



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: A 24-197

April 30, 2024

Introduced: 4/22/2024

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Agreement

- a) Ratify Natividad Medical Center (NMC) Chief Executive Officer's (CEO) exercise of a Right of First Refusal (ROFR) dated March 5, 2024 to purchase Valle Verde Medical Condominium Complex, 1326 Natividad Road, Suite C, also known as Unit A-3, Salinas, California 93906 (subject property) for \$65,000 cash; and
- b) Authorize NMC CEO to sign "Disclosure Regarding Real Estate Agency Relationship" dated March 29, 2024 and "Commercial Purchase Agreement and Joint Escrow Instructions" dated March 24, 2024 (Purchase Agreement) for the subject property, subject to due diligence and inspections by County of Monterey (County) and acceptance of Seller's counteroffer to extend timeline for Sellers to respond to County's Purchase Offer; and
- c) Authorize the CEO of NMC and the Director of Public Works, Facilities and Parks (PWFP) and/or their respective designees to facilitate escrow for the subject property.

RECOMMENDATION:

It is recommended the Board of Supervisors

- a) Ratify Natividad Medical Center (NMC) Chief Executive Officer's (CEO) exercise of a Right of First Refusal (ROFR) dated March 5, 2024, to purchase Valle Verde Medical Condominium Complex, 1326 Natividad Road, Suite C, also known as Unit A-3, Salinas, California 93906 (subject property) for \$65,000 cash; and
- b) Authorize NMC CEO to sign "Disclosure Regarding Real Estate Agency Relationship" dated March 29, 2024 and "Commercial Purchase Agreement and Joint Escrow Instructions" dated March 24, 2024 (Purchase Agreement) for the subject property, subject to due diligence and inspections by County of Monterey (County), and acceptance of Sellers' counteroffer to extend timeline for Sellers to respond to County's Purchase Offer; and
- c) Authorize CEO of NMC and the Director of Public Works, Facilities and Parks (PWFP) and/or their respective designees to facilitate escrow for the subject property.

SUMMARY/DISCUSSION:

The Valle Verde Condominium Medical Complex ("Complex"), a set of medical office condominiums owned by various commercial real estate investors (mostly practicing physicians), was constructed on real property owned by the County of Monterey (County) located at 1326-1336 Natividad Road, Salinas. Drs. Rolando and Elisa Cabrera own a leasehold interest in the Complex pursuant to a set of ground leases with the County, which expire by their terms in 2037 or 2038. The Complex, which contains 1326 Natividad Road, Suite C, also known as Unit A-3, Salinas (sometimes referred to as "subject property" or "Unit"), is adjacent to the Natividad Medical Center (NMC) campus.

Pursuant to the "Memorandum of Ground Lease and Option to Ground Lease" (the Phase I Lease on file with Public Works Facilities and Parks, Facilities, Real Property Division) dated April 6, 1982, and "Memorandum of Ground Lease" (the Phase II Lease on file with Public Works, Facilities and Parks, Facilities, Real Property Division) dated January 25, 1983, as amended, and subsequent assignments of Sublessee's interest under said leases, the County was granted a Right of First Refusal ("ROFR") to purchase any condominium interest in the Complex offered for sale and given thirty days in which to exercise the ROFR after receipt of written notice of the terms upon which such the subject property was offered for sale.

On or about March 5, 2024, Public Works, Facilities and Parks (PWFP) Real Property Specialist George Salcido informed NMC about the sale of a Unit, specifically 1326 Natividad Road, Suite C, also known as Unit A-3, Salinas, for \$65,000 cash. The Unit is currently unoccupied and owned by Drs. Rolando and Elsa Cabrera (Sellers). NMC is interested in the purchase of the Unit and is working with PWFP and the Office of the County Counsel on the preparation of all necessary documents. NMC will use the Unit as a medical office for patients.

On or about March 20, 2024, the NMC CEO executed a Right of First Refusal (ROFR) to purchase Valley Verde Condominium Complex, 1326 Natividad Road, Suite C, also known as Unit A-3, Salinas, for \$65,000 cash (Attachment 1). On or about March 29, 2024, the County received a "Disclosure Regarding Real Estate Agency Relationship" which was signed by the County's Agent Rafael Ramos of Century 21 Showcase Realtors and the proposed "Commercial Purchase Agreement and Joint Escrow Instructions" dated March 24, 2024 (Purchase Agreement). The proposed purchase is subject to Board of Supervisors approval and due diligence and inspections by County and provides for the purchase of the subject property for \$65,000 all cash, in an "as is" condition, with Sellers being responsible for no repairs. NMC will be responsible for the cost for any repairs or improvements to the condominium unit, and the underlying leasehold interest between the Sellers and the County would revert to the County. The proposed "Commercial Purchase Agreement and Joint Escrow Instructions" further provides for an initial deposit of \$1,950 and a fifteen-day close of escrow after Sellers' acceptance of the County's offer.

A preliminary title report dated February 20, 2024 was prepared for the subject property. On April 12, 2024, NMC and PWFP conducted an assessment of the condition of the unit and the building housing the unit; no exceptions were identified. The subject property is a 766 square foot unit previously used as a primary care medical office. Monthly Condominium Association Fees are \$948 per month. A Declaration of Protective Restrictions which applies to the subject property requires that the unit be used as a medical office or dispensary.

California Government Code Section 25350 requires that Notice of Intent to Purchase a real property interest, in excess of \$50,000 in the absence of thresholds set by local ordinance, must be published at least three weeks in advance of the date of the proposed purchase. Per Government Code Section 6063, notice must be published three times in a newspaper regularly published once a week or oftener, with at least five days intervening between the respective publication dates, in advance of the proposed purchase date. The Notice of Intent to Purchase must identify the subject property, the property owners of record, the proposed purchase price and include a statement of the time the board

will meet to consummate the purchase.

Pursuant to Government Code Section 25350, a Notice of Intent to Purchase was published in the Monterey County Weekly on April 4, April 11, and April 18, 2024. The Notice of Intent to Purchase identified the property to be purchased as 1326 Natividad Road, Suite C (also known as Unit A-3), Salinas, presently owned by Rolando Cabrera and Elisa Cabrera, the proposed purchase price of \$65,000.00 and included notice of the date and time the Board would meet at its regularly scheduled meeting on April 30, 2024 at 9:00 a.m. (Attachment 3).

OTHER AGENCY INVOLVEMENT:

NMC is working with the PWF-P-Facilities Real Property Division and the Office of the County Counsel on the preparation of all necessary documents for the purchase of the subject property.

FINANCING:

NMC will be responsible for the purchase price of the Unit for \$65,000, related due diligence costs for inspection, repairs, and ongoing maintenance through NMC's Enterprise Fund. Monthly Condominium Association Fees of \$948 per month will also be covered through NMC's Enterprise Fund.

Prepared by: Daniel Leon, Chief Financial Officer, 783-2561

Approved by: Charles R. Harris, Chief Executive Officer, 783-2504

Attachments:

1. Right of First Refusal dated on or about March 19, 2024
2. Disclosure Regarding Real Estate Agency Relationship dated March 29, 2024 and Commercial Purchase Agreement and Joint Escrow Instructions dated March 24, 2024 (Purchase Agreement)
3. Notice of Intent to Purchase (published April 4, April 11 and April 18, 2024)

Charles R. Harris
Charles R. Harris, M.D., Chief Executive Officer

4/23/24
Date