



Monterey County

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

Board Report

Legistar File Number: RES 19-109

August 27, 2019

Introduced: 8/13/2019

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Resolution

- a. Conduct a public hearing under the requirements of the 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) revenue obligations, in the aggregate principal amount not to exceed \$45,000,000 for the purpose of for the financing and refinancing of various healthcare-related capital improvements of the Community Hospital of the Monterey Peninsula (CHOMP) and affiliated entities and certain matters relating thereto.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Conduct a public hearing under the requirements of the 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) revenue obligations, in the aggregate principal amount not to exceed \$45,000,000 for the purpose of for the financing and refinancing of various healthcare-related capital improvements of the Community Hospital of the Monterey Peninsula (CHOMP) and affiliated entities and certain matters relating thereto.

SUMMARY:

Community Hospital of the Monterey Peninsula (CHOMP), a California nonprofit public benefit corporation, requests that the California Statewide Communities Development Authority (CSCDA) participate in the issuance of revenue obligations in an aggregate principal amount not to exceed \$45,000,000 for the financing and refinancing of various healthcare-related capital improvements, including the construction, renovation and remodeling of certain real property and the purchasing and installation of certain equipment.

CSCDA requests that the Board of Supervisors approve the issuance of revenue obligations by the CSCDA to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986 (the "Code") and the requirements of Section 9 of the Amended and Restated Joint Exercise of Powers Agreement, dated as of July 1, 1988 (the "Agreement"), among certain local agencies, including the County, and following the hearing, adopt a resolution approving the issuance of revenue obligations by the CSCDA. The County will have no obligation whatsoever with respect to the payment or administration of these revenue obligations.

DISCUSSION:

Community Hospital of the Monterey Peninsula (CHOMP), a California nonprofit public benefit corporation, requests that the California Statewide Communities Development Authority (CSCDA)

participate in the issuance of revenue obligations in an aggregate principal amount not to exceed \$45.0 million for the financing and refinancing of various healthcare-related capital improvements, including the construction, renovation and remodeling of certain real property and the purchasing and installation of certain equipment, of CHOMP and affiliated entities (the “Facilities”) that are owned or principally used by CHOMP, Montage Health, a California nonprofit public benefit corporation which is the sole member of CHOMP.

The capital improvements to be financed and refinanced relate to: (a) a 259-bed acute care hospital located at 23625 W.R. Holman Highway, Monterey, CA 93940, and related medical offices and/or health care facilities located at 2 Upper Ragsdale Drive, Buildings B and C, Monterey, CA 93940, all of which are used in an integrated operation and for which the owner or principal user is CHOMP; and (b) urgent care facilities located at 2930 2nd Avenue, Marina, CA 93933, 2020 Del Monte Avenue, Monterey, CA 93940, and 26135 Carmel Ranch Boulevard #B1, Carmel-By-The-Sea, CA 93923, all of which are used in an integrated operation and for which the owner or principal user is Montage Health.

The issuance of the revenue obligations by CSCDA must be approved by the governmental unit on behalf of which the revenue obligations are issued and a governmental unit having jurisdiction over the territorial limits in which the Facilities are located, pursuant to the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986 (the “Code”). The Facilities are located within the territorial limits of the County, and the Board of Supervisors is the elected legislative body of the County and is the applicable elected representative required to approve the issuance of the revenue obligations under Section 147(f) of the Code.

CSCDA requests that the Board approve the issuance of the revenue obligations by the CSCDA for the purposes of financing and refinancing the Projects 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, among certain local agencies, including the County. Pursuant to Section 147(f) of the Code, the Board, following notice duly given, will hold a public hearing regarding the issuance of the revenue obligations. Required notice of the public hearing was provided, consistent with TEFRA requirements, by publication in *The Monterey Herald* on August 13, 2019.

The revenue obligations to be issued by the CSCDA 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 revenue obligations. All relevant financing documents with respect to the issuance will contain clear disclaimers that the revenue obligations are not obligations of the County or the State, but are to be paid solely from funds provided by the CSDA.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel has reviewed the Notice and proposed Resolution as to form and legality.

FINANCING:

The payment of principal, prepayment premium, if any, and purchase price of and interest on the

revenue obligations shall be solely the responsibility of the CSCDA and CHOMP. The County shall not bear any responsibility for the issuance of the revenue obligations, the tax-exempt status of the revenue obligations, nor the repayment of the revenue obligations.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This recommendation supports the economic development and health and human services strategic initiatives as these revenue obligations are vehicles of economic development that promote a diverse and healthy economy while promoting sustainable health care network.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Attachments: 1) Resolution; and 2) Proof of Publication and Notice of Public Hearing