Center or to necessary appointments.
- Meals on Wheels: insures that home-bound care recipients receive a nutritious meal.
- Support groups and educational workshops: assists caregivers to cope.

<http://www.accsv.org/>

- **Compliance with Seismic Regulations:** N/A
- **Compliance with Section 15455(b) of the Act (California Environmental Quality Act):** ACC properly submitted relevant documentation addressing CEQA.
- **Religious Affiliation Due Diligence:** ACC properly completed and submitted relevant documentation to meet the religious due diligence requirement.
- **Legal Review:** ACC properly completed and submitted relevant documentation for the Authority’s Legal Questionnaire.
- **Iran Contracting Act Certificate:** The underwriters properly submitted the certificate to the Authority.

EXHIBIT 1

FINANCING TEAM

Borrower: Asian Community Center of Sacramento Valley, Inc.

Agent for Sale: California State Treasurer

Issuer's Counsel: Office of the Attorney General

Issuer's Financial Advisor: KNN Public Finance, LLC

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

***Special Counsel:** Orrick, Herrington & Sutcliffe LLP

Borrower's Special Counsel: Hiroshima Daggett A Law Corporation

Borrower's Financial Advisor: Wulff, Hansen & Co.

Bond Counsel: Quint & Thimmig LLP

Senior Manager Underwriter: Piper Jaffray & Co.

Co-Manager Underwriter: Hilltop Securities Inc.

Underwriter's Counsel: Bryan Cave LLP

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

Trustee & Escrow Agent: U.S. Bank National Association

Trustee's Counsel: Dorsey & Whitney LLP

Bond Insurer: Office of Statewide Health Planning and Development

Title Insurer: Stewart Title Guaranty Company

Rating Agency: Standard & Poor's Financial Services, LLC

**Special Counsel advises the State Treasurer's Office and the California Health Facilities Financing Authority regarding Cal-Mortgage Insurance Program Disclosure.*

EXHIBIT 2

**Asian Community Center
UTILIZATION STATISTICS
for Fiscal Year End December 31,**

	2015	2014	2013
Nursing Home			
Licensed Beds/Apartments	99	99	99
Bed Days/Apts Available	36,135	36,234	36,135
Bed Days/Apts Used	33,940	34,280	33,472
Apartments/Assisted Living			
Licensed Beds/Apartments	0	170	0
Bed Days/Apts Available	62,050	62,050	53,290
Bed Days/Apts Used	60,809	58,425	50,625
Greenhaven Terrace			
Independent Apartments	52,925	52,950	53,290
Assisted Living Apartments	7,884	5,475	0

EXHIBIT 3

OUTSTANDING DEBT

<u>Date Issued</u>	<u>Original Amount</u>	<u>Amount Outstanding As of December 31, 2015</u>	<u>Estimated Amount Outstanding after Proposed Financing</u>
<i>-EXISTING LONG-TERM DEBT:</i>			
CHFFA Series 2007A Insured Revenue Bonds	\$ 19,405,000	\$ 18,208,529	\$ -
Asian Community Center Mortgage loan #1	2,250,000	2,137,182	2,137,182
CA Department of Housing Loans Mortgage loan #2	800,000	932,000	932,000
<i>- PROPOSED NEW DEBT:</i>			
CHFFA Series 2016A Insured Revenue Bonds			20,000,000
<i>- TOTAL DEBT</i>		<u>\$ 21,277,711</u>	<u>\$ 23,069,182</u>

EXHIBIT 4

BACKGROUND AND LICENSURE

Background

Asian Community Center of Sacramento Valley, Inc. (“ACC”) is an established nonprofit tax exempt organization that promotes the general welfare and enhanced quality of life of the community by identifying, developing, and providing culturally sensitive health and social services for seniors. ACC’s vision is to create an array of services that help older adults sustain their independence and life styles. Current programs include a 99-bed skilled nursing facility (ACC Care Center), a 144-apartment independent living and 24-apartment assisted living community for seniors (ACC Greenhaven Terrace), and community-based lifelong learning and wellness, and transportation programs (ACC Programs). ACC employs over 225 employees. In 2010, ACC undertook the sponsorship and management of Meals on Wheels by ACC, the provider of almost 500,000 meals a year at one of its 22 senior cafes or to homebound seniors in Sacramento and Placer counties.

Licensure and Memberships

ACC is licensed by State of California Department of Social Services for assisted living care and by the California Department of Public Health for its skilled nursing services.

RESOLUTION NO. 422

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY RELATING TO THE ISSUANCE OF REVENUE BONDS TO REFINANCE A PROJECT FOR ASIAN COMMUNITY CENTER OF SACRAMENTO VALLEY, INC.

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 and loan the proceeds thereof to any participating health institution to finance the construction, expansion, remodeling, renovation, furnishing, equipping, and acquisition of health facilities operated by participating health institutions (including by reimbursing expenditures made for such purposes) or refinance indebtedness in connection therewith and to refund any outstanding bonds of the Authority;

WHEREAS, Asian Community Center of Sacramento Valley, Inc. is a nonprofit, public benefit corporation duly organized and existing under the laws of the State of California (the “Corporation”), which owns and operates health care facilities in the State of California;

WHEREAS, the Corporation desires to provide for the advance refunding of the outstanding California Health Facilities Financing Authority Insured Revenue Bonds (Asian Community Center of Sacramento Valley, Inc.), 2007 Series A (the “2007 Bonds”), in the aggregate principal amount of \$19,405,000, of which \$17,555,000 currently is outstanding, and the proceeds of which were loaned to the Borrower to finance the acquisition of a 166 unit apartment complex for seniors now known as Greenhaven Terrace, located on an approximately 4.79 acre site at 1180 Corporate Way, Sacramento, California, consisting of 118 one-bedroom units and 48 two-bedroom units;

WHEREAS, the Corporation has requested that the Authority issue its insured revenue bonds on behalf of the Corporation in a principal amount not to exceed \$20,000,000 to refund the 2007 Bonds, to fund a reserve fund for the bonds and to pay the costs of issuance with respect thereto; and

WHEREAS, final approval of the terms of the issuance and sale of such bonds and various related matters 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 (Asian Community Center of Sacramento Valley, Inc.), Series 2016” (the “Bonds”), in an aggregate principal amount not to exceed \$20,000,000, 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 fourth WHEREAS clause above.

Section 2. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to enter into agreements 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 prices (so long as the discount on the Bonds sold shall not exceed 6 percent of the par value thereof) 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 advice and 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 Piper Jaffray & Co. and Hilltop Securities Inc., as underwriters (the “Underwriters”), the Treasurer, and the Authority, and approved by the Corporation, so long as the Underwriters’ discount for purchase of the Bonds (exclusive of any original issue discount) does not exceed 1% 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 substantially 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 provisions relating to a deed of trust, a bond reserve fund, bond insurance, any other form of credit or liquidity enhancement, at the sole option of the Borrower, for any series of Bonds) as the officer(s) executing 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. The Executive Director shall seek the advice of bond counsel and counsel to the Authority with respect to any such insertions, deletions, or changes therein.

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 25 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 Underwriters are hereby authorized to distribute the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds. The Underwriters are 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 or upon direction of the Underwriters 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 or upon direction of the Underwriters, as determined and confirmed by the Treasurer, 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 which they may deem 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. 2014-05, 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: _____