



# County of Monterey

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

## Board Report

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**File #:** RES 17-073, **Version:** 1

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- 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) health facility revenue bonds (Community Hospital of the Monterey Peninsula), series 2017A and 2017B, in the aggregate principal amount not to exceed \$97,000,000 for the purpose of refinancing the acquisition, construction, improvement, and equipping of health facilities 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) health facility revenue bonds (Community Hospital of the Monterey Peninsula), series 2017A and 2017B, in the aggregate principal amount not to exceed \$97,000,000 for the purpose of refinancing the acquisition, construction, improvement, and equipping of health facilities of the Community Hospital of the Monterey Peninsula (CHOMP) and affiliated entities and certain 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 notes and revenue refunding bonds (the "Bonds") in an aggregate principal amount not to exceed \$97,000,000 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 with 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 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 Bonds by the Authority. The County will have no obligation whatsoever with respect to the payment or administration of the bonds.

### DISCUSSION:

The net proceeds of the Bonds will be used to assist the Corporation to (1) refund the Authority's Health Facility Revenue Bonds (Community Hospital of the Monterey Peninsula), Series 2011B, the proceeds of which financed and refinanced various healthcare-related capital improvements, including the construction, renovation and remodeling of certain real property and the purchasing and installation of certain equipment, for the Corporation and affiliated entities, which 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, (2) finance a portion of the capital costs relating to acquisition, installation, equipping and implementation of an electronic medical records system implementation at the acute care hospital located at 23845 W.R. Holman Highway, Monterey, CA 93940; and 20 Ryan Ranch Road, Monterey, CA 93940, and (3) pay costs of issuance of the Bonds. The owner and operator of the facilities to be financed or refinanced with proceeds of the Bonds is and will be (a) the Corporation or Montage Health, which is the sole member of the Corporation, or (b) affiliates of the Corporation or Montage Health, including 40 Ryan Court LLC, a single member limited liability company, the sole member of which is Montage Health, or Montage Wellness Center, LLC, a single member limited liability company, the sole member of which is the Corporation.

Required notice for the public hearing was provided, consistent with TEFRA requirements, by publication in *The Monterey Herald* on May 22, 2017.

The Bonds to be issued by the Authority 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 has reviewed the Notice and proposed Resolution as to form and legality.

FINANCING:

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

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This recommendation supports the economic development strategic initiative as revenue bonds are vehicles of economic development that promote a diverse and healthy economy.

- X Economic Development
- \_\_\_ Administration
- \_\_\_ Health & Human Services
- \_\_\_ Infrastructure
- \_\_\_ Public Safety

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