

Conduit Financing for Ampla Health Clinic Project

Item 6 – July 21, 2020

Spencer Morrison, Finance Director

Brian Quint, Bond Counsel

Anita Luck, City Attorney



Who Is Ampla Health?

- 501 (c)3 nonprofit network of community-based, federally qualified health centers
- Offers comprehensive medical, dental, behavioral health, pediatrics, chiropractic, and specialty healthcare services
- Operating in Butte, Colusa, Glenn, Sutter, Tehama, and Yuba Counties

The Project

- New health clinic, 11,830 square feet, & refinancing outstanding debt, \$10 million total cost
- 355 Samuel Drive in Yuba City (off Garden Highway)
- Will provide better access to affordable health in an underserved community

The Details

- Provide a conduit for tax-exempt financing with no obligation from the City
- Certificates of participation financing - \$10,000,000
- Proposed private placement financing with First Foundation Bank
- City must forfeit any *planned* tax-exempt bond issues for remainder of calendar year 2020
- Emergency project financing is allowed if needed
- Provides the lowest borrowing cost option for Ampa Health

The Mechanism

- **First Installment Sale Agreement**
 - Ampla sells facilities to City
 - City agrees to make purchase payments to Ampla over 21 years
 - City's payment obligation limited to payments made by Ampla
 - City has no commitment to expend City funds
 - Ampla fully indemnifies City
- **Second Installment Sale Agreement**
 - Simultaneous with First ISA
 - City will sell facilities back to Ampla
 - Ampla agrees to make payments to City over 21 years
 - Both payment streams assigned to US Bank (Trustee)
 - Trustee converts payment streams to certificates
 - Ampla fully indemnifies City

The Mechanism (cont'd)

- **Certificate Purchase Agreement**

- First Foundation Bank agrees to purchase certificates in exchange for its right to receive above payments over time providing funds for construction of the clinic.

- Both sale agreements are executed simultaneously

- Ampla fully reimburses all City's costs of issuance

- Purchaser fully acknowledges City will *never* make payments for this debt

Public Hearing

- Public hearing required under TEFRA (Tax Equity and Fiscal Responsibility Act)
- The hearing is precedent to the issuance of tax-exempt obligations

Recommendation

- A. Conduct a public hearing
- B. Approve the TEFRA resolution
- C. Approve the City resolution directing certain actions

Questions?

On the phone:
Brian Quint, Bond Counsel
Anita Luck, City Attorney



The Mechanism (cont'd)

