

DEPARTMENT: Administration

BY: Rick Benson

PHONE: 966-3222

RECOMMENDED ACTION AND JUSTIFICATION:

Approve a Loan Agreement with the John C. Fremont Healthcare District in the amount of \$1.7 million and authorize the Chairman of the Board of Supervisors to sign the agreement. Please see the attached memorandum for additional information.

BACKGROUND AND HISTORY OF BOARD ACTIONS:

The Board has previously approved temporary loans to other agencies such as the Area 12 Agency on Aging, when it is deemed beneficial for the citizens of the County.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

Do not approve the loan agreement with the John C. Fremont Healthcare District. The District will need to identify another way to secure the necessary funds or forego the opportunity to participate in this intergovernmental transfer

Financial Impact? (X) Yes () No	Current FY Cost: \$	Annual Recurring Cost: \$
Budgeted In Current FY? (X) Yes () No () Partially Funded		
Amount in Budget: \$2,300,000		List Attachments, number pages consecutively
Additional Funding Needed: \$-0-		Memorandum
Source:		Loan Agreement
Internal Transfer _____		_____
Unanticipated Revenue _____ 4/5's vote		_____
Transfer Between Funds _____ 4/5's vote		_____
Contingency _____ 4/5's vote		_____
() General () Other		_____

CLERK'S USE ONLY:

Res. No.: 10-158 Ord. No. _____
 Vote - Ayes: 5 Noes: _____
 Absent: _____
 Approved
 Minute Order Attached () No Action Necessary

The foregoing instrument is a correct copy of the original on file in this office.

Date: _____
 Attest: MARGIE WILLIAMS, Clerk of the Board
 County of Mariposa, State of California
 By: _____
 Deputy

COUNTY ADMINISTRATIVE OFFICER:

Requested Action Recommended
 No Opinion
 Comments:

CAO: [Signature]



COUNTY OF MARIPOSA

P.O. Box 784, Mariposa, CA 95338 (209) 966-3222

BRAD ABORN
LYLE TURPIN
JANET BIBBY
KEVIN CANN
JIM ALLEN

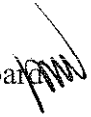
DISTRICT I
DISTRICT II
DISTRICT III
DISTRICT IV
DISTRICT V



MARIPOSA COUNTY BOARD OF SUPERVISORS

MINUTE ORDER

TO: RICHARD J. BENSON, CAO

FROM: MARGIE WILLIAMS, Clerk of the Board 

SUBJECT: Approve a Loan Agreement with the John C. Fremont Healthcare District in the Amount of \$1.7 Million and Authorize the Board of Supervisors Chair to Sign the Agreement

Res. 10-158

THE BOARD OF SUPERVISORS OF MARIPOSA COUNTY, CALIFORNIA

ADOPTED THIS Order on April 6, 2010

ACTION AND VOTE:

15

Administration

Approve a Loan Agreement with the John C. Fremont Healthcare District in the Amount of \$1.7 Million and Authorize the Board of Supervisors Chair to Sign the Agreement

BOARD ACTION: Rick Benson reviewed the request, and distributed a revised draft loan agreement. Steve Dahlem, County Counsel, responded to a question from the Board relative to the change in the revised agreement to delete the paragraph relative to the County being able to intercept property tax revenues if the loan is not repaid.

Chuck Bill, Chief Executive Officer for the John C. Fremont Healthcare District, presented additional information on their request for a loan so they can participate in an Intergovernmental Transfer process where the District can transfer local funds (\$1.7 million) to the State in order to obtain matching dollars from the federal government (\$2.7 million). He advised that they will not move forward with the process until the contract is in place with the California Medical Assistance Commission (CMAC).

Discussion was held with Chuck Bill relative to the request and the process, timeframes for the process, and whether the Hospital has other options for obtaining a loan. Chuck Bill noted that the following District Board members were present: Mike McCreary, Ruth Shane, Bob Rudzik, and Candy O'Donel-Browne. Further discussion was held relative to the agreement and timeframes and options.

Chris Ebie, Auditor, provided input on the County's financial position, and he expressed concern with the amount of time it might take for the Hospital to receive the loan repayment funds back from the State. He also suggested that the County should be increasing its General Reserve each year.

Rick Benson suggested that consideration could be given to using a portion of the Tobacco Settlement Funds for the loan; and discussion was held.

Mike McCreary, Chair of the Board of Directors for the District, provided input relative to the request.

Keith Williams, Treasurer/Tax Collector, provided input relative to the status of funds. Further discussion was held relative to securing the loan and whether the District could obtain insurance coverage for this.

(M)Allen, (S)Aborn, Res. 10-158 was adopted approving the loan agreement as recommended, with the condition that the Hospital District obtain loan guarantee insurance/Certificate of Indebtedness with all due diligence; and further directing that \$500,000 of the \$1.7 million loan come from the Tobacco Settlement Funds. Discussion was held. Rick Benson restated the motion as follows, and it was agreeable with the maker and the second and with Chuck Bill: the loan agreement was approved, with the release of funds to be contingent on receiving evidence of the insurance/Certificate of Collateral to the satisfaction of the Auditor; and with direction that \$500,000 come from the Tobacco Settlement Funds/Ayes: Unanimous.

Cc: Chris Ebie, Auditor
File


MARIPOSA COUNTY

Richard J. Benson
County Administrative Officer



5100 Bullion Street
P.O. Box 784
Mariposa, CA 95338
209-966-3222
1-800-736-1252
FAX 209-966-5147
rbenson@mariposacounty.org

April 6, 2010

TO: Board of Supervisors
FROM: Rick Benson, County Administrative Officer 
SUBJECT: John C. Fremont Healthcare District Loan Request

The John C. Fremont Healthcare District has been presented with an opportunity which could be extremely beneficial for the District and for the citizens of Mariposa County. Through a new program, the State of California will be able to obtain matching federal funds for the District. These funds could amount to approximately \$1 million.

In order to capture the federal dollars the District is required to make what is known as an intergovernmental transfer (IGT) to the state. An IGT is the actual transfer of funds from one governmental entity to another. For every one dollar of IGT made a Hospital District will receive \$1.62 of federal funds up to the limits established by the program.

In order for the District to fully participate they will need to transfer approximately \$1.7 million to the state. Then through a contract with the California Medical Assistance Commission they will become eligible for the federal matching funds. This process will take anywhere from 2 to 4 months.

Unfortunately, the District does not have the resources at their disposal to enable them to make an IGT anywhere close to this level. Therefore, District management has approached the County to provide them with the funds for the transfer.

As your Board is aware, the John C. Fremont Hospital District is the only healthcare provider available for many County residents. Without the hospital and its associated clinics the quality of medical care of Mariposa County would be significantly reduced. The hospital has faced many financial challenges. This additional \$1 million in funding would have a significant, positive impact on the hospital's operations.

Although Mariposa County faces financial challenges of its own, after consulting with the Auditor and the Treasurer/Tax Collector, it was determined that the County is in the position to facilitate the transfer. Although it will stretch our resources, assuming it is repaid as planned, we do not expect that there will be any significant repercussions to County operations. If approved, the District would repay the County in full and would also be responsible to reimburse the county for lost interest at the County pool rate.

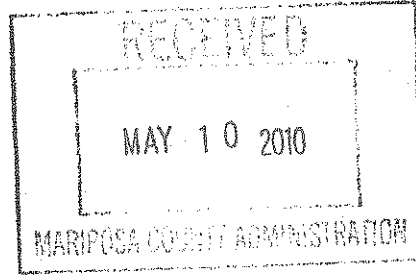
Attached for your Board's review is an agreement with the District outlining the terms of the loan. Although we have every reason to believe that full payment will be made within four months, this agreement allows the County to intercept tax payments due to the District in the event of a default. District staff also understands that the County will aggressively pursue all repayment options regardless of any effects these actions may have on the District's operations.

In recognition of the unique circumstances in this exceptional opportunity, it is recommended that your Board authorize the County Auditor to process a loan to the John C. Fremont Hospital District up to \$1.7 million to facilitate an intergovernmental transfer to the Federal Centers for Medicare and Medicaid Services and authorize the chairman to sign the attached agreement.



JOHN C. FREMONT HEALTHCARE DISTRICT

May 10, 2010



cc: BOS
CAO
File
Chris Elie
Keith Williams

Mr. Rick Benson, County Administrative Officer
Mariposa County Board of Supervisors
P.O. Box 784
Mariposa, CA 95338-0784

Dear Mr. Benson:


On behalf of the John C. Fremont Healthcare District (JCFHD), we are writing to notify you that negotiations with the State of California on an appropriate Intergovernmental Transfer agreement were unsuccessful. Therefore the District will not be drawing down the \$1.7 million loan that the Board of Supervisors so generously approved at your April 6, 2010 meeting.

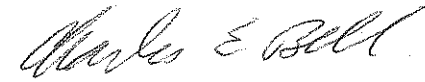
We are very disappointed that the State was not able to recognize the significance of the cash flow this program would provide to the participating District Hospitals and the State's general fund. In spite of the outcome, we are nonetheless extremely grateful for your support and that of your colleagues in response to this potential opportunity.

Mr. Benson, thank you for embracing this concept and your willingness to present it to the Board of Supervisors. Your grasp of the concept and unequivocal support for JCFHD is not only inspiring to us, our employees, physicians, volunteers and patients, but should also be celebrated as part of the outstanding leadership you are providing to the County.

Thank you again.

Sincerely,


Samuel M. McCreary, Board Chair


Charles E. Bill, Administrator/CEO

SM:CB/kb

Hospital • (209) 966-3631 Fax: (209) 742-6749
Rural Health Clinic • (209) 966-0850 Fax: (209) 966-0855
Home Health / Hospice • (209) 966-3800 / (209) 878-0800 Fax: (209) 966-3778