



# County of Monterey

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

## Board Report

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**File #:** RES 22-104, **Version:** 1

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- a. Hold a public hearing in compliance with the Tax Equity and Financial Responsibility Act of 1982 (TEFRA) and the Internal Revenue Code of 1986, as amended, regarding the issuance by the California Municipal Finance Authority (CMFA) of tax-exempt revenue bonds to finance and refinance the construction, equipping, improvement, renovation, rehabilitation and remodeling of senior living and related facilities, including the renovation, equipping and furnishing of certain sewer infrastructure, known as Carmel Valley Manor (collectively, the Project);
- b. Adopt a resolution approving the issuance, for federal income tax purposes, of revenue bonds, in the aggregate principal amount not to exceed \$37,500,000, by the CMFA for the benefit of Northern California Congregational Retirement Homes, Inc., doing business as Carmel Valley Manor (the Manor) and Carmel Valley Manor Foundation (the Foundation and, together with the Manor, the Borrowers) to finance the Project; and
- c. Determine that the above actions involve government funding mechanisms and/or fiscal activities and are not a project under the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(4) of the CEQA Guidelines.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Hold a public hearing in compliance with the Tax Equity and Financial Responsibility Act of 1982 (TEFRA) and the Internal Revenue Code of 1986, as amended, regarding the issuance by the California Municipal Finance Authority (CMFA) of tax-exempt revenue bonds to finance and refinance the construction, equipping, improvement, renovation, rehabilitation and remodeling of senior living and related facilities, including the renovation, equipping and furnishing of certain sewer infrastructure, known as Carmel Valley Manor (collectively, the Project);
- b. Adopt a resolution approving the issuance, for federal income tax purposes, of revenue bonds, in the aggregate principal amount not to exceed \$37,500,000, by the CMFA for the benefit of Northern California Congregational Retirement Homes, Inc., doing business as Carmel Valley Manor (the Manor) and Carmel Valley Manor Foundation (the Foundation and, together with the Manor, the Borrowers) to finance the Project; and
- c. Determine that the above actions involve government funding mechanisms and/or fiscal activities and are not a project under the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(4) of the CEQA Guidelines.

### SUMMARY:

Northern California Congregational Retirement Homes, Inc., doing business as Carmel Valley Manor (the Manor) and Carmel Valley Manor Foundation (the Foundation and, together with the Manor, the Borrowers), each a California nonprofit public benefit corporation, has requested that the California Municipal Finance Authority (CMFA) provide for the issuance of one or more series of revenue bonds from time to time under a plan of finance in an aggregate principal amount not to exceed \$37.5 million. The bond proceeds will be used to finance and refinance the construction, equipping, improvement, renovation, rehabilitation, and remodeling of senior living and related facilities, including the renovation, equipping, and furnishing of sewer infrastructure, known as Carmel Valley Manor (collectively, the Project).

Carmel Valley Manor and the CMFA request that the Board of Supervisors hold a public hearing to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986 (the “Code”) and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the CMFA, dated as of January 1, 2004 (the “Agreement”), among certain local agencies, including the County, and following the hearing, adopt a resolution approving the issuance of the revenue bonds by the CMFA. The County will have no obligation whatsoever with respect to the payment or administration of the revenue bonds.

#### DISCUSSION

Federal law provides a process for a qualified 501(c)(3) organization to participate in tax-exempt financing under Section 147(f) of the Internal Revenue Code. TEFRA requires the legislative body of the local agency in which the project will be located to hold a TEFRA hearing for the notes to be tax-exempt. The County has the limited role of approving the financing but is not a party to the issuance and assumes no liability by its approval.

The CMFA was created on January 1, 2004, under a joint exercise of powers agreement to promote economic, cultural, and community development through the financing of economic development and charitable activities throughout California. To date, over 330 municipalities, including Monterey County, have become members of CMFA. The CMFA assists nonprofit organizations and businesses with the issuance of taxable and tax-exempt bonds to improve the standard of living in California.

Carmel Valley Manor was established in 1963 by Northern California Congregational Retirement Homes, Inc., a California not-for-profit organization. It is governed by a voluntary local Board of Trustees, with residents represented through the Residents Council. The Manor operates as a Life Care Retirement Community with the oversight of the California Department of Social Services, Community Care Licensing Division. Hillcrest, its assisted living center, is licensed as a Residential Care Facility for the Elderly by the California Department of Social Services. Its Health Center is licensed as a skilled nursing facility by the California Department of Public Health. The bond proceeds will be used to finance and refinance the construction, equipping, improvement, renovation, rehabilitation, and remodeling of senior living and related facilities, including the renovation, equipping, and furnishing of sewer infrastructure.

CMFA requests that the Board approve the issuance of the Bonds by the CMFA to finance the Project to satisfy the public approval requirement of Section 147(f) of the Code and the Agreement, among certain local agencies, including the County. Accordingly, 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.

The Bonds to be issued by the CMFA will be the sole responsibility of Carmel Valley Manor, Carmel Valley Manor Foundation, and its affiliates. The County will have no financial, legal, or 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 Bonds are not obligations of the County.

#### OTHER AGENCY INVOLVEMENT:

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

#### FINANCING:

The payment of principal, prepayment premium, if any, and purchase price of and interest on the revenue bonds shall be solely the responsibility of the CMFA, Carmel Valley Manor, Carmel Valley Manor Foundation, and its affiliates. The County shall not bear any responsibility for the issuance, the tax-exempt status, or repayment of

the revenue bonds.

**BOARD OF SUPERVISORS STRATEGIC INITIATIVES:**

This recommendation supports the economic development strategic initiative as the bonds are vehicles of economic development that promote a diverse and healthy economy while promoting senior living housing opportunities.

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

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Attachments: Resolution; Notice of Public Hearing