

**CHFFA REVENUE BOND FINANCING PROGRAM  
EXECUTIVE SUMMARY**

**Applicant:** Ararat Home of Los Angeles, Inc. (“AHLA”) 15099 Mission Hills Rd Mission Hills CA 91345 (Los Angeles County)  
**Amount Requested:** \$3,560,000  
**Requested Loan Term:** Up to 8.5 years  
**Authority Meeting Date:** October 25, 2012  
**Resolution Number:** 385

**Project Location:** 15099 Mission Hills Rd, Mission Hills, CA (Los Angeles County)

**Facility Type:** Residential Care Facility, Skilled Nursing, and a Multi-Level Health Care Facility

**Eligibility:** A qualified health facility pursuant to Government Code 15432(d)(3) and (9)

**Prior Borrower:** No.

**Background:** Established in 1949, AHLA owns and operates one residential care facility for the elderly and two skilled nursing facilities in Southern California, offering residential care, assisted living, and skilled nursing care services. Residents in residential care receive three daily meals, weekly housekeeping and linen services and assistance with self-administration of medication. The primary purpose of AHLA is to promote the general welfare of aged persons in the County of Los Angeles and to provide retirement living and long-term health care services for the elderly. Please see Exhibit 2 for more particular utilization statistics.

**Use of Proceeds:** Bond proceeds from the 2012 Bonds (the “Bonds”) will be used to refund all of the California Statewide Communities Development Authority (“CSCDA”) Series 1998 Certificates of Participation (the “1998 COPs”). Based on current market conditions, AHLA expects this refunding will result in an estimated net present value savings of \$286,000 over the life of the Bonds (Please see page two for more detail).

**Type of Issue:** Negotiated public offering with fixed rate bonds (Expected minimum denominations of \$5,000)  
**Credit Enhancement:** Cal-Mortgage Insurance (approval pending 10-23-2012)  
**Expected Credit Rating:** A- (S&P) based on Cal-Mortgage Insurance  
**Financing Team:** *Please see Exhibit 1 to identify possible conflicts of interest*

**Financial Overview: Over the review period,** AHLA appears to exhibit strong operating results and appears to have a solid financial position with a proforma debt service coverage ratio of 4.98x.

<u>Estimated Sources of Funds:</u>		<u>Estimated Uses of Funds:</u>	
Bond proceeds	\$ 3,560,000	Refund CSCDA COPs	\$ 3,509,513
Other funds*	593,335	Debt service reserve fund	356,000
		Financing costs	169,100
		Cal-Mortgage fees	118,722
<b>Total Estimated Sources</b>	<u><u>\$ 4,153,335</u></u>	<b>Total Estimated Uses</b>	<u><u>\$ 4,153,335</u></u>

\*Includes 1998 COPs debt service reserve fund and revenue fund deposits and AHLA’s equity contribution.

**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.

**Staff Recommendation:** Staff recommends the Authority approve Resolution Number 385 in an amount not to exceed \$3,560,000 subject to the conditions in the resolution, including the credit enhancement to be afforded by Cal-Mortgage Insurance. 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.

**I. PURPOSE OF FINANCING:**

AHLA plans to refund its California Statewide Community Development Authority (“CSCDA”) Series 1998 Certificates of Participation with an average interest rate of 4.5% to take advantage of the current market’s historic low level of tax-exempt interest rates. The expected net present value savings is approximately \$286,000 over the remaining life of the Bonds of 8.5 years.

*Refunding CSCDA’s 1998 COPs* ..... **\$3,509,513**

AHLA intends to use the bond proceeds to refund CSCDA’s 1998 COPs. The current outstanding balance of the 1998 COPs is approximately \$3.5 million and matures on June 1, 2021. The 1998 COPs were used to refund the 1991 Insured Certificates of Participation, which provided funds for the construction of the 130 bed residential care facility, as well as the first phase of the skilled nursing facility on the Mission Hills campus. The Mission Hills campus sits on approximately 10.5 acres and is located in the Mission Hills neighborhood of the San Fernando Valley. It houses a 130 bed residential care facility, a 196-bed skilled nursing facility, the Sheen Memorial Chapel, the Eskijian Museum, the George Deukmejian Grand Ballroom, and the corporate headquarters and administrative offices.

*Debt Service Reserve Fund* ..... **356,000**

*Cal-Mortgage Insurance Fees* ..... **118,722**

*Financing Costs* ..... **169,100**

Cost of Issuance..... \$144,180

Underwriter’s Discount ..... 24,920

Total Uses of Funds ..... **\$4,153,335**

## 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 AHLA 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.** AHLA 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 AHLA's obligations under the Loan Agreement will be the gross revenues of AHLA.

**Mortgage or Deed of Trust.** AHLA'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.** AHLA pledges to deposit all revenues, income, receipts and money received into a Gross Revenues Fund over which the Trustee will have control if AHLA defaults on its payments.

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

**Limited Permitted Encumbrances.** AHLA 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 AHLA 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.** AHLA agrees not to incur additional Indebtedness unless authorized by the Loan Agreement.

**Disposition of Cash and Property Limitations.** AHLA 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.** AHLA 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 AHLA 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.** AHLA 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.** AHLA promises to annually measure the current ratio and maintain such at 1.50x.

**Staff has reviewed the entirety of this financing package and finds it to be acceptable.**

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### III. FINANCIAL STATEMENTS AND ANALYSIS:

**Ararat Home of Los Angeles, Inc.  
Consolidated Statement of Operation  
(Unrestricted)**

	<b>For the Year Ended December 31,</b>		
	2011	2010	2009
<b>Unrestricted Revenues and Other Support:</b>			
Net patient care and resident revenue	\$ 16,818,767	\$ 15,915,873	\$ 15,152,483
Donations	1,078,324	778,416	515,949
Donations - endowment fund	70,000	100,000	114,203
Special events, net	97,898	84,425	127,539
Total Unrestricted Revenues and Other Support	18,064,989	16,878,714	15,910,174
<b>Expenses:</b>			
Salaries and benefits	11,622,945	11,302,524	11,066,940
Supplies	1,186,912	1,177,722	1,197,581
Depreciation and amortization	799,924	806,727	807,131
Taxes and licenses	1,239,592	658,081	243,029
Utilities	538,371	506,714	444,288
Insurance	412,667	412,181	390,659
Administration	409,517	356,163	349,917
Purchased services	341,549	323,007	327,967
Property costs	130,043	173,512	147,784
Professional fees	77,619	105,006	66,706
Total Expenses	16,759,139	15,821,637	15,042,002
<b>Operating Income</b>	<b>1,305,850</b>	<b>1,057,077</b>	<b>868,172</b>
<b>Other Income (Expense):</b>			
Realized and unrealized gains (losses) on investments	(482,862)	840,011	1,253,854
Interest expense	(229,216)	(243,189)	(256,281)
Interest income	40	448	3,440
Interest and dividends - endowment fund	239,704	175,959	208,790
<b>Net Other Income (Expense)</b>	<b>(472,334)</b>	<b>773,229</b>	<b>1,209,803</b>
<b>Excess of Revenue Over Expenses</b>	<b>833,516</b>	<b>1,830,306</b>	<b>2,077,975</b>
Net Assets Released from Restrictions	538,623	-	-
<b>Change in Unrestricted Net Assets</b>	<b>1,372,139</b>	<b>1,827,306</b>	<b>2,077,975</b>
Unrestricted net assets - beginning of year	34,272,269	32,444,963	30,363,988
Unrestricted net assets - end of year	\$ 35,644,408	\$ 34,272,269	\$ 32,441,963

<b><u>Payors Source</u></b>	<b><u>Percent</u></b>
Medi-Cal	80.9
Medi-Cal - ALWS Program	5.6
Medicare	1.2
Private	12.3
Total	100.0

**Ararat Home of Los Angeles, Inc.**  
**Consolidated Balance Sheet**

	<b>As of December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 2,298,789	\$ 2,506,051	\$ 2,638,126
Certificate of deposit	263,279	256,581	-
Accounts receivable, net	2,335,528	1,383,137	1,554,267
Prepaid expenses and other	144,822	222,543	167,435
Current portion of assets limited as to use	373,221	366,745	363,063
Total current assets	5,415,639	4,735,057	4,722,891
Endowment fund investments	7,339,316	7,728,875	6,726,937
Building fund investments	7,982,301	8,085,066	7,172,198
Capital replacement fund investments	233,727	233,370	232,649
Assets limited as to use, net of current portion	495,440	495,440	495,435
Property and equipment, net	19,671,544	18,899,800	19,108,021
Bond issuance costs, net	68,221	85,721	103,221
Total assets	\$ 41,206,188	\$ 40,263,329	\$ 38,561,352
<b>Liabilities and Net Assets:</b>			
Current liabilities:			
Accounts payable	\$ 300,534	\$ 156,517	\$ 338,544
Current maturities of long-term debt	290,000	275,000	265,000
Accrued expenses	913,882	862,572	719,102
Total current liabilities	1,504,416	1,294,089	1,322,646
Long term debt, net of current portion	3,415,000	3,705,000	3,980,000
Total liabilities	4,919,416	4,999,089	5,302,646
Net assets:			
Unrestricted	35,644,408	34,272,269	32,441,963
Temporarily restricted	-	349,607	174,379
Permanently Restricted	642,364	642,364	642,364
Total net assets	36,286,772	35,264,240	33,258,706
Total liabilities and net assets	\$ 41,206,188	\$ 40,263,329	\$ 38,561,352

**Financial Ratios:**

	<b>Proforma (a)</b>			
	<b>FYE <u>December 31, 2011</u></b>			
Debt Service Coverage - Operating (x)	4.98	4.76	5.66	6.14
Debt Service Coverage - Net (x)	4.19	3.69	5.67	6.14
Debt to Net Assets (x)	0.10	0.10	0.11	0.13
Operating margin (%)		7.60	6.26	5.46
Current Ratio (x)		3.60	3.66	3.57

<sup>(a)</sup> Recalculates FY 2011 audited results to include the impact of this proposed financing.

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

### **AHLA appears to exhibit strong operating results over the review period.**

AHLA's operating margin is a healthy 7.6% in FY 2011, exhibiting continuous strong operating margins from 6.2% in FY 2010 and 5.4% in FY 2009. AHLA's total revenues increased from approximately \$15.9 million in FY 2009 to \$18.1 million in FY 2011, an increase of approximately 13.5%, which is in line with an increase in expenses. AHLA attributes the increase in total revenues resulting to increased donations, net patient revenues, and community support.

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

- During the review period, realized and unrealized (losses) on investments decreased significantly from approximately \$1.25 million in FY 2009 to a loss of approximately \$483,000 in FY 2011. AHLA attributes the decrease to large fluctuations in the US stock market. AHLA states they will continue to monitor the stock market but will not drastically change its investment strategy.
- AHLA's expense for taxes and licenses increased from approximately \$243,000 in FY 2009 to approximately \$1.2 million in FY 2011. AHLA states the increased expense resulted from the newly mandated annual quality assurance fee for non-free standing nursing facilities imposed by the California Department of Health Care Services.
- AHLA's donations increased over the review period from approximately \$516,000 in FY 2009 to approximately \$1 million in FY 2011, an increase of over 100%. Donations increased due to fund raising activities and sizeable donations from several donor estates.

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

### **AHLA appears to have a solid financial position with a proforma debt service coverage ratio of 4.98x.**

AHLA's balance sheet has grown with total unrestricted net assets from \$32.4 million in FY 2009 to \$35.6 million in FY 2011, an increase of nearly 10%. AHLA attributes the growth primarily to increasing revenues and additional contributions.

AHLA's long term debt consists of the 1998 COPs debt and with this refunding, the new debt will be the only outstanding long term debt. AHLA does not intend to incur any additional debt. With this proposed bond financing, the proforma operating debt service coverage ratio appears to be a solid 4.98x, indicating AHLA's ability to likely manage the debt.

Particular Facts to Note:

- According to AHLA's management, cash and cash equivalents decreased slightly over the review period from approximately \$2.6 million in FY 2009 to \$2.29 million in FY 2011, primarily due to preconstruction expenses that include moving a generator and the drafting of architectural designs.
- AHLA's accounts receivables increased from approximately \$1.5 million in FY 2009 to \$2.3 million in FY 2011 due to Medi-Cal reimbursements not paid timely that were owed from the California Department of Health Care Services.
- During the review period, building fund investment increased from approximately \$7.1 million in FY 2009 to approximately \$7.9 million in FY 2011, an increase of approximately 11%. AHLA states the increase resulted from increased fund raising activities for a new 58 bed skilled nursing facility expansion, which is currently underway with expected completion in May 2013. The new expansion will be funded by AHLA's retained earnings and its building fund.
- AHLA's cash position appears solid with approximately \$2.3 million in cash and cash equivalents as of December 31, 2011, resulting in 58 days cash on hand.
- AHLA states the new California healthcare law implementation will most certainly affect AHLA, but that it is unclear how it will do so. AHLA states they will comply with the provisions of the new law. Once it becomes clear where the cuts will occur, AHLA will put a plan in place to ensure the residents receive adequate care.

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#### IV. DUE DILIGENCE:

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

- **Section 15438.5(a) of the Act (Savings Pass Through):** AHLA 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):** AHLA 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 AHLA facilities.
- **Compliance with Section 15455(b) of the Act (California Environmental Quality Act):** AHLA properly submitted relevant documentation addressing CEQA.
- **Religious Affiliation Due Diligence.** AHLA properly completed and submitted relevant documentation to meet the religious due diligence requirement.
- **Legal Review.** AHLA properly completed and submitted relevant documentation for the Authority’s Legal Questionnaire.
- **Iran Contracting Act Certificate:** AHLA properly submitted the certificate to the Authority.

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**EXHIBIT 1**

**FINANCING TEAM**

**Ararat Home of Los Angeles, Inc.**

**Trustee:** U.S. Bank Corporate Trust Services

**Trustee's Counsel:** Dorsey & Whitney LLP

**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 & Thimming LLP

**Corporate Counsel:** Wilson Law Group

**Borrower's Financial Advisor:** H.G. Wilson Municipal Finance, Inc.

**Underwriters:** Piper Jaffray & Co.  
Edward D. Jones

**Underwriter's Counsel:** Squire Sanders

**Auditor:** Martini, Iosue & Akpovi

**Rating Agency:** Standard & Poor's Ratings Services

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

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**EXHIBIT 2**

**UTILIZATION STATISTICS**

**Ararat Home of Los Angeles, Inc.**

The following table shows utilization statistics of AHLA for the fiscal years ended December 31, 2009, 2010 and 2011:

**UTILIZATION (Patient Days)  
Fiscal Year Ended December 31,**

<b><u>Campus</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
Ararat Convalescent Hospital Eagle Rock, California	15,319	15,311	15,309
Ararat Assisted Living Facility Mission Hills, California	23,659	23,436	24,167
Ararat Nursing Facility Mission Hills, California	71,017	71,412	69,870

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**EXHIBIT 3**

**OUTSTANDING DEBT**

**Ararat Home of Los Angeles, Inc.**

<u>Date Issued</u>	<u>Original Amount</u>	<u>Amount Outstanding As of December 31, 2011</u>	<u>Estimated Amount Outstanding after Proposed Financing</u>
<b>-EXISTING LONG-TERM DEBT:</b>			
CSCDA Series 1998 COPs	\$ 6,460,000	\$ 3,415,000	\$ -
<b>- PROPOSED NEW DEBT:</b>			
<i>CHFFA Series 2012</i>			3,560,000
<b>- TOTAL DEBT</b>		<u>\$ 3,415,000</u>	<u>\$ 3,560,000</u>

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## **EXHIBIT 4**

### **BACKGROUND, GOVERNANCE AND LICENSURE**

#### **Background**

Established in 1949, Ararat Home of Los Angeles, Inc. ("AHLA") is a California nonprofit public benefit corporation that owns and operates one residential care facility for the elderly and two skilled nursing facilities in Southern California, offering residential care, assisted living, and skilled nursing care. Residents in residential care receive three daily meals, weekly housekeeping and linen services and assistance with self-administration of medication. The primary purpose of AHLA is to promote the general welfare of aged persons in the County of Los Angeles and to provide retirement living and long-term health care services for the elderly. Admission to all AHLA facilities is open to individuals aged 62 or older, without regard to race, color, religion, sex, sexual orientation or national origin. All applicants to residential care are required to submit a physical exam form completed by the applicant's personal physician.

#### **Corporate Governance**

Pursuant to AHLA's bylaws, control of AHLA is vested in a Board of Trustees consisting of 24 Trustees. The Trustees must be members of AHLA. Eight additional Trustees may be appointed from time to time by a two-thirds vote of the Board of Trustees. Each Trustee holds office for a period of three years. The election of Trustees is staggered so as to elect no more than one-third of the Trustees at one time. There are currently 28 Trustees on the Board. The Trustees serve without compensation.

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

AHLA is currently licensed to operate a total of 368 beds (238 skilled nursing beds licensed by the California Department of Health Services and 130 residential care beds licensed by the Department of Social Services). AHLA is a member of the California Association of Homes and Services for the Aging, the American Association of Homes and Services for the Aging, the California Association of Health Facilities and American Health Care Association.

**RESOLUTION NO. 385**

**RESOLUTION OF THE  
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY  
RELATING TO THE ISSUANCE OF BONDS FOR  
ARARAT HOME OF LOS ANGELES, 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 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, Ararat Home of Los Angeles, Inc., a California nonprofit, public benefit corporation (the "Corporation"), desires to provide for the refunding of the outstanding refunding certificates of participation delivered in 1998 evidencing proportionate interests of the holders thereof in installment payments to be paid by the California Statewide Communities Development Authority from purchase payments to be received from the Corporation (the "1998 Certificates"), the proceeds of which were used to refund the then outstanding insured certificates of participation delivered in 1991 evidencing proportionate interests in installment payments to be paid by the City of Los Angeles from purchase payments to be received from the Corporation, delivered to finance a portion of the costs of the construction and equipping of a multi-level health care facility located at 15105 Mission Hills Road, Mission Hills, Los Angeles County, California, of which \$3,415,000 principal amount of the 1998 Certificates remains outstanding (the "Project");

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 \$3,560,000 to refinance the Project, 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 (Ararat Home of Los Angeles, Inc.), Series 2012" (the "Bonds"), in an aggregate principal amount not to exceed \$3,560,000, 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 Piper Jaffray & Co. and Edward D. Jones & Co., L.P., 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 1.5% 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 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 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 the Underwriters 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. 2011-15 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 \_\_\_\_\_