

San Juan County Public Hospital District No. 3  
Orcas Island Health Care District

RESOLUTION 2018-11

RESOLUTION AUTHORIZING AN INTERLOCAL AGREEMENT AUTHORIZING INTERAGENCY LOANS FROM SAN JUAN COUNTY TO SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT #3 IN THE AMOUNT OF \$400,000

WHEREAS, the Board of Commissioners of Orcas Island Health Care District considers it necessary to incur certain expenses associated with the establishment and operation of the District prior to the collection of the 2019 tax levy; and

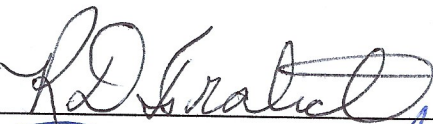
WHEREAS, San Juan County has agreed to make available interim financing in the amount of \$400,000, provided that the District provides proof of revenues sufficient to cover full repayment of the loan balance in 2019 as well as sufficient revenue to cover the District's other operating costs;

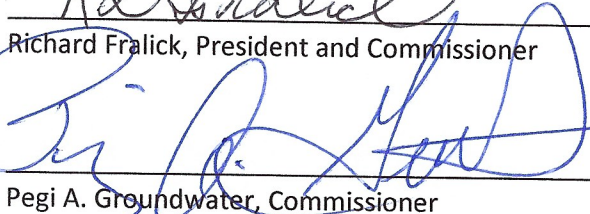
WHEREAS, the Board of Commissioners held a public hearing for the purpose of receiving testimony and comment on its 2018 Interim Budget on June 21, 2018; and

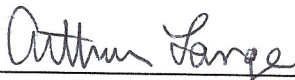
WHEREAS, following the public hearing the Board of Commissioners adopted Resolution 2018-10 Confirming Interim 2018 Budget and Establishing a Preliminary 2019 Levy Amount; and

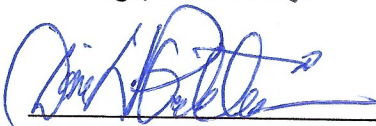
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS FOR SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 3: to authorize interlocal agreement with San Juan County attached to this resolution as Exhibit A.

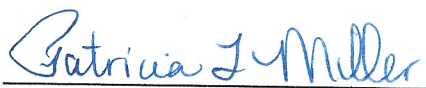
Adopted this 26<sup>th</sup> day of June, 2018.

  
Richard Fralick, President and Commissioner

  
Pegi A. Groundwater, Commissioner

  
Art Lange, Commissioner

  
Diane Boteler M.D., Commissioner

  
Patricia Miller, Secretary and Commissioner

**INTERLOCAL AGREEMENT AUTHORIZING INTERAGENCY LOANS FROM SAN JUAN COUNTY TO SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT #3 (ORCAS ISLAND) IN THE AMOUNT OF \$400,000**

**BACKGROUND**

1. This Agreement is made and entered into at Friday Harbor, Washington, between San Juan County and San Juan County Public Hospital District #3 (dba Orcas Island Health Care District) pursuant to RCW 39.34.080.
2. The Orcas Island Health Care District is in its first year of operation. The Board of Commissioners has authorized for tax year 2019 a preliminary levy in the amount \$800,000 and will adopt a final levy no later than November 15<sup>th</sup>, 2018.
3. Prior to receiving tax revenue, Orcas Island Health Care District is anticipating a cash shortfall of less than \$400,000.
4. The San Juan County Finance Committee met on June 7, 2018, and on June 26, 2018, and recommended approval by Council of a sixteen-month, \$200,000 loan to the San Juan County Public Hospital District #3.
5. The San Juan County Finance Committee also recommended that if the San Juan County Public Hospital District #3 needs additional funds, a second loan of up to \$200,000 be approved for disbursement no earlier than October 1, 2018. Approval of this second loan is conditional on formal adoption by the hospital district of a 2019 budget and a final 2019 levy, and on review by the County Auditor and County Treasurer.
6. The San Juan County Public Hospital District #3 desires to accept the loans on the terms described by San Juan County.


**NOW THEREFORE**, in consideration of the terms, conditions, covenants, and performance contained herein, the parties hereto agree as follows:

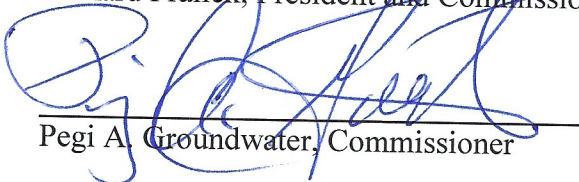
- a. A loan from the San Juan County Current Expense Fund (Fund 0001) to the San Juan County Public Hospital District #3 will be made by San Juan County in the amount of \$200,000, with the loan proceeds being transferred on or about July 1, 2018.
- b. A second loan from the San Juan County Current Expense Fund (Fund 0001) to the San Juan County Public Hospital District #3 may be made by San Juan County in an amount up to \$200,000, with the loan proceeds being transferred on or after October 1, 2018.
- c. Interest shall be assessed monthly on the average outstanding balance of both loans at the average rate of the Local Government Investment Pool for the assessment period plus 75 basis points (.75%).


- d. San Juan County Public Hospital District #3 shall repay one-half of the total outstanding loan principal from both loans, plus all accrued interest to date, by April 30, 2019.
- e. San Juan County Public Hospital District #3 shall repay the balance of both loans, plus all remaining interest, by October 31, 2019.
- f. In the case of default by San Juan County Public Hospital District #3, the San Juan County Treasurer is authorized to take the funds still owing from the tax receipts of the hospital district.
- g. No separate legal or administrative entity is created by this Agreement and any real or personal property acquired is the sole and separate property of the acquiring agency. This Agreement will be administered by the San Juan County Auditor.


IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of this 26<sup>TH</sup> day of JUNE, 2018.

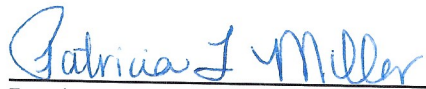
**SAN JUAN COUNTY  
PUBLIC HOSPITAL DISTRICT #3  
BOARD OF COMMISSIONERS**

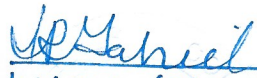
  
Richard Fralick, President and Commissioner

  
Pegi A. Groundwater, Commissioner

  
Art Lange, Commissioner

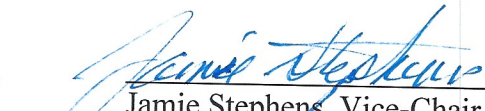
  
Diane Boteler, M.D., Commissioner

  
Patricia Miller, Secretary and Commissioner

 6.26.2018  
INGRID GABRIEL, CLERK TO  
THE COUNCIL

**SAN JUAN COUNTY  
COUNTY COUNCIL**


  
Bill Watson, Chair, District 1


  
Jamie Stephens, Vice-Chair, District 3

**EXCUSED**

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Rick Hughes, District 2

**APPROVED AS TO FORM ONLY  
RANDALL K. GAYLORD**

By:  6/19/18  
Date

 6.26.18  
MIKE THOMAS, COUNTY MANAGER