

NEW ISSUE — BOOK-ENTRY ONLY

RATING: Standard & Poor's: A+  
(See "RATING" herein)

*In the opinion of Nossaman, Guthner, Knox & Elliott, LLP, San Francisco, California, Special Counsel, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, the portion of each Purchase Payment designated as and representing interest and received by the Owners of the Certificates (the "Interest Portion") is excluded from gross income for federal income tax purposes and is exempt for State of California personal income taxes. In the opinion of Special Counsel, the Interest Portion is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Special Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Special Counsel expresses no opinion regarding other federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of the Interest Portion of, the Certificates. See "TAX MATTERS" herein.*

**\$1,950,000**

**INSURED CERTIFICATES OF PARTICIPATION**  
Evidencing Direct, Undivided Fractional Interests of the Owners Thereof  
In Purchase Payments to be Made by the

**ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS**  
From Installment Payments to be Received From  
**Tarzana Treatment Center, Inc.**

**Dated: December 1, 1998**

**Due: December 1, as shown below**

The Certificates are being delivered in fully registered form in principal denominations of \$5,000 each or any integral multiple thereof. Interest is payable semiannually on each June 1 and December 1, commencing June 1, 1999. Principal and premium, if any, are payable at the corporate trust office of U.S. Bank Trust National Association, Seattle, Washington, as trustee ("Trustee") or such other location as designated by the Trustee. The Certificates are being delivered as fully registered certificates, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Ultimate purchasers of Certificates will not receive physical certificates representing their interest in the Certificates. So long as the Certificates are registered in the name of Cede & Co., as nominee of DTC, references herein to the holders shall mean Cede & Co., and shall not mean the ultimate purchasers of the Certificates. Payments of the principal, premium, if any, and interest represented by the Certificates will be made directly to DTC, or its nominee, Cede & Co., by the Trustee, so long as DTC or Cede & Co. is the registered owner of the Certificates. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "THE CERTIFICATES — Use of Book-Entry System."

The obligations of ABAG Finance Authority for Nonprofit Corporations (the "Authority") under the First Installment Sale Agreement, including its obligations to make Purchase Payments, are special obligations of the Authority and are payable solely from Revenues (as described herein), consisting primarily of Installment Payments payable under the Second Installment Sale Agreement and moneys attributable to Certificate proceeds and the income from the investment thereof and, under certain circumstances, proceeds of insurance and condemnation awards.

The obligation of the Authority to make Purchase Payments, as evidenced by the Certificates, will be insured by the Office of Statewide Health Planning and Development of the State of California, pursuant to Article XVI, Section 4, of the California Constitution and Division 107, Part 6, Chapter 1, of the California Health and Safety Code, and all debentures used in payment of any claims under such insurance will be fully and unconditionally guaranteed by the State of California, all as more fully described herein.

*The Authority is not obligated to make Purchase Payments in the event of non-payment by either Tarzana Treatment Center, Inc. or the State of California.*

The Certificates are subject to optional, mandatory and extraordinary redemption prior to maturity as described herein. See "REDEMPTION."

THE CERTIFICATES SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE AUTHORITY, THE ASSOCIATION OF BAY AREA GOVERNMENTS ("ABAG"), THE MEMBERS OF THE AUTHORITY OR ABAG, THE STATE OF CALIFORNIA OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ABAG OR THE MEMBERS OF THE AUTHORITY OR ABAG, THE STATE OF CALIFORNIA OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR. NEITHER THE STATE OF CALIFORNIA NOR THE AUTHORITY, ABAG OR THE MEMBERS OF THE AUTHORITY OR ABAG, SHALL BE OBLIGATED TO PAY THE PRINCIPAL INTEREST OR PREMIUM WITH RESPECT TO THE CERTIFICATES, EXCEPT FROM THE REVENUES PROVIDED UNDER THE FIRST INSTALLMENT SALE AGREEMENT AND THE TRUST AGREEMENT, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL INTEREST OR PREMIUM WITH RESPECT TO THE CERTIFICATES. THE EXECUTION AND DELIVERY OF THE CERTIFICATES SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER. THE AUTHORITY HAS NO TAXING POWER.

#### **MATURITY SCHEDULE**

**\$ 495,000 4.45% Term Certificates due December 1, 2008 — Yield 4.450%**

**\$1,455,000 5.20% Term Certificates due December 1, 2023 — Yield 5.227%**  
(Accrued Interest to be added)

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision including in particular the section captioned "CERTIFICATE OWNERS' RISKS — Financial Status of the Corporation."

*The Certificates are offered when, as and if delivered to and received by the Underwriter, subject to an approving legal opinion of Nossaman, Guthner, Knox & Elliott, LLP, San Francisco, California, Special Counsel, and certain other conditions. Certain legal matters will be passed upon for the Corporation by its counsel, Bruce Glickfeld and for the Underwriter by Jennings, Strouss & Salmon, P.L.C., Phoenix, Arizona. It is expected that the Certificates in book-entry form will be available for delivery in New York, New York, on or about December 9, 1998.*

Investors are informed that the following sections of this Official Statement are significantly revised from the same sections of the Preliminary Official Statement, dated November 18, 1998: "CERTIFICATE OWNERS' RISK FACTORS — Certificate Insurance" and "TAX MATTERS."

**ALTURA, NELSON & CO.**  
Incorporated

The date of this Official Statement is November 20, 1998, and information contained herein speaks only as of that date.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the Corporation or the Underwriter to give any information or to make any representation other than as contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing.

All information set forth herein has been obtained from the Corporation, DTC, the Office and other sources that are believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and is not to be construed as a representation of, the Authority or the Underwriter. The Authority has supplied the information set forth herein under the captions "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION -- Authority". The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the Corporation, DTC, or the Office since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXCEPTION CONTAINED IN SECTION 3(a)(2) OF SUCH ACT THE TRUST AGREEMENT HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXAMINATION CONTAINED IN SUCH ACT.

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## OFFICIAL STATEMENT

\$1,950,000

**INSURED REVENUE CERTIFICATES OF PARTICIPATION**  
Evidencing Direct, Undivided Fractional Interests of the Owners Thereof  
In Purchase Payments to be Made by the  
**ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS**  
As the Purchase Price of Certain Property Pursuant  
to a First Installment Sale Agreement with the  
**Tarzana Treatment Center, Inc.**

### INTRODUCTION

This Official Statement, including the cover page and Appendices hereto (the "Official Statement"), is provided to furnish information with respect to (i) the sale and delivery of \$1,950,000 aggregate principal amount of Insured Revenue Certificates of Participation (the "Certificates") evidencing direct, undivided fractional interests of the registered owners thereof (the "Owners") in purchase payments (the "Purchase Payments") to be paid by the ABAG Finance Authority for Nonprofit Corporations (the "Authority"), a joint powers authority established pursuant to the Joint Exercise of Powers Law of the State of California (constituting Chapter 5, commencing with section 6500, of Division 7 of Title I of the California Government Code), as the purchase price of the Facilities, as such term is defined herein, pursuant to the First Installment Sale Agreement, dated as of December 1, 1998 (the "First Installment Sale Agreement") by and between the Authority and Tarzana Treatment Center, Inc. (the "Corporation" or the "Participant"). The Certificates are being delivered pursuant to a Trust Agreement, dated as of December 1, 1998 (the "Trust Agreement"), by and among U.S. Bank Trust National Association, Seattle, Washington, as trustee (the "Trustee"), the Authority and the Corporation. The Authority's obligation to make Purchase Payments is a special obligation payable solely from Revenues, which consist primarily of Installment Payments made by the Corporation and received under a Second Installment Sale Agreement, dated as of December 1, 1998 (the "Second Installment Sale Agreement"), by and between the Authority and the Corporation.

Definitions of certain words and terms used in this Official Statement are included in "APPENDIX C - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS and terms not defined herein shall have the meaning given them in the Trust Agreement and the Regulatory Agreement.

The net proceeds from the sale of the Certificates will be used by the Corporation primarily to purchase the Facilities. Proceeds will also be used to pay costs and expenses incident to the sale and delivery of the Certificates, to make a deposit into the Certificate Reserve Account and to make a deposit into the Insurance Account. See "ESTIMATED SOURCES AND USES OF FUNDS" and "DESCRIPTION OF THE FACILITIES" herein. For information on the Corporation, its operations and managements, see "APPENDIX A - INFORMATION CONCERNING THE CORPORATION." See also "APPENDIX B - FINANCIAL STATEMENTS OF THE CORPORATION and "CERTIFICATE OWNERS' RISKS - Financial Status of the Corporation."

In accordance with the California Health Facility Construction Loan Insurance Law, Chapter 1 of Part 6 of Division 107 of the California Health and Safety Code (the "Insurance Law"), the Authority and the Corporation will enter into a Contract of Insurance, dated as of December 1, 1998 (the "Contract of Insurance"), and a Regulatory Agreement, dated as of December 1, 1998 (the "Regulatory Agreement"), with the Office of Statewide Health Planning and Development of the State of California (the "Office"), pursuant to which the Office will insure the payment of principal and interest with respect to the Certificates. If monies are not available to pay principal and interest with respect to the Certificates, the Office shall continue to make payments on the Certificates and, upon the occurrence of certain events, shall notify the Treasurer of the State of California (the "Treasurer") and the Treasurer shall issue debentures to the Owners of the Certificates which are fully and unconditionally guaranteed by the State of California in an amount equal to the principal and accrued interest with respect to the Certificates. The Authority has no control, financial or otherwise, over the Office. If the Office were to default on its commitment to pay principal of and interest represented by the Certificates as set forth under the Contract of Insurance, there could be insufficient monies available to pay the Owners of the Certificates. For a more detailed description of the obligation of the Office to insure the payment of principal and interest with respect to the Certificates, including the circumstances under which the insurance may be canceled and the procedures with respect to insurance default, and the obligations of the Authority and the Corporation pursuant to the Regulatory Agreement, see "SECURITY AND SOURCE OF PAYMENT - California Health Facility Construction

Loan Insurance Program" and "APPENDIX C - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - The Contract of Insurance" and " - The Regulatory Agreement" herein.

Under a Deed of Trust with Fixture Filing and Security Agreement, dated as of December 1, 1998 (the "Deed of Trust"), the Corporation will grant to the trustee under the Deed of Trust, for the benefit of the Authority, the Trustee and the Office, a first lien on and security interest in certain real and personal property, subject to Permitted Encumbrances, of the Corporation to secure the Corporation's obligations under the Second Installment Sale Agreement, Regulatory Agreement, Deed of Trust and Contract of Insurance. With the consent of the Office, the Deed of Trust may be amended or terminated at any time without the necessity of obtaining the consent of the Trustee, the Authority or the Owners. See "SECURITY AND SOURCE OF PAYMENT - Deed of Trust" herein.

Except as noted herein, the Certificates are limited obligations of the Authority, payable solely from and secured by Installment Payments derived primarily from revenues earned from the operation of the Corporation's programs. No representation or assurance can be made that revenues and receipts will be realized by the Corporation in amounts necessary to pay the principal of, premium, if any, and interest represented by the Certificates. Economic and other conditions, including demand for services, the ability of the Corporation to provide the services required by its clients/patients, the community's confidence in the Corporation, economic developments in the Corporation's service areas, competition, rates, costs, third-party reimbursement and governmental regulations, may adversely affect revenues and, consequently, payment of principal of, premium, if any, and interest represented by the Certificates. For information essential to the making of an informed investment decision, see the section captioned "CERTIFICATE OWNERS' RISKS" including in particular the information under the subcaption "Financial Status of the Corporation." See also "APPENDIX A - INFORMATION CONCERNING THE CORPORATION" and "APPENDIX B - FINANCIAL STATEMENTS OF THE CORPORATION.

THE CERTIFICATES SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE AUTHORITY, THE ASSOCIATION OF BAY AREA GOVERNMENTS ("ABAG"), THE MEMBERS OF THE AUTHORITY OR ABAG, THE STATE OF CALIFORNIA OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ABAG, THE MEMBERS OF THE AUTHORITY OR ABAG, THE STATE OF CALIFORNIA OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR. NEITHER THE STATE OF CALIFORNIA NOR THE AUTHORITY, ABAG, OR THE MEMBERS OF THE AUTHORITY OR ABAG, SHALL BE OBLIGATED TO PAY THE PRINCIPAL, INTEREST OR PREMIUM WITH RESPECT TO THE CERTIFICATES, EXCEPT FROM THE REVENUES PROVIDED UNDER THE FIRST INSTALLMENT SALE AGREEMENT AND THE TRUST AGREEMENT, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL, INTEREST OR PREMIUM WITH RESPECT TO THE CERTIFICATES. THE EXECUTION AND DELIVERY OF THE CERTIFICATES SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER. THE AUTHORITY HAS NO TAXING POWER.

The Authority has determined that no financial or operating data concerning the Authority is material to a decision to purchase, hold or sell the Certificates and the Authority will not provide any such information. The Corporation has undertaken all responsibilities for any continuing disclosure to holders of the Certificates as described under the caption "CONTINUING DISCLOSURE" below, and the Authority shall have no liability to the holders of the Certificates or any other person with respect to such disclosure.

This Official Statement and the Appendices contain descriptions of, among other matters, the Certificates, the Trust Agreement, the First Installment Sale Agreement, the Second Installment Sale Agreement, the First Assignment Agreement, the Second Assignment Agreement, the Deed of Trust, the Contract of Insurance, the Regulatory Agreement, the Authority, the Corporation and the Insurance Law. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Trust Agreement, the First Installment Sale Agreement, the Second Installment Sale Agreement, the First Assignment Agreement, the Second Assignment Agreement, the Deed of Trust, the Contract of Insurance, and the Regulatory Agreement are qualified in their entirety by reference to such documents. References herein to the Certificates are qualified by reference to the form thereof included in the Trust

Agreement and references herein to the Insurance Law are qualified by reference to the California Health Facility Construction Loan Insurance Law. Until the execution and delivery of the Certificates, copies of the Trust Agreement, the First Installment Sale Agreement, the Second Installment Sale Agreement, the First Assignment Agreement, the Second Assignment Agreement, the Deed of Trust, the Contract of Insurance, the Regulatory Agreement and other documents described herein may be obtained from Altura, Nelson & Co., Incorporated (the "Underwriter"), 18 Crow Canyon Court, Suite 350, San Ramon, California 94583. Copies of such documents will be available for inspection at the principal corporate trust office of the Trustee, U.S. Bank Trust National Association, after delivery of the Certificates.

### ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds, excluding accrued interest.

Sources of Funds:

Par Amount of Certificates .....	\$1,950,000
Equity Contribution .....	<u>100,300</u>
Total Sources .....	<u>\$2,050,300</u>

Uses of Funds:

Deposit to the Acquisition Account <sup>(1)</sup> .....	1,746,800
Deposit to Certificate Reserve Account <sup>(2)</sup> .....	147,280
Deposit to Insurance Account <sup>(3)</sup> .....	64,877
Original Issue Discount .....	5,456
Deposit to Delivery Costs Account <sup>(4)</sup> .....	<u>85,887</u>
Total Uses of Funds .....	<u>\$2,050,300</u>

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- (1) Includes monies to be disbursed for acquisition of the Facilities. See "DESCRIPTION OF THE FACILITIES."
  - (2) Equals the initial maximum Annual Installment Payment Requirement.
  - (3) Includes the reserve amount, an inspection fee and first annual premium.
  - (4) Includes expenses of the Corporation (legal, feasibility study and consultants), fees and expenses of the Special Counsel, fees and expenses of the Authority and its counsel, Underwriter's discount, printing, Trustee fees, and other delivery costs.

### DESCRIPTION OF THE FACILITIES

#### The Facilities

The Corporation has sites in Tarzana, its main facility, Long Beach, Antelope Valley and Reseda, California. The Corporation currently leases two buildings at its Long Beach site and proposes to purchase these buildings (the "Facilities") with the proceeds of the Certificates. The Facilities consist of approximately 16,188 square feet located on approximately 41,250 square feet of real property. The main building is approximately 11,266 square feet, and includes single and double rooms, conference rooms, classrooms, kitchen facilities, dining room, laundry room facilities and administrative areas. The main building was originally built in 1934 as a small community hospital and was remodeled in 1987. The second building was built in 1941 as a four-unit complex of approximately 2,739 square feet. It has also been refurbished since and currently contains a living room, dining room, kitchen, laundry room and 12 beds. See "APPENDIX A - INFORMATION CONCERNING THE CORPORATION."

#### Use of Proceeds

The Corporation has occupied the Facilities since January 1990 pursuant to the terms of a lease agreement entered into with the owner of the Facilities. The Corporation will use the proceeds of the Certificates to purchase and equip the Facilities and certain computer and other office equipment. Proceeds will also be used to pay costs and expenses incident to the sale and delivery of the Certificates, to make a deposit into the Certificate Reserve Account and to make a deposit into the Insurance Account. See "ESTIMATED SOURCES AND USES OF FUNDS" and "DESCRIPTION OF THE FACILITIES" herein.

