

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY STAFF
SUMMARY AND RECOMMENDATION**

HELP II Loan Program

**Buckelew Programs (“Buckelew”)
Amendment to Resolution No. HII-244
August 30, 2012**

Purpose of the Request:

Buckelew requests the Authority change its security on an existing HELP II loan by releasing its first lien position on real property located at 1109 Sir Francis Drake Boulevard, Kentfield (Kentfield), in Marin County, California and replacing it with a first lien position on real property located at 1333 7th Street, Novato (Novato), also in Marin County, California. Buckelew is in the process of obtaining private financing to fund renovations on its Kentfield property and the private lender requires a first lien position.

Buckelew is adding a new program and will be changing the services offered at the Kentfield property. The Kentfield property will be renovated to serve as a residential crisis facility. This facility will provide supervised mental health care for individuals not totally in need of hospitalization. Currently, the facility located on the Kentfield property is a 15 bed, licensed care facility operated on a 24/7 basis, for individuals with severe mental illness. The individuals who are currently at the Kentfield property will be transferred to the Novato facility¹.

Background on the Existing Loan:

At the October 8, 2009 board meeting, the Board approved a HELP II loan, secured by the Kentfield property, in the amount of \$658,000 to refinance loans which were originally used to purchase five other eligible mental health facilities located in Marin County. The current balance of the HELP II loan is \$567,048 and Buckelew is current on its payments. Buckelew submitted an appraisal dated July 20, 2012 that supports a value of the Novato property at \$815,000, leading to a current loan to value ratio of 70%.

Financial Review:

Staff has reviewed Buckelew’s most recent audited financial statements for fiscal year ending 2011 and Buckelew appears to remain fiscally healthy, with a solid debt service coverage ratio of 5.49x.

Recommendation:

Staff recommends the Authority amend Resolution No. HII-244 to release its security interest in the real property located at 1109 Sir Francis Drake Boulevard, Kentfield, California 94904 and replace that security by recording a first lien position on real property located at 1333 7th Street, Novato, California 94945. All other conditions of the HELP II loan will remain the same and in full effect.

¹ Buckelew is licensed by the California Department of Social Services to operate and maintain an adult residential facility at this Novato site.

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

The HELP II Loan Program

Amendment to Resolution No. HII-244

Approval of Change in Security on an Outstanding HELP II Loan

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 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, on October 8, 2009 Buckelew Programs (the "Borrower"), a California nonprofit corporation and participating health institution, was approved for a Program loan in the amount of \$658,000, of which \$567,048 remains outstanding (Resolution No. HII-244); and

WHEREAS, Borrower has requested a modification of one of the security provisions in the existing loan and security agreement with the Authority and one of the conditions required under Resolution No. HII-244, and the Authority staff recommends approval of the modification as hereinafter set forth;

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

Section 1. The Authority approves the modification to the loan and security agreement between the Borrower and Authority and one of the conditions required under Resolution No. HII-244. Specifically, the Authority shall release its security interest in the real property located at 1109 Sir Francis Drake Boulevard, Kentfield, California 94904 (Marin County) and replace that security interest with a first lien position on the real property located at 1333 7th Street, Novato, California 94945 (Marin County).

Section 2. All other provisions of Resolution No. HII-244 shall remain the same.

Section 3. This amendment to Resolution No. HII-244 shall be in effect for six months upon the Date of Approval.

Date of Approval: _____