

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

419



FROM: Executive Office

SUBMITTAL DATE:
September 29, 2015

SUBJECT: Resolution No. 2015-227, Authorizing the Advance of Property Tax Revenue to the San Gorgonio Memorial Healthcare District; District 5/5 [\$1,500,000]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and adopt Resolution No. 2015-227, authorizing the advance of property tax revenue to the San Gorgonio Memorial Healthcare District; and,
2. Approve and authorize the Chairman to execute the attached agreement for repayment of said funds to the County of Riverside.

BACKGROUND:

Summary

Article 16, Section 6 of the California Constitution authorizes a county to lend available funds to a special district, not to exceed 85% of the district's anticipated yearly tax revenue. The loan shall be repaid from that revenue source before the district pays any other obligation.

Melissa Noone

Melissa Noone
Associate Management Analyst

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 1,500,000	\$	\$ 1,500,000	\$	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	

SOURCE OF FUNDS: Property Tax Revenue

Budget Adjustment: None

For Fiscal Year: 2015/16

C.E.O. RECOMMENDATION:

APPROVE

BY: *Ivan M. Chand*
Ivan M. Chand

10/8/2015

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

Prev. Agn. Ref.: 3-4 9/30/14 **District:** 5 **Agenda Number:**

3-2

FORM APPROVED COUNTY COUNSEL
BY: *Anita C. Willis* 10-5-15
DATE
ANITA C. WILLIS

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: *Susana Garcia-Bocanegra* 10/7/15
Susana Garcia-Bocanegra, Departmental Concurrence

☐ A-30 ☐ Positions Added
☐ 4/5 Vote ☐ Change Order

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Resolution No. 2015-227, Authorizing the Advance of Property Tax Revenue to the San
Gorgonio Memorial Healthcare District; District 5/5 [\$1,500,000]**

DATE: September 29, 2015

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

San Gorgonio Memorial Healthcare District (District) reports that the state's financial crisis has resulted in a delay of MediCal program payments, thus creating a perilous financial hardship to the District's hospital. Therefore, the District is requesting an advance of \$1.5 million of its FY 15/16 property tax revenue. The District has agreed to repay the loan, with interest, no later than June 30, 2016, per the attached agreement. Similar advances were provided in FY 08/09, FY 09/10, FY 10/11, FY 13/14, and FY 14/15 and have been repaid.

Impact on Residents and Businesses

Advance of the property tax revenue to the San Gorgonio Memorial Healthcare District will allow the District to continue to provide services to the residents in the area.

2 RESOLUTION NO. 2015-227

3 RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE FOR
4 ADVANCEMENT OF FUNDS TO SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

5 WHEREAS, the San Gorgonio Memorial Healthcare District (hereinafter "the District")
6 was formed October 6, 1947; and

7 ~~WHEREAS, the District has encountered an inability to meet current fiscal obligations~~
8 based upon the State's failure to timely reimburse MediCal claims; and

9 WHEREAS, California Constitution Article 16, Section 6, allows for a transfer of funds,
10 up to 85% of the anticipated revenues accruing to a district; and

11 WHEREAS, such temporary transfer of funds to any political subdivision shall be made
12 only upon resolution adopted by the governing body; now, therefore,

13 BE IS RESOLVED AND ORDERED by the Board of Supervisors of the County of
14 Riverside, State of California, in regular session assembled on October 20, 2015 that:

15 1. The Board of Supervisors agrees to advance \$1,500,000 to the San Gorgonio
16 Memorial Healthcare District.

17 2. This advance, with interest, is to be accomplished through execution of an
18 agreement to be administered by the County Executive Officer or his designee.

19 3. The Auditor-Controller is authorized to advance, and no later than June 30, 2016,
20 collect repayment with interest, the funds consistent with the agreement between the District and
21 County.

22 ///

FORM APPROVED COUNTY COUNSEL
BY: *[Signature]* DATE: 10/1/15
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25
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AGREEMENT FOR

ADVANCEMENT OF FUNDS TO MAINTAIN ESSENTIAL SERVICES (County of Riverside and San Geronio Memorial Healthcare District)

This Agreement is made and entered by and between the COUNTY OF RIVERSIDE ("COUNTY"), and the San Geronio Memorial Healthcare District ("DISTRICT") with the respect to the following facts:

A. COUNTY and DISTRICT now wish to enter into an agreement whereby COUNTY will advance \$1,500,000 to DISTRICT.

B. Under this Agreement, DISTRICT will use the funds to continue to provide essential services to the local community; said funds may be used for any normal operating expense of the district is included in the district's fiscal year 2015-16 budget.

C. DISTRICT represents that \$1,500,000 does not exceed 85 percent of the anticipated revenues accruing to DISTRICT in fiscal year 2015-16.

D. As the Treasurer has the authority under the California Constitution Article 16 Section 6 and this agreement both to transfer and replace funds, Treasurer shall coordinate with the County Executive Officer, who will be the administrator on behalf of COUNTY for this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. TERM: The term of this Agreement shall be July 1, 2015 to June 30, 2016.

2. ADVANCEMENT: The advancement is generally described as a short term advancement provided by COUNTY to DISTRICT and repaid with interest within the same fiscal year.

a. COUNTY will transfer DISTRICT the sum of \$1,500,000 within one week of the full execution of this agreement;

b. Both parties will consider the transfer to be an advance of the DISTRICT'S anticipated property tax revenue by withholding any or all of subsequent tax distributions until the loan is repaid in full;

c. DISTRICT agrees to compensate COUNTY for the loss of investment earning by paying interest at the same rate that the county applies to funds of the district on deposit with the county, estimated at \$4,400.

3. PAYMENT: Payment or payments will be made at the time of normal distribution of tax revenue to special districts within the County of Riverside, typically in January, May and July of each year.

DISTRICT agrees to pay interest on the borrowed funds as follows:

a. Interest expense will begin to accrue on the date that the transfer of funds occurs.

b. Interest expense will be accrued monthly at the published county pool rate on any unpaid balance owed to COUNTY.

c. Interest and principal will be paid in full from the January distribution. Should the January distribution be less than the borrowed amount and interest, the remaining balance will be repaid from the May distribution. Should the January and May distributions be less than the borrowed amount and interest, the remaining balance will be paid by DISTRICT no later than June 30, 2016.

4. MUTUAL HOLD HARMLESS. The parties agree to hold each other, their elected officials, employees, contractors and agents mutually harmless from any and all claims, demands and liability, including attorney's fees, arising from each party's performance of this Agreement except to the extent that such liability is caused by the negligence of the other party.

5. ENTIRE AGREEMENT. This Agreement sets forth the entire agreement between the parties with respect to the subject matter hereof and all prior negotiations and dealings pertaining to the subject matter hereof shall be deemed merged herein.

6. AMENDMENT. This Agreement shall not be modified except by written consent of the parties.

7. ADMINISTRATION. The County Executive Officer, or his designee, shall administer this Agreement on behalf of COUNTY.

8. SEVERABILITY. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

9. TERMINATION. After repayment of any advanced amount with interest, this Agreement will be of no further force or effect, with the exception of Section 4, above.

10. ASSIGNMENT. Neither this Agreement nor the duties or obligations under this Agreement shall be assigned by either party without prior written consent of the other party. This does not prohibit COUNTY however from performing its duties or obligations hereunder by way of subcontract.

11. NONDISCRIMINATION. Except as provided in Section 12940 of the California Government Code, during DISTRICT'S performance of the contract, DISTRICT shall not discriminate on the grounds of race, religious creed, color, national origin, ancestry, age, physical handicap, medical condition including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related hereto, marital status, sex or sexual

orientation in the selection and retention of employees and subcontractors and the procurement of materials and equipment.

12. NOTICES. All correspondence and notices required or contemplated by this Agreement shall be delivered to the respective parties at the addresses set forth below and are deemed submitted one (1) day after their deposit in the United States Mail, postage prepaid:

San Gorgonio Memorial Healthcare District
600 N. Highland Springs Avenue
Banning, CA 92220
Attn: David Recupero

COUNTY OF RIVERSIDE
4080 Lemon Street, 4th Floor
Riverside, CA 92501
Attn: Melissa Noone

IN WITNESS WHEREOF, COUNTY and CITY have caused this Agreement to be duly executed on the _____ day of _____, 2015.

SAN GORGONIO MEMORIAL
HEALTHCARE DISTRICT

COUNTY OF RIVERSIDE

By _____
Chief Financial Officer

By _____
Chairperson, Board of Supervisors

ATTEST:
District Clerk

ATTEST:
Kecia Harper-Ihem, Clerk of the Board

By _____
Clerk

By _____
Deputy

APPROVED AS TO FORM
Attorney of District

APPROVED AS TO FORM
County Counsel

By _____
Attorney of District

By  _____
Dale A. Gardner
County Counsel