

**CHFFA REVENUE BOND FINANCING PROGRAM
EXECUTIVE SUMMARY**

<p>Applicant: Ampla Health ("Ampla") 935 Market Street Yuba City, CA 95991 (Sutter County)</p> <p>Project Sites: <i>See Exhibit 5</i></p> <p>Facility Type: Community Clinic, Government Code 15432 (d)(6)</p> <p>Prior Borrower: Yes (HELP II borrower) (Outstanding balance \$471,931 – timely payments)</p>	<p>Amount Requested: \$7,750,000</p> <p>Requested Loan Term: Up to 15 years</p> <p>Authority Meeting Date: May 26, 2016</p> <p>Resolution Number: 412</p>																				
<p>Background: Ampla, established in 1964 as a medical care project for migrant farm workers, was incorporated as a non-profit organization in 1973 to provide health and education services to persons of low-income and seasonal and migrant farm workers. Ampla operates 12 medical and six dental centers throughout Northern California including Butte, Colusa, Glenn, Sutter, Tehama, and Yuba counties. Ampla’s mission is to provide high-quality medical, dental, social, and educational health services that meet the unique needs of patients, especially those who are medically underserved, including farm workers and others without financial resources (<i>See Exhibit 4 for additional background, governance, and licensing information</i>).</p>																					
<p>Use of Proceeds: Bond proceeds will be used to refund all outstanding California Statewide Communities Development Authority (“CSCDA”) Series 2003A Insured Revenue Bonds and Certificates of Participation (“COP”), as well as to refinance various outstanding loans. Ampla expects a net present value savings of approximately \$325,000 over the life of the bonds through the refunding of the CSCDA debt, and approximately \$554,000 for the combined refunded and refinanced debt.</p>																					
<p style="text-align: center;">Type of Issue: Negotiated public offerings with variable rate taxable bonds (expected minimum denominations of \$5,000)</p> <p style="text-align: center;">Letter of Credit: Preferred Bank; Federal Home Loan Bank</p> <p style="text-align: center;">Expected Credit Rating: AA+/A1+ (S&P) based on Federal Home Loan Bank</p> <p style="text-align: center;">Financing Team: <i>Please see Exhibit 1 to identify possible conflicts of interest</i></p>																					
<p>Financial Overview: Ampla’s income statement and financial position appear to exhibit fluctuating operating results over the review period. Ampla’s balance sheet displays a strong ability to repay its debt with a pro-forma debt service coverage ratio of 4.01x.</p>																					
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Estimated Sources of Funds:</u></th> <th style="text-align: right;"></th> <th style="text-align: left;"><u>Estimated Uses of Funds:</u></th> <th style="text-align: right;"></th> </tr> </thead> <tbody> <tr> <td>Bond proceeds</td> <td style="text-align: right;">\$ 7,750,000</td> <td>Refunding CSCDA bonds & COP</td> <td style="text-align: right;">\$ 6,219,388</td> </tr> <tr> <td>Prior reserve funds</td> <td style="text-align: right;">897,757</td> <td>Refinance loans</td> <td style="text-align: right;">1,968,369</td> </tr> <tr> <td></td> <td></td> <td>Financing costs</td> <td style="text-align: right;">460,000</td> </tr> <tr> <td>Total Estimated Sources</td> <td style="text-align: right;"><u><u>\$ 8,647,757</u></u></td> <td>Total Estimated Uses</td> <td style="text-align: right;"><u><u>\$ 8,647,757</u></u></td> </tr> </tbody> </table>		<u>Estimated Sources of Funds:</u>		<u>Estimated Uses of Funds:</u>		Bond proceeds	\$ 7,750,000	Refunding CSCDA bonds & COP	\$ 6,219,388	Prior reserve funds	897,757	Refinance loans	1,968,369			Financing costs	460,000	Total Estimated Sources	<u><u>\$ 8,647,757</u></u>	Total Estimated Uses	<u><u>\$ 8,647,757</u></u>
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<p>Due Diligence: Staff has received and reviewed the Eligibility, Legal Review, Religious Due Diligence, Savings Pass Through, Seismic, Iran Contracting Act Certification, and CEQA documentation. All documentation satisfies the Authority’s requirements.</p>																					
<p>Staff Recommendation: Staff recommends the Authority approve Resolution Number 412 for Ampla Health in an amount not to exceed \$7,750,000 subject to the conditions in the resolution and contingent upon receiving a rating of at least investment grade by a nationally recognized rating agency. Macias Gini & O’Connell, LLP, the Authority’s financial analyst, and Fieldman, Rolapp & Associates, Inc. the Authority’s financial advisor, concur with the Authority’s staff recommendation.</p>																					

I. PURPOSE OF FINANCING:

Ampla is requesting a bond issuance of \$7,750,000 in CHFFA Variable Rate Taxable Bonds Series 2016 to refund all outstanding CSCDA Series 2003A bonds and CSCDA Series 2000 COP, as well as for the prepayment of certain outstanding loans. The new bond issue will allow Ampla to consolidate debt, shorten the maturities of certain existing debt, provide greater financial flexibility, cash flow savings, and remove restrictive Cal-Mortgage covenants regarding the CSCDA debt. Ampla expects a net present value savings over the life of the bonds of approximately \$325,000 through the refunding of the CSCDA debt, and approximately \$554,000 for the combined refunded and refinanced debt.

The Series 2016 Bonds will be secured by a letter of credit issued by Preferred Bank, and further secured by an irrevocable, transferable confirming letter of credit issued by Federal Home Loan Bank (“FHLB”). The bonds are expected to have a rating of AA+/A1+ from Standard & Poor’s Rating Services based on FHLB’s letter of credit. The bonds are required to be taxable due to the involvement of FHLB. Both letters of credit will be for a term of ten years and secured by a gross revenue pledge and deeds of trust on properties owned by Ampla.

***Refunding*..... \$6,219,388**

CSCDA Bonds Series 2003A

Bond proceeds were issued in December 2003 in an amount of \$8,795,000. Proceeds were used to finance the acquisition, renovation, and construction of health facilities located at:

- 520 Kentucky Street, Gridley (used as a family health clinic)
- 680 Cohasset Road, Chico (used as a family health and dental center)
- 2800 Lincoln Street, Oroville (used as a medical and dental center)
- 931 and 935 Market Street, Yuba City (used as a pediatric clinic, administration building and medical center)

CSCDA Certificates of Participation

Note proceeds were used for the construction of Ampla’s health facility located at 227 Swift Street in Orland, California, which was subsequently sold and the proceeds received from such sale applied to the construction of the Corporation’s facility at 1211 Cortina Drive Orland, California. The COP were originally issued in April 2000 in the amount of \$1,105,000.

***Refinancing* 1,968,369**

Northern California National Bank Loans

Ampla currently has two outstanding loans with Northern California National Bank. Loan proceeds were used to refinance the acquisition of land and a building known as the Enloe Medical Center, located at 7981 Highway 99 in Los Molinos, California. Both loans were obtained in FY 2014 in the total amount of \$1,417,232, each with an interest rate of 4.25% and maturing December 20, 2023.

CHFFA HELP II Loan

In September 2007, Ampla was approved for a HELP II loan to refinance the STARTS 1994 Series B Bonds (“STARTS”), which was a pooled bond program. As borrowers exited the STARTS program, the costs to maintain the bond reserve account for the remaining borrowers increased. Due to the increasing costs, the Authority collapsed the program and allowed Ampla to refinance its portion of the bonds with a HELP II loan. The original amount of the HELP II loan was \$985,961 with an interest rate of 3% and matures October 1, 2022.

United States Department of Agriculture (“USDA”) Loan

Loan proceeds were used to finance construction and equipment for Ampla’s health facility located at 4941 Olivehurst Avenue, Olivehurst, California. The loan was obtained in FY 1996 in the amount of \$1,000,000 with an interest rate of 5% and matures October 10, 2019.

Financing Costs		<u>460,000</u>
• <i>Estimated cost of issuance.....</i>	\$440,000	
• <i>Underwriter’s discount.....</i>	<u>20,000</u>	
Total Estimated Uses of Funds		<u>\$8,647,757</u>

II. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES:

The Executive Summary and recommendations include minimum requirements. Additional or more stringent covenants or disclosures may be added following consultation with Authority staff. These covenants cannot be diluted or removed without subsequent review. If there has been modification to the covenants proposal following the preparation of this Executive Summary, staff will report it at the meeting.

After reviewing Ampla's credit profile, including its current financial profile, prior bond transactions and considering what the market will support Ampla, Fieldman, Rolapp & Associates, Inc. (the Authority's financial advisor), and the underwriter have concluded the covenants listed below balance the interests of Ampla, the Authority, and the investors and are consistent with covenants that have applied to Ampla's prior bond transactions and that the Ampla's current financial situation does not suggest additional covenants should be required.

The following covenants are for the benefit of the holders of the bonds:

Unconditional Promise to Pay. *Ampla agrees to pay the Trustee all amounts required for principal, interest or reserve deposits and other payments and expenses designated in the Loan Agreement. Ampla's gross revenue will be the primary source of payment for Ampla's obligations under the Loan Agreement.*

Letter of Credit. *Ampla agrees to maintain or cause to be maintained a letter of credit and the a confirming letter of credit with respect to the Bonds at all times throughout the term and in accordance with the provisions of the Loan Agreement.*

Limitations on Mergers, Sales or Conveyances. *Ampla agrees not to merge or consolidate with any other entity or sell or convey all or substantially all of its assets to any Person unless authorized by the Loan Agreement.*

Comply with SEC Rule 15c2-12. *Under the continuing disclosure agreement and in order to assist the underwriter in complying with SEC Rule 15c2-12, Ampla will contractually agree to disclose designated financial and operating information to the SEC web site Electronic Municipal Market Access during the life of the 2016 bonds on an annual/quarterly basis and to report designated "material events" such as missed debt service payments, any change in bond ratings, defeasance, redemptions, etc.*

Staff and Fieldman, Rolapp & Associates, Inc. have reviewed the entirety of this financing package and find it to be acceptable.

III. FINANCIAL STATEMENTS AND ANALYSIS:

AMPLA HEALTH
Statement of Activities
(Unrestricted)

	For the Year Ended June 30,		
	2015	2014	2013
Unrestricted net assets:			
Support			
Net patient revenue*	\$ 31,885,515	\$ 27,050,639	\$ 26,882,954
Grant revenue	6,994,379	7,493,753	9,239,196
Contribution revenue	23,750	22,750	33,434
Other income	4,122,674	680,913	228,133
Net assets released from restriction	516,038	335,536	37,400
Total support	43,542,356	35,583,591	36,421,117
Expenses:			
Program and support services:			
Salaries & benefits	31,253,226	28,918,615	25,948,313
Supplies	1,581,232	1,622,127	1,286,137
Contractual	3,222,486	2,832,132	2,761,989
Insurance	239,621	219,893	217,760
Other operating expense	2,076,590	2,303,672	2,009,927
Depreciation	1,435,064	1,099,294	747,212
Interest	584,788	500,607	419,181
Travel	229,545	253,813	262,415
Space cost	371,785	419,959	381,183
Total expenses	40,994,337	38,170,112	34,034,117
Changes in Net Assets	2,548,019	(2,586,521)	2,387,000
Net Assets, beginning of year	12,478,948	15,065,469	12,678,469
Net Assets, end of year	\$ 15,026,967	\$ 12,478,948	\$ 15,065,469

* Net patient revenue for FY 2015

<u>Payer source</u>	<u>Percent</u>
Medi-Cal	46
Medicare	30
Private or other third party payers	24
Total	100.0

AMPLA HEALTH
Statement of Financial Position

	As of June 30,		
	2015	2014	2013
Assets			
Cash and cash equivalents	\$ 3,071,189	\$ 419,991	\$ 1,368,870
Patient accounts receivable	3,664,594	4,440,823	3,058,009
Grants and contributions receivable	342,967	410,753	829,657
Estimated amounts due from third-party payers	1,535,080	519,432	859,106
Other receivable	1,289,520	-	29,567
Investments & cash internally	120,000	27,783	1,100,000
Investments restricted for bond service and reserve	1,621,086	1,014,405	1,609,191
Supplies inventory	177,530	175,961	213,096
Prepaid expenses	464,791	534,150	380,917
Deferred financing costs	430,376	462,059	493,742
Property and equipment - net	21,694,947	22,143,551	19,224,446
Total assets	\$ 34,412,080	\$ 30,148,908	\$ 29,166,601
Liabilities and net assets			
Accounts payable	\$ 1,094,565	\$ 1,762,204	\$ 1,941,282
Estimated amounts due to third-party payers	3,148,326	938,605	1,223,510
Accrued expenses	2,581,657	2,627,487	2,262,974
Long-term debt	12,101,194	11,825,626	8,250,427
Total liabilities	18,925,742	17,153,922	13,678,193
Net assets			
Unrestricted			
Designated	120,000	27,783	1,100,000
Undesignated	14,906,967	12,451,165	13,965,469
Total unrestricted net assets	15,026,967	12,478,948	15,065,469
Temporarily restricted	459,371	516,038	422,939
Total net assets	15,486,338	12,994,986	15,488,408
Total liabilities and net assets	\$ 34,412,080	\$ 30,148,908	\$ 29,166,601

Proforma (a)
FYE June 30, 2015

Debt Service Coverage - Net (x)	4.01	3.40	(1.01)	4.01
Debt to Unrestricted Net Assets (x)	0.61	0.66	0.79	0.55
Margin (%)	5.85	(7.27)	(7.27)	6.55
Current Ratio (x)	1.45	1.45	1.09	1.13

(a) Recalculates FY 2015 audited results to include the impact of this proposed financing

Financial Discussion - Statement of Activities (Income Statement)

Ampla's income statement appears to exhibit fluctuating results over the review period.

Ampla's income statement appears to display improved operating results in FY 2015 after experiencing a loss in FY 2014 of approximately \$2.6 million. Ampla's revenues initially decreased from approximately \$36.4 million in FY 2013 to approximately \$35.6 million in FY 2014, but then increased to approximately \$43.5 million in FY 2015. According to Ampla's management, the loss in FY 2014 was primarily due to the implementation of an electronic health records ("EHR") system and the remodeling of facilities. The implementation of the EHR system initially led to lowered productivity, and the remodeling of certain facilities resulted in a reduction in the number of patient encounters. Ampla's management was aware the decreased productivity and patient encounters were temporary results of the EHR system and the remodels. Therefore, Ampla's management decided not to cut staff in order to offset the decreased revenues. Salaries and benefits also grew from approximately \$25.9 million in FY 2013 to approximately \$31.2 million in FY 2015, an increase of approximately 20%. According to Ampla's management, salaries and benefits increased due to the need for additional providers and staff at the newly remodeled and expanded facilities in Lindhurst, Chico, and Los Molinos.

Particular Facts to Note:

- Grant revenue decreased each year, from approximately \$9.2 million in FY 2013 to approximately \$7 million in FY 2015. Ampla received grant funding of approximately \$4.7 million for the remodeling of the Lindhurst and Chico facilities. According to Ampla's management, the grant revenue decreased as the two remodeling projects were completed in FY 2014.
- Other income, which includes revenues that are not patient generated, increased from \$228,133 in FY 2013 to approximately \$4.1 million in FY 2015. According to Ampla's management, managed care plans, Anthem Blue Cross and California Health and Wellness, provided Ampla funds at fiscal year-end as an incentive for accepting their patients, which many other health organizations did not accept.
- Total expenses increased from approximately \$34 million in FY 2013 to approximately \$41 million in FY 2015, an increase of 20%. According to Ampla's management, the increases in costs are attributed to the expansion of services to meet demand, and especially to the increase in the number of providers and staff.

Financial Discussion - Statement of Financial Position (Balance Sheet)

Ampla appears to have an improving financial position with a pro-forma debt service coverage ratio of 4.01x.

Ampla appears to exhibit an improving financial position with good liquidity as cash and cash equivalents exceed \$3 million in FY 2015. According to Ampla's management, cash and cash equivalents fluctuated over the review period due to the additional incentive funds received from the Anthem Blue Cross and California Health and Wellness managed care plans. Total net assets decreased from approximately \$15.4 million in FY 2013 to \$12.9 million in FY 2014. Ampla's management attributes the initial decline in net assets primarily to the expansion of services to a new building and to the implementation of the electronic medical records system and billing practice management system.

Particular Facts to Note:

- Ampla's estimated amounts due from third-party payers appear to exhibit a significant increase from approximately \$519,000 in FY 2014 to \$1.5 million in FY 2015. Ampla's management mainly attributes the increase to the new insurances being accepted by Ampla.
- Ampla's account receivables also increased from approximately \$3 million in FY 2013 to approximately \$3.6 million in FY 2015. According to Ampla's management, the increase was due to the new insurance plans contracted by Ampla and the billing procedures required for reimbursement.

IV. DUE DILIGENCE:

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

- **Section 15438.5(a) of the Act (Savings Pass Through):** Ampla properly completed and submitted the Pass-Through Savings Certification
- **Section 15491.1 of the Act (Community Service Requirement):** Ampla properly completed and submitted the Community Service Certification as well as the narrative below.

Ampla Health strives to provide high-quality medical, dental, social, and educational health services that meet the unique needs of all patients, especially those who are medically underserved, including farm workers and others without financial resources. Ampla Health has a sliding fee program that provides sliding fee discounts for self-pay patients who meet income eligibility requirements. Self-pay patients may qualify for the discount program based on family size and proper documentation of all household income.

- **Compliance with Seismic Regulations:** Compliance with seismic regulations is only required for acute care hospitals.
- **Compliance with Section 15455(b) of the Act (California Environmental Quality Act):** Ampla properly completed and submitted the relevant documentation to meet the CEQA requirement.
- **Religious Affiliation Due Diligence:** Ampla properly completed and submitted relevant documentation to meet the religious due diligence requirement.
- **Legal Review:** Ampla properly completed and submitted relevant documentation for the Authority's Legal Questionnaire.
- **Iran Contracting Act Certificate:** Ampla properly submitted the certificate to the Authority.

EXHIBIT 1
FINANCING TEAM

Ampla Health

Borrower: Ampla Health

Issuer's Agent for Sale: California State Treasurer

Issuer's Counsel: Office of the Attorney General

Issuer's Financial Advisor: Fieldman, Rolapp & Associates, Inc.

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

Bond Counsel: Quint & Thimmig, LLP

Borrower's and Disclosure Counsel: Jennings, Strouss & Salmon, PLC

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

Underwriter / Remarketing Agent: KeyBanc Capital Markets, Inc.

Letter of Credit Bank: Preferred Bank

Confirming Letter of Credit Bank: Federal Home Loan Bank of San Francisco

Letter of Credit Bank Counsel: Nevers, Palazzo, Packard, Wildermuth & Wynner, PC

Trustee: US National Bank Association

Trustee's Counsel: Dorsey & Whitney LLP

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

Title Insurers: Chicago Title Company
Concord Title Group, FNTG

EXHIBIT 2
OUTSTANDING DEBT

<u>Date Issued</u>	<u>Original Amount</u>	<u>Amount Outstanding^(a) As of June 30, 2015</u>	<u>Estimated Amount Outstanding after Proposed Financing</u>
-EXISTING LONG-TERM DEBT:			
California Statewide Communities Development Authority Insured Revenue Bonds, Series 2003	\$ 8,795,000	\$ 5,882,631	\$ -
California Statewide Communities Development Authority Certificates of Participation 2000	1,105,000	465,000	-
Northern California National Bank Loan	1,417,232	1,251,006	-
General Electric Loan - Electronic Health Records System	834,433	834,433	834,433
California Health Facilities Financing Authority - HELP II Loan	985,961	527,455	-
General Electric Loan - Patient Management System	531,746	361,020	361,020
United States Department of Agriculture Loan	1,000,000	252,362	-
Great American Financial Services Loan	248,465	164,561	164,561
Boardenkircher Family Trust Loan	214,200	162,726	-
- PROPOSED NEW DEBT:			
CHFFA Revenue Bonds, Series 2016			7,750,000
- TOTAL DEBT		\$ 9,901,194	\$ 9,110,014

(a) Includes current portion of long-term debt.

EXHIBIT 3

UTILIZATION STATISTICS

Patient encounters/visits

Provider	Fiscal Year Ended		
	June 30,		
	2015	2014	2013
Chico Family Health Center	57,772	48,032	48,091
Chico Dental	9,139	10,129	11,354
Gridley Family Health Center	11,474	10,638	10,295
Oroville Family Health Center	36,788	39,775	39,382
Colusa Family Health Center	8,285	7,413	7,962
Hamilton City Medical Center	4,391	4,516	6,380
Orland Family Health Center	14,772	12,684	13,352
Yuba City Medical	60,808	51,990	43,891
Yuba City Pediatrics	24,381	21,920	23,684
Richland Family Health Center	24,277	19,684	19,150
Lindhurst Family Health Center	58,395	46,322	42,428
Los Molinos	5,392	2,268	0
Arbuckle Family Health	5,511	6,150	6,050
Total Patient Encounters / Visits	321,385	281,521	272,019

EXHIBIT 4

BACKGROUND, GOVERNANCE AND LICENSURE

Background

Ampla, established in 1964 as a medical care project for migrant farm workers, was incorporated as a non-profit organization in 1973 to provide health and education services to persons of low-income and seasonal and migrant farm workers. Ampla is the largest provider of preventive and primary medical, dental, behavioral and ancillary services to the uninsured, underinsured, and underserved minorities, migrant seasonal farm workers and their dependents, and other general residents who face multiple barriers to obtain healthcare services in rural Northern California counties. Ampla's service area consists of approximately 5,150 square miles and has a population of approximately 520,000. Approximately 51,000 seasonal farm workers and their dependents live in the service area. Additionally, approximately 28,000 migrants and their dependents are estimated to move through the area each year for agricultural work opportunities.

Ampla has 12 medical and six dental centers throughout Northern California including Butte, Colusa, Glenn, Sutter, Tehama, and Yuba counties. Ampla's mission is to provide high-quality medical, dental, social, and educational health services that meet the unique needs of patients, especially those who are medically underserved, including farm workers and others without financial resources.

Ampla currently owns and operates five of its medical facilities and leases seven facilities:

Ampla Arbuckle Medical & Dental - 89 Putnam Way, Arbuckle, CA 95912

Ampla Chico Dental - 236 W. East Avenue, Suite #H, Chico, CA 95926

Ampla Chico Medical - 680 Cohasset Road, Chico, CA 95926

Ampla Oroville Medical & Dental - 2800 Lincoln Street, Oroville, CA 95966

Ampla Orland Medical & Dental - 1211 Cortina Drive, Orland, CA 95963

Ampla Lindhurst Medical & Dental - 4941 Olivehurst Ave, Olivehurst, CA 95961

Ampla Gridley Medical - 520 Kentucky Street, Gridley, CA 95948

Ampla Los Molinos Medical - 7981 State Highway 99 East, Los Molinos, CA 96055

Ampla Yuba City Medical - 1000 Sutter Street, Yuba City, CA 95991

Ampla Yuba City Pediatrics - 931 Market Street, Yuba City, CA 95991

Ampla Richland Medical - 334 Samuel Drive, Yuba City, CA 95991
(building owned, land leased)

Ampla Hamilton City Medical - 278 Main Street, Hamilton City, CA 95951 (lease)

Ampla Colusa Medical & Dental - 555 Fremont Street, Colusa, CA 95932 (lease)

Governance

Ampla is governed by eleven board members who are selected for a three-year term. There are three classes of members within the board: consumers, providers, and community members. A majority of the board members must be members of the consumer class. The board controls and manages the business and affairs of Ampla. The board selects the Executive Director who is responsible for the implementation of corporate policies and the management of all operations and administrative functions.

Licensure and Memberships

Ampla's clinics are licensed by the State of California Department of Health Services as community clinics. All of the clinics are certified as Federally Qualified Health Care Centers, and a certified provider of Medicare and Medi-Cal services.

EXHIBIT 5
PROJECT SITES

The facilities are located at the following addresses:

- 520 Kentucky Street, Gridley, California 95948
- 680 Cohasset Road, Chico, California 95926
- 931 and 935 Market Street, Yuba City, California 95991
- 1211 Cortina Drive, Orland, California 95963
- 2800 Lincoln Street, Oroville, California 95966
- 4941 Olivehurst Avenue, Olivehurst, California 95961
- 7981 Highway 99, Los Molinos, California 96055

RESOLUTION NO. 412

**RESOLUTION OF THE
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
RELATING TO THE ISSUANCE OF REVENUE BONDS FOR AMPLA HEALTH**

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 (including by reimbursing expenditures made for such purposes), to refinance indebtedness of a participating health institution in connection therewith and to refund any outstanding bonds or any outstanding series or issue of bonds of the Authority;

WHEREAS, Ampla Health, 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 has previously merged with Mid Valley Recovery Services, Inc., and Stepping Stones Home, both previously nonprofit public benefit corporations and owners and operators of residential treatment facilities;

WHEREAS, the Corporation desires to:

(a) provide for the refunding of the portion of the outstanding Certificates of Participation evidencing direct, undivided fractional interests of the owners thereof in purchase payments to be made by the California Statewide Communities Development Authority as the purchase price of certain property pursuant to installment purchase agreements with AltaMed Health Services Corporation, Central Valley Indian Health, Inc., the Corporation (under its prior name, Del Norte Clinics, Inc.), Open Door Community Health Centers, Salud Para La Gente, Sequoia Community Health Foundation, Social Science Services, Inc. and United Health Centers of the San Joaquin Valley), delivered in 2000 for the benefit of the Corporation, currently outstanding in the principal amount of \$400,000, the proceeds of which were used for the purpose of refunding the portion of the outstanding Local Medical Facilities Financing Authority I Certificates of Participation (Insured California Health Clinics Project) delivered to provide assistance to the Corporation, under its former name, Northern Sacramento Valley Rural Health Project, in financing the construction of its health facility located at 227 Swift Street, Orland, California, which facility was subsequently sold and the proceeds received from such sale applied to the construction of the Corporation's facility at 1211 Cortina Drive Orland, California (the "2000 COPs"),

(b) provide for the refunding of the outstanding California Statewide Communities Development Authority Insured Health Facility Revenue Bonds (Del Norte Clinics, Inc.), 2003 Series A, issued for the benefit of the Corporation (under its prior name, Del Norte Clinics, Inc.), currently outstanding in the principal amount of \$5,980,000,

the proceeds of which were used to finance (i) the acquisition and renovation of a building leased by the Corporation located at 520 Kentucky Street in the City of Gridley (used as a family health clinic), (ii) the acquisition and renovation of a building leased by the Corporation located at 680 Cohasset Road in the City of Chico (used as a family health and dental center), (iii) construction of a new health and dental facility on a parcel of land owned by the Corporation on Lincoln Road south of Oro Dam Boulevard in the City of Oroville, and (iv) finance the acquisition of two buildings leased by the Corporation located at 931 Market Street in the City of Yuba City (used as a pediatric clinic) and 935A Market Street in the City of Yuba City (used as an administration building and medical center) (the "2003 Bonds"),

(c) provide for the prepayment of a HELP II loan from the California Health Facilities Financing Authority to the Corporation, currently outstanding in the principal amount of \$471,931.29, the proceeds of which were used to finance construction at, and equipment for, the Corporation's health facility located at 4941 Olivehurst Avenue in Olivehurst, California (the "HELP II Loan"),

(d) provide for the prepayment of a loan from the United States Department of Agriculture, Rural Development, to the Corporation, currently outstanding in the principal amount of \$205,139.73, the proceeds of which were used to finance construction at, and equipment for, the Corporation's health facility located at 4941 Olivehurst Avenue in Olivehurst, California (the "USDA Loan"),

(e) provide for the prepayment of two loans from Northern California National Bank to the Corporation, currently outstanding in the total principal amount of \$1,148,773.04, the proceeds of which were used to finance the acquisition of land and a building, known as the Enloe Medical Center, located at 7981 Highway 99 in Los Molinos, California (the "NCNB Loan" and, with the 2000 COP, the 2003 Bonds, the HELP II Loan and the USDA Loan, the "Existing Corporation Indebtedness");

WHEREAS, all facilities are or will be owned by the Corporation and used in connection with its substance abuse and mental illness treatment services;

WHEREAS, the Corporation has requested that the Authority issue one or more of its revenue bonds in an aggregate principal amount not to exceed \$7,750,000, and make one or more loans of the proceeds thereof to the Corporation to (a) refinance the Existing Corporation Indebtedness, and (b) pay the costs of issuance with respect thereto, and the Authority has determined to issue its bonds for these purposes;

WHEREAS, the Bonds will be secured by an irrevocable direct pay letter of credit issued by Preferred Bank, pursuant to a reimbursement agreement, by and between the Bank and the Corporation, and will be further secured by a confirming letter of credit issued by the Federal Home Loan Bank of San Francisco; and

WHEREAS, to the extent required by subdivision (b) of Section 15455 of the Government Code, the Corporation has provided documentation to the Authority demonstrating, to the extent applicable, that the Facilities comply with Division 13 (commencing with Section 21000) of the Public Resources Code or is not a "project" under such division; 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 Taxable Variable Rate Demand Refunding Revenue Bonds (Ampla Health), Series 2016," in a total aggregate principal amount not to exceed \$7,750,000 (the "Bonds"), are authorized to be issued from time to time, in one or more series, with such other name or names of the Bonds or series thereof as designated in the indenture pursuant to which the Bonds will be issued. 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 sell the Bonds in one or more series, on one or more sale dates at any time within six (6) months of the adoption of this Resolution, at public or negotiated sale, in such aggregate principal amount (not to exceed the principal amount set forth in Section 1) and in such series, 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 and upon such other terms and conditions as the Treasurer, with the advice and consent of the Corporation, may determine. The Bonds shall, at issuance, be rated at investment grade by active nationally recognized rating agency. The Bonds or any series of them may, at the sole option of the borrower, be secured by a credit facility and other security arrangements and/or supported by one or more liquidity facilities.

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 bond purchase agreement, including the appendices thereto (collectively, the "Bond Purchase Agreement"), by and among KeyBanc Capital Markets, as underwriter (the "Underwriter"), the Treasurer and the Authority and approved by the Corporation, so long as the Underwriter's discount for purchase of the Bonds (exclusive of any original issue discount) does not exceed 1.75 percent 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 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. The Authority 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 dated dates, maturity dates (not exceeding 15 years from the date of issue), interest rate or rates, interest payment dates, denominations, forms, registration privileges or requirements, place or places of payment, terms of tender or purchase, terms of redemption, provisions governing transfer and other terms of the Bonds, including provisions for a credit facility and/or a liquidity facility from time to time, shall be as provided in said Indenture as finally executed.

Section 6. The Underwriter is hereby authorized to distribute the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds. The Underwriter is hereby directed to deliver the 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 Underwriter 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 the direction of the Underwriter, 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, for and in the name of and on behalf of the Authority, 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 Bond Purchase Agreement and the Official Statement. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation: (a) certifications, including, a tax certificate; and (b) any agreement or commitment letter with respect to the provisions of bond insurance, a letter of credit, a surety bond, a credit facility and/or a liquidity facility for the Bonds.

Section 9. The provisions of the Authority's Resolution No. 2014-05, as amended, 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: _____