



# County of Monterey

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

## Board Report

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**File #:** RES 21-101, **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 Enterprise Development Authority revenue bonds, in the aggregate principal amount not to exceed \$15,000,000 for the purpose of financing and refinancing the cost of acquisition, construction, improvement, rehabilitation of Clinica de Salud del Valle de Salinas healthcare facilities.

### 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 Enterprise Development Authority revenue bonds, in the aggregate principal amount not to exceed \$15,000,000 for the purpose of financing and refinancing the cost of acquisition, construction, improvement, rehabilitation of Clinica de Salud del Valle de Salinas healthcare facilities.

### SUMMARY:

Clinica de Salud del Valle de Salinas (the “Borrower”), a California nonprofit public benefit corporation, and the California Enterprise Development Authority (the “Issuer”) request that the Board of Supervisors conduct a TEFRA hearing and approve a resolution in accordance with Internal Revenue Code Section 147(f) authorizing the issuance of tax-exempt revenue bonds by the Issuer not to exceed \$15,000,000. A TEFRA hearing is required by the Internal Revenue Code before tax-exempt debt can be issued for the benefit of a private nonprofit corporation. The hearing allows the public to comment on the use of tax-exempt funds by the Borrower.

The Issuer requests the Board of Supervisors approve the issuance of the bonds by the Issuer 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 Issuer. The County will have no obligation whatsoever for the payment or administration of these bonds.

### DISCUSSION:

The Borrower is an organization described in Section 501(c)(3) of the Code. The Borrower was founded in 1980 by a group of local community members. They wanted to ensure that basic health care was available to all Monterey County residents, with a focus on families working in the agriculture industry. In 1989, the Borrower became the first Federally Qualified Health Center in Monterey County, enabling it to provide health care services to an even larger number of people. This ensured access to patients who could not afford to pay for services. Since 2001, the Borrower has earned the highly respected Joint Commission Accreditation (TJC) Gold Seal of Approval.

The Authority will loan the proceeds of the Bonds to the Borrower to (1) finance or refinance the cost of

acquiring, constructing, improving, rehabilitating, equipping, installing and furnishing of the following healthcare properties: (a) 55 Plaza Circle, Salinas, CA 93901 in an approximate amount of \$6,000,000; (b) 620 East Alvin Drive, Suite G, Salinas, CA 93906 in the approximate amount of \$150,000; (c) 10561 Merritt Street, Castroville, CA 95012 in the approximate amount of \$300,000; (d) 950 Circle Drive, Salinas, CA 93905 in the approximate amount of \$400,000; (e) 808 Oak Avenue, Greenfield, CA 93927 in the approximate amount of \$150,000; (f) 122 San Antonio Drive, King City, CA 93930 in the approximate amount of \$60,000; (g) 223 Bassett Street, King City, CA 93930 in the approximate amount of \$160,000; (h) 440 Airport Boulevard, Salinas, CA 93905 in the approximate amount of \$5,600,000; (i) 2180 North Main Street, Salinas, CA 93906 in the approximate amount of \$125,000; (j) 29 Bishop Street #A, Royal Oaks, CA 95076 in the approximate amount of \$50,000; (k) 219 North Sanborn Street, Salinas, CA 93905 in the approximate amount of \$425,000; (l) 799 Front Street, Soledad, CA 93960 in the approximate amount of \$175,000; (m) 126 5th Street, Gonzales, CA 93926 in the approximate amount of \$45,000; and (n) 1156 Fremont Boulevard, Suite 101, Seaside, CA 93955 in the approximate amount of \$35,000 (collectively, the “Facilities”); and (2) pay capitalized interest, costs of issuance and other costs in connection with the financing. The Borrower uses the Facilities in connection with its mission of providing access to quality health care to men, women, and children with an emphasis on farmworker families and the agricultural community. The Bonds will be paid entirely from repayments by the Borrower.

The California Enterprise Development Authority is a Joint Exercise of Powers Authority created in 2006 to address gaps in economic development financing to help fund projects for nonprofit organizations located within current and future member jurisdictions.

The issuance of the bonds by Issuer must be approved by the governmental unit on behalf of which the revenue bonds 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 Code. The County is an associate member of the California Enterprise Development Authority and the Board of Supervisors is the applicable elected representative under Section 147(f) of the Code.

The Issuer requests that the Board approve the issuance of the bonds by the Issuer to finance the Facilities 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 by Kutak Rock LLP, consistent with TEFRA requirements, by publication in *The Monterey Herald* on June 3, 2021.

The bonds to be issued by the Issuer will be the sole responsibility of the Borrower, 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 concerning the issuance will contain clear disclaimers that the bonds are not obligations of the County or the State but are to be paid solely from funds provided by the Issuer.

OTHER AGENCY INVOLVEMENT:

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

FINANCING:

There is no fiscal impact on the County. Adopting the resolution approving the financing of the Facilities and the issuance of the Bonds complies with Section 147(f) of the Code. The payment of principal, prepayment premium, if any, and purchase price of and interest on the revenue obligations shall be solely the responsibility

of Borrower. The County shall not bear any responsibility for the issuance of the revenue bonds, the tax-exempt status of the revenue bonds, nor the repayment of the revenue bonds. The Bonds are limited obligations of the Issuer, payable solely from payments received by the Issuer pursuant to a loan agreement with the Borrower. The Bonds will not constitute indebtedness to the County.

**BOARD OF SUPERVISORS STRATEGIC INITIATIVES:**

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

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

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Attachments: Resolution; Proof of Publication and Notice of Public Hearing