

Transmittal Sheet For Agenda Items of The Tulare Local Healthcare District Board of Directors

Meeting Date ___23 January 2019

Agenda Item

Discussion and Action on proposed finance arrangement between the City of Tulare and Tulare Local Healthcare District

Recommendation

That the Board approve moving forward to finalize documents for this financing arrangement

Background

In November and December, the board's committee looking at financing, Kevin Northcraft and Mike Jamaica, met with the City finance director then the City's acting city manager, finance director, and City Attorney, to see if the City might use its investment portfolio to assist the district. The council then agendaized on December 11 a discussion of this request, and voted 3-0 on December 18 to further the concept. (Two councilmembers recused.)

At the council meeting of January 15, the proposal was refined, and approved 2-1 to proceed. Mayor Jose Segala and Councilmember Terry Sayer in favor; Councilmember Jones opposed. The staff was directed to finalize the arrangement for the 5 February council meeting, or a special meeting before then.

The proposal now is \$5 million loan or sale/leaseback, with a line of credit of an additional \$4 million. The conditions are—1) All non-hospital properties to be security for the financing, with the line of credit to be available within three to four months, 2) The district to pursue selling of Evolutions in the next year to pay back the financing, 3) if possible, the district to repay the debt of the prior administration of unpaid City bills.

A meeting with representatives of the City and District is scheduled for 21 January to finalize deal points and arrange for documents.

Submitted by

Kevin Northcraft, Board President

