County of Monterey

Item No.16

Board Report

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

Legistar File Number: RES 26-104

August 11, 2026

Introduced: 6/23/2026
Version: 1
Current Status: Agenda Ready
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 bonds (the “Bonds”), in the aggregate principal amount not to exceed $40,000,000 for the purpose of financing and refinancing various healthcare-related capital improvements for Montage Health, including the acquisition, construction, renovation and remodeling of certain real property and the purchasing and installation of certain equipment.

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 bonds (the “Bonds”), in the aggregate principal amount not to exceed $40,000,000 for the purpose of financing and refinancing various healthcare-related capital improvements for Montage Health, including the acquisition, construction, renovation and remodeling of certain real property and the purchasing and installation of certain equipment.

SUMMARY/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.

Montage Health, a California nonprofit public benefit corporation, requests that CSCDA participate in issuing the Bonds in an aggregate principal amount not to exceed $40 million for the financing and refinancing of various healthcare-related facilities that are owned or principally used by Montage Health. Proceeds of the Bonds are expected to be used by Montage Health, (i) to refinance various healthcare-related capital improvements, including the acquisition, construction, renovation and remodeling of certain real property and the purchasing and installation of certain equipment, for Montage Health and its affiliated entities with capital improvements to be made with respect to: a 258-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, all of which are used in an integrated operation of Montage Health and its affiliated entities, (ii) to refinance costs for the construction of a new 2-story 44,000 square foot facility (Building E) owned and operated by Montage Health and located at 2 Upper Ragsdale Dr,. Monterey, California 93940, housing specialties including urology, cardiology, general surgery and other services for the Monterey County community, (iii) to refund all or a portion of the outstanding CSCDA Health Facility Revenue Refunding Bonds (Community Hospital of the Monterey Peninsula) Series 2016A, the proceeds of which 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 Montage Health and its affiliated entities, and (iv) to pay costs of issuance of the Bonds.

The owner or operator of the facilities to be financed or refinanced with proceeds of the Bonds is and will be (a) the Montage Health or (b) affiliates of the Montage Health, including (i) Community Hospital of the Monterey Peninsula ("CHOMP"), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code, of which the Montage Health is the sole member, (ii) 40 Ryan Court LLC, a single-member limited liability company the sole member of which is Montage Health, or (iii) Montage Wellness Center, LLC, a single-member limited liability company the sole member of which is CHOMP.

OTHER AGENCY INVOLVEMENT/COMMITTEE ACTIONS:
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 Montage Health 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 PLAN GOALS:
This recommendation supports the Board of Supervisors Strategic Plan Goals as the bonds are vehicles of economic development that promote a diverse and thriving economy while promoting senior living housing opportunities.

____ Well-Being and Quality of Life
____ Sustainable Infrastructure for the Present and Future
____ Safe and Resilient Communities
_X__ Diverse and Thriving Economy

Link to the Strategic Plan:

<https://www.countyofmonterey.gov/home/showdocument?id=139569>

Prepared and approved by: Michael Beaton, Assistant County Administrative Officer, ext. 3835

Attachments: Resolution; Montage Health Financing Overview; Notice of Public Hearing and Proof of Publication