



Monterey County

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Board Report

Legistar File Number: 16-564

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Matter Type: General Agenda Item

- a. Conduct a public hearing under the requirements of Tax Equity and Financial Responsibility Act (TEFRA) and the Internal Revenue Code of 1986, as amended; and
- b. Adopt a resolution approving the issuance of California Statewide Communities Development Authority (CSCDA) Health Facility Revenue Bonds (Community Hospital of the Monterey Peninsula), Series 2016A, in the aggregate principal amount not to exceed \$35,000,000 for the purpose of refinancing the acquisition, construction, improvement and equipping of health facilities of Community Hospital of the Monterey Peninsula (CHOMP) and affiliated entities and certain other matters relating thereto.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Conduct a public hearing under the requirements of Tax Equity and Financial Responsibility Act (TEFRA) and the Internal Revenue Code of 1986, as amended; and
- b. Adopt a resolution approving the issuance of California Statewide Communities Development Authority (CSCDA) Health Facility Revenue Bonds (Community Hospital of the Monterey Peninsula), Series 2016A, in the aggregate principal amount not to exceed \$35,000,000 for the purpose of refinancing the acquisition, construction, improvement and equipping of health facilities of Community Hospital of the Monterey Peninsula (CHOMP) and affiliated entities and certain other matters relating thereto.

SUMMARY:

Community Hospital of the Monterey Peninsula, a California nonprofit public benefit corporation (the "Corporation"), has requested that the California Statewide Communities Development Authority (the "Authority") participate in the issuance of one or more series of revenue refunding bonds in an aggregate principal amount not to exceed \$35,000,000 (the "Bonds") for the refinancing of the acquisition, construction, improvement and equipping of certain acute-care hospital and related facilities of the Corporation and affiliated entities (the "Facilities") that are owned and operated by the Corporation or affiliated entities (the "Project") and located within the County of Monterey (the "County").

The Authority has requested that the Board of Supervisors approve the issuance of the Bonds by the Authority for the purposes of refinancing the Project in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 9 of the Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the "Agreement"), among certain local agencies, including the County, and following the hearing, adopt a resolution approving the issuance of bonds by the Authority. The County will have no obligation whatsoever with respect to the payment or administration of the bonds.

DISCUSSION:

Proceeds from this issuance will refund the Series 2011A bonds which financed and refinanced various healthcare related capital improvements, including construction, renovation and remodeling of certain real property and the purchasing and installation of certain equipment, for the Corporation and affiliated entities, and pay costs of issuance of the bonds. The capital improvements were made with respect to a 259-bed acute care hospital located at 23625 W. R. Holman Highway, Monterey, CA 93940, a professional office building located at 40 Ryan Court, Monterey, CA 93940, and a medical office building/integrated medical wellness facility located at 2900-2940 2nd Avenue, Marina, CA 93955. The owner and operator of the facilities to be refinanced with the proceeds of the Bonds is the Corporation or its affiliate, Community Hospital Properties, each of which is an organization described in Section 501(c)(3) of the Code, or its affiliate, 40 Ryan Court LLC, a single member limited liability company, the sole member of which is Community Hospital Properties.

The bonds to be issued by the Authority for the refunding will be the sole responsibility of the project owners, and the County will have no financial, legal, moral obligation, liability or responsibility for the facilities or the repayment of the bonds. All relevant financing documents with respect to the issuance will contain clear disclaimers that the bonds are not obligations of the County or the State of California, but are to be paid solely from funds provided by the owner.

OTHER AGENCY INVOLVEMENT:

County Counsel and the County Administrative Office have reviewed the proposal as to form.

FINANCING:

Adoption of the resolution will have no fiscal impact to the County's general or other funds.

Prepared by: Ron Holly, Chief Deputy Auditor-Controller, x5493

Approved by: Michael J. Miller, CPA, CISA, Auditor-controller, x5084

Attachments:

Resolution

Notice of Public Hearing