



Board Agenda Item 44

DATE: August 7, 2018

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, Director of Human Resources

SUBJECT: Third Amendment to Agreement for Cash Advances and Repayment between County of Fresno and San Joaquin Valley Insurance Authority

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute Third Amendment to Agreement No. 16-049 with San Joaquin Valley Insurance Authority for Cash Advances and Repayment.

Approval of the recommended action will authorize the Chairman to execute a third amendment to the Cash Advances and Repayment Agreement (County of Fresno Agreement No. 16-049) ("Agreement") to provide dollar-for-dollar repayment of County of Fresno (Fresno) and County of Tulare (Tulare), no later than December 30, 2021.

ALTERNATIVE ACTION(S):

Your Board may choose not to amend the Agreement and maintain the repayment terms contained in the second amendment to the Agreement, which is that Fresno and Tulare shall be repaid simultaneously and pro-rata based on the principal amount advanced by each of them to the San Joaquin Valley Insurance Authority (SJVIA).

FISCAL IMPACT:

There is no net County cost associated with the recommended action. The amount of \$5,000,000 that has been advanced to SJVIA is expected to be paid back to Fresno, with interest, no later than December 30, 2021.

DISCUSSION:

On December 23, 2015, Fresno and the SJVIA entered into an Agreement to provide for a cash advance of up to \$2,000,000 to the SJVIA. On December 13, 2016, Fresno and the SJVIA amended the Agreement (County of Fresno Agreement No. 16-703) to increase the amount of Fresno's cash advance to the SJVIA to a total of up to \$5,000,000, and to extend the term of the Agreement and provide for repayment no later than December 30, 2021. In 2017, Fresno and the SJVIA further amended the Agreement (County of Fresno Agreement No. 17-188) to increase the amount of Fresno's potential cash advance to the SJVIA to a total of \$8,000,000. Fresno has advanced \$5,000,000 to the SJVIA.

The SJVIA and Tulare entered into an Agreement for Cash Advances and Repayment (County of Tulare Agreement No. 27772) ("Tulare Agreement"), effective July 19, 2016, to provide for a cash advance of up to \$2,000,000. On December 20, 2016, Tulare and the SJVIA amended the Tulare Agreement (County of Tulare Agreement No. 27772-A) to increase the amount of Tulare's cash advance to the SJVIA to a total of

up to \$4,000,000, and to extend the term of the Tulare Agreement and provide for repayment no later than June 30, 2018. Tulare has advanced \$4,000,000 to the SJVIA.

On May 4, 2018, the SJVIA's Board of Directors expressed its desire to extend the date of repayment of the cash advances made by Tulare and to ensure that the solvency of the SJVIA remains foremost and to provide for building reserves. The SJVIA's Board of Directors also directed that the Agreement and Tulare Agreement should be further amended to provide dollar-for-dollar repayment of Fresno and Tulare ending no later than December 30, 2021. Tulare's Board of Supervisors approved a second amendment to the Tulare Agreement at their June 12, 2018 Board meeting to include these changes.

OTHER REVIEWING AGENCIES:

County of Tulare
San Joaquin Valley Insurance Authority

REFERENCE MATERIAL:

BAI #25.1, May 16, 2017
BAI #3.1, December 13, 2016
BAI # 6, January 26, 2016
BAI# 5, December 15, 2015

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with San Joaquin Valley Insurance Authority

CAO ANALYST:

Juan Lopez