



Board Agenda Item 3.1

DATE: December 13, 2016

TO: Board of Supervisors

SUBMITTED BY: Oscar J Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

SUBJECT: Cash Advance Agreement between County of Fresno, County of Tulare and San Joaquin Valley Insurance Authority for its cash flow needs

RECOMMENDED ACTION(S):

- 1. Adopt a Resolution authorizing (a) the advance of cash up to the amount of an additional \$3,000,000 from the County of Fresno General Fund to the San Joaquin Valley Insurance Authority (SJVIA) until June 30, 2017, as needed, and the request to be repaid by the SJVIA not later than December 30, 2021, to assist the SJVIA in managing its cash flow;**
- 2. Adopt a Resolution authorizing the decrease in the FY 2016-17 General Fund unassigned fund balance in the amount of \$3,000,000, and a corresponding increase in FY 2016-17 General Fund, SJVIA Cash Advance Receivable, to fund the County of Fresno's cash advance to the SJVIA (4/5 vote); and**
- 3. Approve and authorize Chairman to execute amended Agreement between County of Fresno and SJVIA for Cash Advances and Repayment of Cash Advances, increasing total authorized loan amount to \$5,000,000, an increase of \$3,000,000, and extending the term of repayment, by an additional four years from 12/30/2017 to 12/30/2021.**

This Agenda Item recommends that the County of Fresno (Fresno) make available and may advance up to an additional \$3,000,000 to the SJVIA until June 30, 2017, as needed, and that the original Cash Advances and Repayment of Cash Advances Agreement (Agreement) be amended to reflect the increase in total authorized loan amount (\$5,000,000) and to be repaid by the SJVIA not later than December 30, 2021, and extension of the original term of loan by an additional four years, to assist the SJVIA in managing its cash flow.

The first recommended action is a temporary mechanism that would authorize Fresno to advance up to \$3,000,000 to the SJVIA until June 30, 2017, as needed by the SJVIA, and request the SJVIA's repayment plus accrued interest at Fresno's then-current treasury pool rate by the earlier of (a) when there is a sufficient cash balance in SJVIA's Chase bank accounts to cover regular SJVIA cash flow needs, as determined by the SJVIA Manager or SJVIA Assistant Manager (or both of them) and SJVIA Auditor-Treasurer, or (b) December 30, 2021.

The second recommended action would make available Fresno's FY 2016-17 funds for this Agenda Item.

The third recommended action will approve an amended agreement between Fresno County and the SJVIA that will amend the terms and conditions pursuant to which Fresno County and the SJVIA will implement the SJVIA's use of Fresno County's advance and repayment transactions.

It is anticipated that the County of Tulare (Tulare) also would make available and may advance up to an additional \$3,000,000 to the SJVIA until June 30, 2017, as needed by the SJVIA, to assist the SJVIA in managing its cash flow.

ALTERNATIVE ACTION(S):

Not authorizing the recommended actions could result in the SJVIA becoming insolvent and unable to pay medical claims and fixed costs during the months of December 2016 through June 2017.

FISCAL IMPACT:

There is no net County cost associated with the recommended actions. The SJVIA's requested advance is expected to be paid back, with interest, to the County of Fresno (Fresno) over the five year loan term as extended by this amendment, not to exceed 12/30/2021.

DISCUSSION:

Although this item was not heard at the Debt Advisory Committee prior to coming before the Board, it is currently scheduled to be heard retroactively by the DAC on December 16, 2016.

REFERENCE MATERIAL:

BAI # 6, January 26, 2016
BAI# 5, December 15, 2015

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk-Resolution Authorizing Advance
On file with Clerk-Amended Cash Advance and Repayment Agreement
On file with Clerk-Budget Resolution

CAO ANALYST:

Deborah Paolinelli