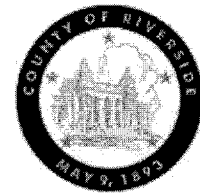


SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM
3.7
(ID # 4644)

MEETING DATE:

Tuesday, July 11, 2017

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Resolution No. 2017-123, Authorizing the Advance of Property Tax Revenue to the San Gorgonio Memorial Healthcare District ; District 4 [\$2,200,000]; Property Tax Revenue

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and adopt Resolution No. 2017-123, 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.

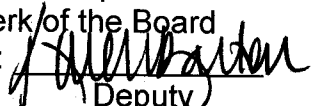
ACTION:


Melissa Noone, Associate Management Analyst 6/14/2017

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: July 11, 2017
xc: E.O., Auditor

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$2,200,000		\$2,200,000	
NET COUNTY COST				
SOURCE OF FUNDS: Property Tax Revenue			Budget Adjustment:	No
			For Fiscal Year:	17/18

C.E.O. RECOMMENDATION: Approve

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.

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 \$2.2 million of its FY 17/18 property tax revenue. Repayment with interest is required in the same fiscal year the advancement is made. The estimated interest is \$18,408. The agreement and resolution have been approved as to form by County Counsel. The advancement today does not guarantee future advance distributions. If the District requires advancements in future fiscal years, a separate request will need to be considered by the Board of Supervisors.

Impact on Residents and Businesses

The advancement of property tax does not have a direct impact on citizens and business; however, the District's request for the advancement may contribute towards the District's ability to provide services to the residents and businesses in their service area.

SUPPLEMENTAL:

Additional Fiscal Information

The District is obligated to pay interest on the advancement, which is estimated at \$18,408.

ATTACHMENTS:

ATTACHMENT A. Agreement for Advancement of Funds to Maintain Essential Services

ATTACHMENT B. Resolution No. 2017-123; Authorizing the Advance of Property Tax Revenue to the San Gorgonio Memorial Healthcare District

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

Misley Wang
Misley Wang

6/27/2017

Gregory H. Priamos
Gregory H. Priamos, Director County Counsel

6/27/2017

2 RESOLUTION NO. 2017-123

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 July 11, 2017 that:

15 1. The Board of Supervisors agrees to advance \$2,200,000 to the San Gorgonio
16 Memorial Healthcare District.

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

19 3. The Auditor-Controller is authorized to advance, and no later than June 30, 2018,
20 collect repayment with interest, the funds consistent with the agreement between the District and
21 County.

22 /// ROLL CALL:

23 Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
24 Nays: None
25 Absent: None

26 The foregoing is certified to be a true copy of a resolution duly
adopted by said Board of Supervisors on the date therein set forth.

KECIA HARPER-IHEM, Clerk of said Board
By *[Signature]*
Deputy

FORM APPROVED COUNTY COUNSEL
BY *[Signature]* DATE 6/27/17
DALE A. GARDNER

CLERK'S COPY

to Riverside County Clerk of the Board, Stop 1010
Post Office Box 1147, Riverside, Ca 92502-1147
Thank you.

AGREEMENT FOR

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

This Agreement is made and entered by and between the COUNTY OF RIVERSIDE ("COUNTY"), and the San Gorgonio 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 \$2,200,000 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 included in the district's fiscal year 2017-18 budget.

C. DISTRICT represents that \$2,200,000 does not exceed 85 percent of the anticipated revenues accruing to DISTRICT in fiscal year 2017-18.

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, 2017 to June 30, 2018.
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 \$2,200,000 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 \$18,408.
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:

JUL 11 2017 3.7

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, 2018.

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 _____, 2017.

SAN GORGONIO MEMORIAL
HEALTHCARE DISTRICT

By _____
Board Chair

ATTEST:
District Clerk

By _____
Secretary

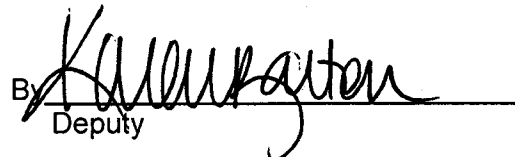
APPROVED AS TO FORM
Attorney of District

By _____
Attorney of District


COUNTY OF RIVERSIDE

By 
Chairperson, Board of Supervisors
JOHN TAVAGLIONE

ATTEST:
Kecia Harper-Ihem, Clerk of the Board

By 
Deputy

APPROVED AS TO FORM
County Counsel

By 
Dale A. Gardner
County Counsel