

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



ITEM
3.3
(ID # 7386)

MEETING DATE:

Tuesday, October 2, 2018

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Adopt Resolution No. 2018-132, Authorizing the Advancement of Funds to the San Gorgonio Memorial Healthcare District; Agreement for Advancement of Funds with San Gorgonio Memorial Healthcare District; District 4; [\$2,200,000]; Property Tax Revenue

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2018-132, authorizing the advancement of funds to the San Gorgonio Memorial Healthcare District; and,
2. Approve the Agreement for Advancement of Funds between the County of Riverside and the San Gorgonio Memorial Healthcare District and authorize the Chairman to execute the attached agreement on behalf of the County for repayment terms of said funds to the County of Riverside.

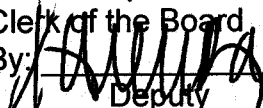
ACTION: Policy


Melissa Noone, Associate Management Analyst 9/18/2018

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: October 2, 2018
xc: EO

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:	18/19

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.

The 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 18/19 property tax revenue. Repayment with interest is required in the same fiscal year the advancement is made. The estimated interest is \$33,276. 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.

The Agreement and Resolution No. 2018-132 have been reviewed and approved as to form by County Counsel.

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.

Additional Fiscal Information

The District is obligated to pay interest on the advancement, which is estimated at \$33,276.

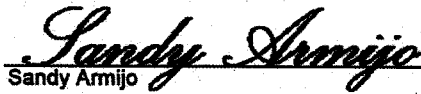
ATTACHMENTS:

ATTACHMENT A. Agreement for Advancement of Funds to Maintain Essential Services with San Gorgonio Memorial Healthcare District

ATTACHMENT B. Resolution No. 2018-132; Authorizing the Advancement of Funds to the San Gorgonio Memorial Healthcare District

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

ATTACHMENT C. San Gorgonio Memorial Healthcare District Resolution No. 2018-05


Sandy Armijo

9/19/2018


Ivan Chand, Deputy County Executive Officer

9/26/2018


Gregory V. Priapfos, Director County Counsel

9/25/2018

2
3 RESOLUTION NO. 2018-132

4
5 A RESOLUTION OF THE BOARD OF SUPERVISORS OF
6 THE COUNTY OF RIVERSIDE AUTHORIZING THE ADVANCEMENT OF FUNDS
7 TO SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
8

9 **WHEREAS**, the San Gorgonio Memorial Healthcare District (hereinafter "the District")
10 was formed on October 6, 1947; and

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

13 **WHEREAS**, California Constitution Article 16, Section 6, allows the County of Riverside
14 ("County") to temporarily advance and transfer funds to the District, up to 85% of the anticipated revenues
15 accruing to the District in the current fiscal year, to solve the District's cash flow problems and enable it to
16 perform its functions and meet its obligations; and

17 **WHEREAS**, such temporary advance and transfer of funds to any political subdivision shall
18 only be made upon a resolution adopted by the Board of Supervisors of the County of Riverside and upon
19 the County directing the Treasurer to make such temporary advance and transfer; now, therefore,

20 **BE IS RESOLVED, DETERMINED AND ORDERED** by the Board of Supervisors of
21 the County of Riverside, State of California, in regular session assembled on October 2, 2018 at 9:00 a.m.
22 or soon thereafter, in the meeting room of the Board of Supervisors, located on the first floor of the County
23 Administrative Center, 4080 Lemon Street, Riverside, California, that:

- 24 1. The Board of Supervisors ("Board") finds that the recitals set forth above are true
25 and correct.
- 26 2. The Board agrees to advance and authorizes the County Treasurer to transfer
27 \$2,200,000 to the San Gorgonio Memorial Healthcare District, an amount less than 85% of the anticipated
28 revenues accruing to the District in the current fiscal year, pursuant to a written agreement between the

FORM APPROVED COUNTY COUNSEL
BY: *Synthia M. Gunzel* DATE: 9-23-18
SYNTHIA M. GUNZEL

1 County and the District (the "Agreement").

2 3. This advance is to be accomplished through execution of the Agreement and said
3 Agreement will be administered by the County Executive Officer or his designee.

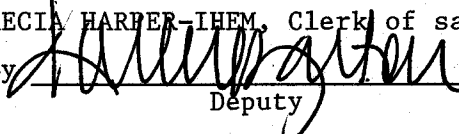
4 4. The County Executive Office is authorized and directed to advance said amount, and
5 within the same fiscal year, the Auditor Controller is authorized to collect repayment with interest,
6 consistent with the Agreement.

7 5. This Resolution shall take effect immediately upon its adoption.

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9 ROLL CALL:

10 Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
11 Nays: None
12 Absent: None

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

15 KECIA HARPER-IHEM, Clerk of said Board
16 By 
17 Deputy
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AGREEMENT FOR
ADVANCEMENT OF FUNDS TO MAINTAIN ESSENTIAL SERVICES
(County of Riverside and San Gorgonio Memorial Healthcare District)

This Agreement for Advancement of Funds to Maintain Essential Services ("Agreement") is made and entered by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California, ("COUNTY"), and the San Gorgonio Memorial Healthcare District, a special district, ("DISTRICT") with the respect to the following facts:

A. The California Constitution Article 16, Section 6 allows the County of Riverside ("County") to temporarily advance and transfer funds to the District, up to 85% of the anticipated revenues accruing to the District in the current fiscal year, to solve the District's cash flow problems and enable it to perform its functions and meet its obligations; provided the Board of Supervisors of the County of Riverside adopts a resolution authorizing such temporary advance and transfer and directs the County Treasurer to make such temporary advance and transfer to the DISTRICT.

B. COUNTY and DISTRICT now wish to enter into this Agreement to provide the terms and conditions for the COUNTY to advance \$2,200,000 to DISTRICT and the repayment of such advancement of funds pursuant to California Constitution Article XVI, Section 6.

C. Under this Agreement, DISTRICT will use the funds to continue to provide essential services to the local community, to perform its functions, and to meet its financial obligations. Said funds may be used for any normal operating expense of the DISTRICT included in the district's fiscal year 2018-19 budget.

D. DISTRICT represents that \$2,200,000 does not exceed 85 percent of the anticipated revenues accruing to DISTRICT in fiscal year 2018-19.

E. Upon adoption of Resolution No. 2018-132, the Treasurer has the authority under the California Constitution Article XVI, 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 the COUNTY for this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. TERM: The term of this Agreement shall be July 1, 2018 to June 30, 2019.

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 the sum of \$2,200,000, by and through its Treasurer, to the DISTRICT 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 that COUNTY shall collect repayment(s) toward the advancement by withholding any or all of subsequent tax distributions until the loan is repaid in full;
 - d. DISTRICT agrees to compensate COUNTY for the loss of investment earning by paying interest at the same rate that COUNTY applies to funds of the DISTRICT on deposit with the COUNTY, estimated at \$33,276.
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, 2019.
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
125 W. Chanslorway
Blythe, CA 92225
Attn: Bobbi Duffy

County of Riverside
4080 Lemon Street, 4th Floor
Riverside, CA 92501
Attn: Melissa Noone


(Signature Provisions on Following Page)

IN WITNESS WHEREOF, COUNTY and DISTRICT have caused this Agreement to be duly executed on the _____ day of _____, 2018.

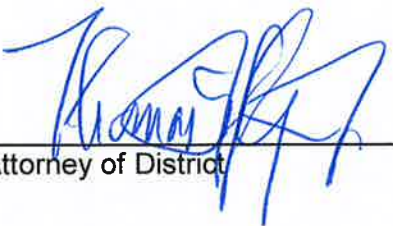
SAN GORGONIO MEMORIAL
HEALTHCARE DISTRICT

By  _____
Board Chair


ATTEST:
District Clerk

By  _____
Secretary

APPROVED AS TO FORM
Attorney of District

By  _____
Attorney of District

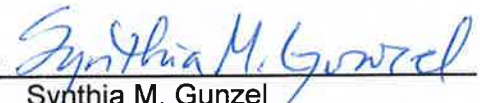
COUNTY OF RIVERSIDE

By  _____
Chuck Washington
Chairperson, Board of Supervisors

ATTEST:
Kecia Harper-Ihem, Clerk of the Board

By  _____
Kallenington, deputy
Clerk of the Board

APPROVED AS TO FORM
County Counsel
Gregory P. Priamos

By  _____
Synthia M. Gunzel
Chief Deputy County Counsel

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT RESOLUTION
#2018-05

BE IT RESOLVED, that at a regular board meeting held September 11, 2018 by the Board of Directors of San Gorgonio Memorial Healthcare District, a California Non-profit Public Benefit

Corporation, that an Agreement be 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 2018-19 budget.

C. DISTRICT represents that \$2,200,000 does not exceed 85 percent of the anticipated revenues accruing to DISTRICT in fiscal year 2018-19.

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, 2018 to June 30, 2019.
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.
3. COUNTY will transfer DISTRICT the sum of \$2,200,000 within one week of the full execution of this agreement;
4. 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;
5. 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.

Signed: _____

Georgia Sobiech
Georgia Sobiech, Secretary
San Gorgonio Memorial Healthcare District

Date: _____

9-11-18