



SPECIAL MEETING AGENDA

LAST FRONTIER HEALTHCARE DISTRICT

BOARD OF DIRECTORS

Friday, November 14, 2025, 5:00 pm
Modoc Medical Center, Education Room; Alturas, California

Parties with a disability, as provided by the American Disabilities Act, who require special accommodations or aids in order to participate in this public meeting should make requests for accommodation to the Modoc Medical Center Administration at least 48 hours prior to the meeting. Board Agenda packets are available to the public online at www.modocmedicalcenter.org or at the MMC Administration offices.

5:00 pm - CALL TO ORDER – Carol Madison, Chair

1. PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA – C. Madison, Chair

2. AGENDA APPROVAL - Additions/Deletions to the Agenda – C. Madison, Chair

3. PUBLIC COMMENT - This is the time set aside for citizens to address the Board on matters not on the Agenda or Consent Agenda. Comments should be limited to matters within the jurisdiction of the Board. If your comment concerns an item shown on the Agenda, please address the Board after that item is open for public comment. **By law, the Board cannot act on matters that are not on the Agenda.** The Chairperson reserves the right to limit the duration of each speaker to **three minutes**. Speakers may not cede their time. Agenda items with times noted, will be considered at that time. All other items will be considered as listed on the Agenda, or as deemed necessary by the Chairperson.

4. DISCUSSION

A.) K. Kramer - Surprise Valley Healthcare District Assistance Structure

Attachment A

REGULAR SESSION

5. CONSIDERATION/ACTION

A.) K. Kramer – LFHD Investment Policy Change

Attachment B

B.) K. Kramer - LFHD and Modoc County Loan Agreement

Attachment C

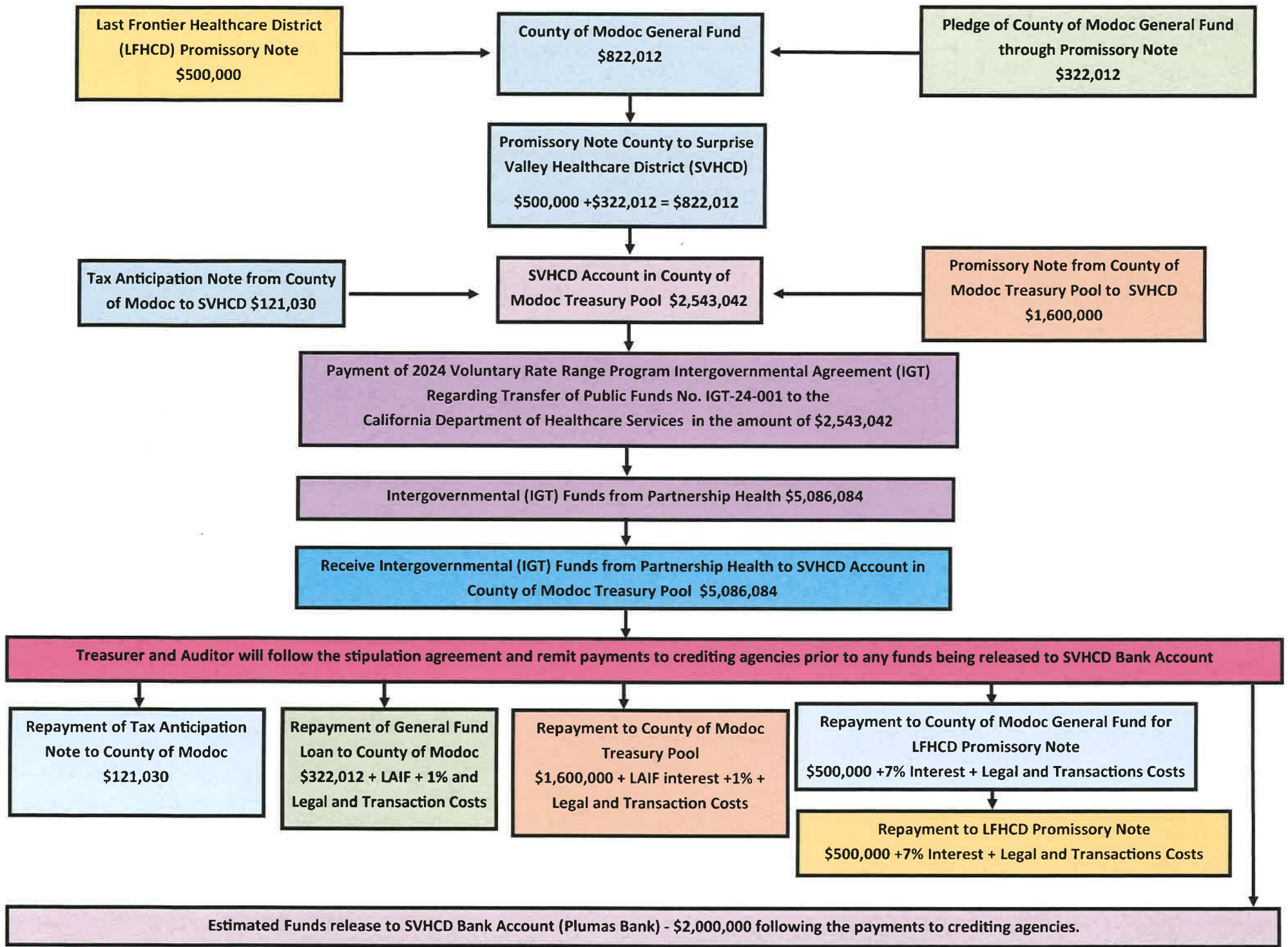
C.) K. Kramer - LFHD and Modoc County Promissory Note

Attachment D

5. MOTION TO ADJOURN – C. Madison - Chair

POSTED AT: MODOC COUNTY COURTHOUSE / ALTURAS CITY HALL / MMC WEBSITE-(www.modocmedicalcenter.org)
ON November 13, 2025.

Attachment A
Surprise Valley Healthcare
District Assistance
Structure



SVHCD Investment Flow Chart— Presented to the Board of Supervisors on November 10, 2025

Attachment B
LFHD Investment Policy
Change

REFERENCE # 8510.25	EFFECTIVE 7/2010
SUBJECT: 8510.25 INVESTMENT POLICY	REVISED 2/2025
DEPARTMENT: ACCOUNTING	

PURPOSE:

The purpose of this policy is to establish a set of guidelines, limitations, and parameters in accordance with the California Debt and Investment Advisory Commission (CDIAC) Local Agency Investment Guidelines found on the State of California Treasurer’s website. These guidelines, limitations, and parameters create a framework that will enable the Last Frontier Healthcare District to wisely invest cash reserves into investment vehicles that are deemed to have minimal risk and reasonable return rates.

AUDIENCE:

Organization Wide

POLICY:

It is the policy of the Last Frontier Healthcare District (District) dba Modoc Medical Center (MMC) that the facility make investment-related decisions with respect to cash reserves in compliance with the standards of fiduciary conduct prescribed by CDIAC. This policy identifies the investment objectives of the District, sets out decision-making processes for selecting designated investment options, and specifies the procedures and relevant measurement indexes to be used in assessing ongoing investment option performance, in accordance with the stated investment objectives. This policy statement will be used as the basis for measuring and evaluating future investment performance and will be reviewed, at least annually, by the Finance Director.

PROCEDURE:

Investment Objectives

Cash “not in use” may be prudently invested to earn a reasonable rate of return, while awaiting application for District purposes. The following specific objectives are ranked in order of importance.

1. Safety of Principal- The preservation of principal is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they arise from securities default, broker-dealer default, or erosion of market value. Care shall be taken to preserve principal by mitigating the two types of risk, credit risk and market risk.

Credit risk is the risk of loss due to failure of the issuer of a security. This shall be mitigated by investing in investment grade securities and by diversifying the investment portfolio so that failure of any one issuer would not unduly harm the District’s capital base or cash flow.

Market risk is market value fluctuations due to overall changes in the general level of interest rates. This shall be mitigated by structuring the portfolio based on historic and current cash flow analysis eliminating the need to sell securities prior to maturity and avoiding purchasing long-term securities for the sole purpose of short-term speculation.

REFERENCE # 8510.25	EFFECTIVE 7/2010
SUBJECT: 8510.25 INVESTMENT POLICY	REVISED 2/2025
DEPARTMENT: ACCOUNTING	

2. Liquidity of Investments-The Pooled Monies Investment Account (PMIA) should remain sufficiently flexible to enable the District to meet all reasonable anticipated operating requirements. Historic cash flow trends are consistently compared to current cash flow requirements.
3. Yield-The Pooled Monies Investment Account should be designed to earn an optimum rate of return, consistent with the risk limitations, prudent investment principles, and cash flow requirements for the District.

Authorized Investments

The classes of investments that most adequately meet the investment objectives include:

- Issues of the United States Government
- Agencies (the Government National Mortgage Association “Ginnie Mae”, Federal National Mortgage Association “Fannie Mae”, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation “Freddie Mac”, Federal Farm Credit System)
- Negotiable certificates of deposit (including Yankees)
- Bankers’ acceptances (including foreign issues)
- Medium term notes
- Commercial paper
- Other evidences of indebtedness of a local agency within California

While not as marketable or as liquid as the prior mentioned securities, time certificates of deposit (CDs) and repurchase agreements should also be allowed as an investment. Deposits in the Local Agency Investment Fund (LAIF) shall be authorized up to the legal limit.

No security may be purchased, unless specific approval has been obtained from the Board of Directors.

Investment Guidelines

Guidelines should be developed for each type of investment authorized to allow the investment policy to be properly implemented. The guidelines will establish limits as to the amount of funds that can be placed in any one type of investment and in the securities (or deposits) in any one company. These limits will be based on the percentage each represents of surplus funds at the time of each purchase. Included in the guidelines will be a brief description of each type of security, legal authority, credit requirements, collateral requirements (if any), risk factors, and other characteristics. The investment guidelines are attached to and are part of this policy.

Formatted: Font: (Default) Times New Roman, 12 pt, Font color: Auto

Prohibited Investments

No investments shall be authorized that have the possibility of returning a *zero* or *negative* yield if held to maturity. These shall include, but are not limited to, inverse floater, range notes, and interest only strips derived from a pool of mortgages.

Formatted: Font: (Default) Times New Roman, 12 pt, Font color: Auto

Safekeeping of Securities

All securities owned by the District may be held in safekeeping by a third-party bank trust department, acting as agent for the District under the terms of a custody agreement. All trades executed by a dealer will

Formatted: Font: (Default) Times New Roman, 12 pt, Font color: Auto

REFERENCE # 8510.25	EFFECTIVE 7/2010
SUBJECT: 8510.25 INVESTMENT POLICY	REVISED 2/2025
DEPARTMENT: ACCOUNTING	

settle delivery versus payment (DVP) through the District’s safekeeping agent.

Criteria for Selection and Qualifications of Broker/Dealers and Financial Institutions

Brokers and dealers shall be selected for their proven competitiveness regarding price and execution, clearance and settlement of transactions, commitment of capital, ability to report promptly and efficiently deliver securities. Additional criteria shall include the ability and willingness to supply financial publications, economic reports, and financial data. The investment advisor (Finance Committee, Board of Directors or Agent of the Board) for the District shall use these criteria to assist in the selection of brokers and dealers.

Formatted: Font: (Default) Times New Roman, 12 pt, Font color: Auto

Formatted: No underline, Underline color: Auto

Competitive Bidding

Competitive bids shall be obtained when purchasing or selling securities whenever practical.

Formatted: Font: (Default) Times New Roman, 12 pt, Font color: Auto

Investment Strategy

An economic scenario should be developed and maintained to assist in developing an investment strategy. An investment strategy will be developed to help optimize earnings based upon liquidity needs and the economic scenario. Investments will be selected taking many variables into consideration ~~and the economic scenario~~. Several of the most important variables will be the shape of the yield curve, the anticipated change in that curve and the relative value of available securities. Proper use of the yield curve will involve not only purchasing securities with desirable maturities but also moving from existing portfolio securities with less desirable maturities into those with maturities that are perceived as currently more advantageous or into securities with more relative value. The average maturity of the portfolio shall be shortened or lengthened primarily depending upon an evaluation of the above-mentioned factors.

Formatted: Font: 12 pt, Font color: Auto

Monitoring and Reporting of the Portfolio

At least quarterly, a detailed report on the District’s investments will be provided by Administration to the Finance Committee and the Board of Directors. The report will list the type of investment, name of the issuer, maturity date, and market value of each investment. No more than 20% of the portfolio, except Treasuries and Agencies, may be invested in the securities of a single issuer, including its related entities.

Formatted: Font: (Default) Times New Roman, 12 pt, Font color: Auto

Investment Guidelines

Formatted: Font: 12 pt

U.S. Treasuries and Agencies

Formatted: Underline

Investments: Issues of the U.S. Treasury (treasuries or governments), agencies of the federal government, and the Federal National Mortgage Association (FNMA) shall be authorized as acceptable investments.

Formatted: No underline

Reasons: U.S. Treasury issues are judged to be the safest of all investments. Agencies are typically considered the next safest class of securities available. (The Federal National Mortgage Association is now publicly owned, but the investment world still generally groups it with the agencies. For purposes of these guidelines, it will be referred to as an agency.) These securities are also very liquid, marketable, and they offer a wide range of available maturities.

Formatted: No underline

REFERENCE # 8510.25	EFFECTIVE 7/2010
SUBJECT: 8510.25 INVESTMENT POLICY	REVISED 2/2025
DEPARTMENT: ACCOUNTING	

Legal Authority: Section 53601 of the Government Code authorizes local agencies to purchase all with no limitations as to the amount that can be owned of each.

Formatted: No underline

Characteristics: Agencies of the Federal Government are the Federal Home Loan Bank system (FHLB), the Federal Farm Credit System (FFCS), the Federal Home Loan Mortgage Corporation (FHLMC), and the Government National Mortgage Association (GNMA). Securities issued by the GNMA are guaranteed by the Federal Government and it is a general belief that the other agencies carry an "implied" guarantee (excluding FNMA). Along with treasuries, agencies can be issued in discount form from securities with maturities of one year or less. If the maturity is greater than one year, these securities are normally issued with coupons. They can, however, be issued in "stripped" form with all interest paid at maturity. The GNMA, FHLMC, and FNMA also issue a variety of securities backed by mortgages. Maturities on treasuries and agencies can be from just a few days to thirty years. While all these securities are classified as agencies, there can be perceived differences in quality, and consequently each can trade at a different yield from each other and treasuries. Issues of GNMA, because of the government guarantee, are considered the safest of agencies.

Formatted: No underline, Underline color: Auto

Formatted: Underline color: Auto

Formatted: No underline, Underline color: Auto

Guidelines: There shall be no restrictions on the amount of dollars placed in the government at any one time. However, investments in each of the agencies shall not exceed 50 percent of available funds.

Medium-Term Corporate Notes

Formatted: Font: (Default) Times New Roman, 12 pt, Underline, Font color: Auto

Investments: Medium-term notes (MTNs) shall be authorized as acceptable investments.

Reasons: MTNs are a suitable investment for maturity requirements of one to five years. High-quality corporate notes are relatively safe as to principal, reasonably liquid, and they can offer attractive yields and a wide variety of maturities.

Definition: MTNs are negotiable instruments issued by corporations and depository institutions with maturities of nine months to fifteen years. Most are unsecured, although some are collateralized to carry other credit enhancements such as a letter of credit.

Legal Authority: Section 53601 of the Government Code allows public agencies to invest a maximum of 30 percent of surplus funds in MTNs with maturities up to five years. Issuers must be operating within the United States and possess ratings in the top three categories (A or better) by two of the three largest nationally recognized rating services (currently Moody's, Standard and Poor's, and Fitch's Rating Services).

Characteristics: MTNs are generally issued in minimum amounts of \$25,000 or \$100,000 and integral amounts of \$1,000. Interest is calculated on a 30-day month, 360-day year basis and paid semi-annually on two pre-established dates. Floating rate MTNs can pay interest monthly, quarterly, or semi-annually. Yields on MTNs will normally exceed those on treasuries with comparable maturities by about 10 to 75 basis points. Levels of interest rates, maturities, the quality of each issue, and supply and demand factors will affect available yields.

Formatted: No underline, Underline color: Auto

Formatted: Underline color: Auto

Formatted: No underline, Underline color: Auto

REFERENCE # 8510.25	EFFECTIVE 7/2010
SUBJECT: 8510.25 INVESTMENT POLICY	REVISED 2/2025
DEPARTMENT: ACCOUNTING	

Guidelines: Only MTNs issued by the most stable corporations should be purchased. Up to 30 percent of available funds shall be allowed to be placed in MTNs at any one time. No more than 10 percent of available funds should be placed in the notes of any one issuer at any one time. In combination with any other debt issued by any one corporation or its holding company, no more than 20 percent of available funds should be placed in that corporation at any one time.

Formatted: No underline, Underline color: Auto

Formatted: Underline color: Auto

Formatted: No underline, Underline color: Auto

Negotiable Certificates of Deposit

Formatted: Font: (Default) Times New Roman, 12 pt, Underline, Font color: Auto

Investments: Domestic and Yankee negotiable certificates of deposit (CDs) shall be authorized as acceptable investments.

Reasons: CDs have become a desirable investment because they offer a good combination of liquidity, marketability, yield, safety, and choice of maturities.

Definition: A CD is a negotiable instrument evidencing a time deposit with a financial institution at a fixed interest, for a fixed period. A variation is a variable rate CD that periodically changes the interest rate based upon a predetermined index, usually an average of shorter-term CDs or treasury bills. CDs are not collateralized and should be considered an unsecured deposit. Yankee CDs are issued by foreign bank branches in the United States.

Legal Authority: Section 53601 of the Government Code allows public agencies to invest a maximum of 30 percent of surplus funds in CDs issued by a nationally or state-chartered bank or by a California licensed branch of a foreign bank (Yankees).

Characteristics: CDs are coupon bearing, which on CDs with maturities of one year or less are usually paid at maturity. A small percentage of CDs issued have maturities greater than one year and will normally pay interest on a semiannual basis. Most CDs are issued in the 30–90-day range. CDs are typically issued in increments of \$1 million and the normal trading block is \$5 million. The odd-lot market is active, but marketability and yield suffer slightly. Yankee CDs will typically yield a little more than domestic bank CDs.

Formatted: No underline, Underline color: Auto

Formatted: Underline color: Auto

Formatted: No underline, Underline color: Auto

Guidelines Governing CD Investments: Since CDs are unsecured deposits, only banks of the highest quality shall be eligible for purchase. CDs shall only be purchased from issuers that meet minimum quality standards as determined by professional rating services. Because CDs are of lower quality than Banker’s Acceptances (BAs), they should represent a smaller percentage of the portfolio than BAs do. That limit shall be 30 percent of available funds. No more than 10 percent of available funds shall at any one time be in the CDs issued by any one institution. CDs in any one financial institution, in combination with any other department issued by that institution or its holding company should be equal to no more than 20 percent of available funds (excluding repos and commercial paper with maturities of seven days or less).

REFERENCE # 8510.25	EFFECTIVE 7/2010
SUBJECT: 8510.25 INVESTMENT POLICY	REVISED 2/2025
DEPARTMENT: ACCOUNTING	

Time Certificates of Deposit

Investments: Time Certificates of Deposit (TCDs) shall be authorized as acceptable investments.

Reasons: TCDs can be attractive investments because they offer competitive yields, a wide range of maturities, and a relatively high degree of safety if they are issued by a financial institution of high quality and collateralized.

Definition: A TCD is a non-negotiable instrument, evidencing a deposit with a financial institution for a fixed period and normally for a fixed rate of interest. TCDs can be collateralized with securities or mortgages or, if issued in denominations of \$100,000 or less, they can be insured by the Federal Deposit Insurance Corporation.

Legal Authority: Section 53630-53638 of the Government Code allows public agencies to invest in the TCDs of banks, savings and loan associations or saving banks.

Characteristics: TCDs purchased by public agencies pay interest at least quarterly. Maturities are typically one year or less. Because they are non-negotiable, they are non-liquid and cannot be sold or redeemed prior to maturity without suffering a loss of interest. TCDs can be written for any amount, but it has become common practice over the past few years to issue TCDs in \$100,000 denominations to take advantage of the insurance available on that amount. TCDs covered by insurances typically yield slightly more than collateralized TCDs. TCDs issued by different institutions can vary a great deal depending upon the quality and size of the institution. Normally, yields on TCDs issued by larger, more stable (first tier) banks will be at a slight premium to treasury yields.

Guidelines: Only TCDs of banks or savings banks of highest quality shall be purchased. TCDs shall only be purchased from those institutions that meet minimum quality standards as determined by professional rating services. No more than 15 percent of available funds shall be placed in TCDs of any one institution at any one time. All TCD deposits shall be fully collateralized as provided for in the Government Code. Waivers for FDIC insurances will not be allowed. Interest shall be collected monthly when possible. Up to 40 percent of funds being managed may be deposited in TCDs at any one time. Deposits in any one financial institution, in combination with any other debt issued by that institution or its holding company should equal no more than 20 percent of available funds (excluding repos and commercial paper with maturities of seven days or less).

Repurchase Agreements

Investments: Repurchase Agreements (repos) shall be authorized as acceptable investment instruments.

Reasons: Repos are one of the most flexible investments available to invest short-term funds, and when proper guidelines are followed, they are relatively safe.

Definition: A repo involves two simultaneous transactions. One transaction involves the sale of securities

Click or tap here to enter text.

Formatted: Font: (Default) Times New Roman, 12 pt, Underline, Font color: Auto

Formatted: Normal,mcn

Formatted: Font: (Default) Times New Roman, 12 pt, Underline, Font color: Auto

Formatted: Normal,mcn

REFERENCE # 8510.25	EFFECTIVE 7/2010
SUBJECT: 8510.25 INVESTMENT POLICY	REVISED 2/2025
DEPARTMENT: ACCOUNTING	

(collateral) by a borrower of funds, typically a bank or broker/dealer in governments or agencies, to a lender of funds. The lender can be any investor with cash to invest. The second transaction is the commitment by the borrower to repurchase the securities at the same price plus a predetermined amount of interest on an agreed future date.

Legal Authority: Section 53601 of the Government Code permits repos in any security that is allowed for purchase as defined in that same section of the Code. Collateral must be delivered to the local agency by book entry, physical delivery or third-party custodial agreement. The market value of collateral must be equal to at least 102 percent of the repo.

Characteristics: Repos can be entered into with any amount of dollars, including odd amounts. They are typically for very short periods, often one day; but it is not unusual for repos to be for periods of up to 180 days, occasionally longer. Any type of security can be used as collateral, but most often government agencies securities are utilized. The interest rate earned on a repo is a function of short-term borrowing rates, the term of the repo, the size of the transaction, and the quality and supply of the securities used as collateral. The collateral is typically maintained in a pooled trust account when repos are done with a bank. Typically, collateral is transferred to the safekeeping account of the investor when dealing with a broker/dealer when investment policies differ, particularly if large dollars are involved and the repo term is long. Pricing of collateral is normally at market value if the term of the repo is for a short term and at a slight discount to market value if the repo is for a longer term (over 30 days) to protect the lender from market fluctuations.

Risk: There are minimal risks involved in a repo transaction if the collateral is priced properly. Caution should be used for repos of greater than 30 days so that market changes do not substantially change the value of the collateral. This risk can be minimized by requesting additional collateral if the market price drops below a predetermined price level.

Guidelines: Repos shall be transacted only with banks and broker/dealers, considered reputable and financially strong. Collateral used for repos shall be any security approved for purchase. For repos of 30 days or less, no more than 20 percent of the funds shall be invested with any one institution. For repos of more than 30 days, no more than 10 percent of the funds managed shall be placed with any one institution. Securities purchased through repurchase agreements shall be considered "owned" and added to the total of those securities (excluding repos of seven days or less). This will prevent percentage limitations placed on any type of security being exceeded. Up to 30% of funds being managed may be in repos at any one time.

Commercial Paper

Investments: Commercial paper (CP) shall be authorized as an acceptable investment.

Reasons: Commercial paper can be appropriate for short-term investments because of yield, liquidity, and choice of maturities.

Click or tap here to enter text.

Formatted: Font: (Default) Times New Roman, 12 pt, Underline, Font color: Auto

Formatted: Normal,mcn

REFERENCE # 8510.25	EFFECTIVE 7/2010
SUBJECT: 8510.25 INVESTMENT POLICY	REVISED 2/2025
DEPARTMENT: ACCOUNTING	

Definition: Commercial paper is an unsecured negotiable instrument normally issued by large and financially sound corporations.

Legal Authority: Section 53635 of the Government code allows local agencies to invest up to 40 percent of available funds in commercial paper if certain conditions are met.

Characteristics: Commercial paper can be issued bearing a coupon or it can be discounted. Maturities never exceed 270 days and the majority of commercial papers are issued for 30 days or less. It can be issued by an "industrial" company or a bank holding company, but not directly by a bank. Commercial paper can be written for any amount but normally is issued in increments of \$1 million. There is a secondary market for commercial paper, but it has very limited liquidity compared to the CD and BA markets. Commercial paper issuers can obtain a letter of credit from a bank to guarantee payment of principal and interest at a maturity or a bank line of credit that can be drawn on for such payment. Top grade commercial paper will typically yield slightly less than top grade CDs.

Recommended Guidelines Concerning Commercial Paper: Commercial paper eligible for purchase by the District shall be issued by a company that:

- 1) ~~H~~as the highest rating offered by Moody's Investors Services, Inc. (A-1), Standard and Poor's Corporation (P-1) or Fitch Financial Services (F-1) (Current Law)
- 2) ~~H~~as Moody's Standard and Poor's or Fitch's rating of "A" or better on debentures other than commercial paper (Current Law)
- 3) ~~I~~s approved by the District's investment advisor; this is the same restriction placed on banks that issue BAs and CDs.
- 4) ~~I~~s are organized and operating within the United States (Current Law)
- 5) ~~have~~ ~~H~~as assets more than \$500,000,000 (Current Law)

Commercial paper of any one corporation shall not exceed 10 percent of its outstanding paper. Up to 40% of available funds may be placed in commercial paper at one time. No more than 10 percent of available funds shall be placed in the commercial paper of any one institution at any one time. In combination with all other investments from the same bank, the commercial paper of any one institution shall not exceed 20 percent of available funds.

Banker's Acceptance

Investments: Domestic and Japanese Bankers' Acceptance shall be authorized as acceptable investments.

Reasons: BAs are a suitable short-term investment. In addition to providing favorable yields, they are considered a relatively safe and liquid investment.

Definition: A BA is a time draft drawn on and accepted by a bank for payment of the shipment or storage of merchandise. The initial obligation of payment rests with the drawer, but the bank substitutes its credit standing for that of the borrower and assumes the obligation to pay face value at maturity.

Click or tap here to enter text.

Formatted: Font: (Default) Times New Roman, 12 pt, Underline, Font color: Auto

REFERENCE # 8510.25	EFFECTIVE 7/2010
SUBJECT: 8510.25 INVESTMENT POLICY	REVISED 2/2025
DEPARTMENT: ACCOUNTING	

Legal Authority: Section 53601 of the Government Code allows local agencies to place up to 40 percent of available funds in BAs.

Foreign BAs: The International Banking Act (IBA) was passed by Congress and signed into law in 1978 to regulate foreign banks. The IBA created a dual state and federal regulatory system. The Fed was authorized to fix reserve requirements for both state and generally licensed agencies of foreign banks. Most states require foreign agencies to maintain assets in an amount not less than 108 percent of the adjusted total liabilities of the agency and to deposit cash or securities with the state equal to five percent of adjusted total liabilities.

Characteristics: BAs are issued in bearer form and are a discount instrument. Normal trading blocks are \$5 million, but the odd-lot market is active. Most BAs are created with a 90-day maturity and rarely extend over 180 days. Due to the high volume of BAs being traded, they are relatively liquid instruments with spreads between the quoted bid and offer typically being between five and ten basis points but are often brokered for as little as two basis points. The spread between treasuries and BAs will vary, depending upon a variety of circumstances. During periods of tight money, the spreads can be substantial. Likewise, easy money can produce narrower yield differentials. Since BAs are "two-name paper," they are perceived to be the safest of bank obligations. During the more than 70 years that BAs have been actively traded in the U.S. no loss of principal has been documented.

Guidelines: Only the most stable of banks shall be acceptable for purchase. Eligible banks must be approved by the Board of Directors and its investment advisor. Since BAs are a relatively safe investment, the District is authorized to invest in BAs up to 40 percent of maximum authorized by law. However, no more than 15 percent eligible investments shall be placed in the BAs of any one bank at any one time. In combination with all other investments from the same bank (excluding repurchase agreements and commercial paper with maturities of seven days or less,) BAs of any one bank should not exceed 20 percent of available funds.

Shares of Beneficial Interest (Mutual Funds)

Investments: Shares of Beneficial Interest shall be authorized as acceptable investments.

Reasons: Shares of Beneficial Interest offer a reasonable amount of liquidity, diversification and safety. They are also easy to invest in and allow odd amounts of money to be fully invested.

Definition: Shares of Beneficial Interest are mutual funds. Each share of the funds represent ownership of the fund's assets and shares all income and expenses.

Legal Authority: Section 53601 of the Government Code authorizes local agencies to purchase Shares of Beneficial Interest if they have been awarded the highest letter and numerical rating provided by at least two of the three largest nationally recognized rating services; or if they are managed by an investment advisor

Formatted: Font: (Default) Times New Roman, 12 pt, Underline, Font color: Auto

Formatted: No underline, Underline color: Auto

Formatted: Underline color: Auto

Formatted: No underline, Underline color: Auto

Click or tap here to enter text.

REFERENCE # 8510.25	EFFECTIVE 7/2010
SUBJECT: 8510.25 INVESTMENT POLICY	REVISED 2/2025
DEPARTMENT: ACCOUNTING	

registered with the Securities and Exchange Commission with not less than five years' experience investing in securities and obligations as authorized in Section 53601 of the Government Code and with assets under management in excess of \$500,000,000. Eligible Shares of Beneficial Interest must only invest in securities that meet the requirements and restrictions listed in Section 53601 of the Government Code. Commissions may not be included in the purchase price and the total of all Shares of Beneficial Interest may not exceed 15 percent of available funds.

Guidelines: The restrictions placed by the Government Code on Shares of Beneficial Interest allow for prudent use of them. No additional restrictions need to be applied.

Other Evidences of Indebtedness of a Local Agency within California

Investments: These investments are typically loan agreements that are accompanied by promissory notes from other governmental entities or special districts within California.

Reasons: There may be times that the District wishes to invest in promissory notes with other districts or governmental agencies that would bear interest and may involve shorter maturity timeframes.

Definition: For purposes of this policy, other evidences of indebtedness of a local agency in California would include loans provided to other governmental agencies within California, which would typically be set up through a loan agreement and accompanying promissory note, which would specify interest earnings and any transaction costs associated with the loan.

Legal Authority: These types of investments are allowed under this investment policy and are allowed under the law in Government Code Section 53601 (e).

Guidelines Governing Other Evidences of Indebtedness of a Local Agency within California: Loans should only be provided to agencies that have a high probability of being able to pay back the loan within the maturity date established in loan agreements and on accompanying promissory notes. Additional security or collateral should be established in loan agreements so that if the local agency defaults on the loan there is a reasonable level of expectation that the District's loaned money could be recovered with interest, as originally intended. No more than 10% of the District's total portfolio should be invested in this type of investment at any given time.

Last Frontier Healthcare District

LAST FRONTIER HEALTHCARE DISTRICT
SUMMARY OF INVESTMENT LIMITATIONS

*Limit Per *Limit Per Max. Allow. Min. Quality

Click or tap here to enter text.

Formatted: Underline

Formatted: Font: (Default) Times New Roman, 12 pt, Font color: Auto

REFERENCE # 8510.25	EFFECTIVE 7/2010
SUBJECT: 8510.25 INVESTMENT POLICY	REVISED 2/2025
DEPARTMENT: ACCOUNTING	

	<u>Institution</u>	<u>Invest. Type</u>	<u>Maturity</u>	<u>Requirement</u>
U.S. Treasuries		100%	5 Years	None
Agencies				
Gov't National Mortgage Ass.		50%	5 Years	None
Fed. Farm Credit System		50%	5 Years	None
Fed. Home Loan Bank		50%	5 Years	None
Fed. Home Loan Mortgage Corporation		50%	5 Years	None
Fed. Nat'l Mortgage Assoc.		50%	5 Years	None
Tennessee Valley Authority		50%	5 Years	None
Student Loan Marketing Assoc.		50%	5 Years	None
Medium Term Corporate Notes	10%	30%	5 Years	"A" Rating.
Negotiable Certificate of Deposit	10%	30%	5 Years	None
Time Certificates of Deposit	15%	40%	5 Years	None
Bankers Acceptances	15%	40%	180 Days	None
Commercial Paper	10%	40%	270 Days	"A-1" Rating.
Repurchase Agreements				
Less than 30 days	20%	30%	30 Days	None
Greater than 30 days	10%	30%	365 Days	None
Shares of Beneficial Interest				
Mutual Funds	15%	15%	**N/A	None
Community Local Agency Special Sweep (CLASS) Account-Plumas Bank	15%	15%	**N/A	None
Local Agency Investment Fund (LAIF)	100%	100%	**N/A	None
<u>Other Evidences of Indebtedness of a Local Agency within California</u>	<u>10%</u>	<u>10%</u>	<u>180 Days</u>	<u>None</u>

Formatted Table

*Based on the total of available funds at the time the investment decision is made.

**Mutual Funds, CLASS Account, and LAIF have one-day availability and no maturity date.

Formatted: Font: (Default) Times New Roman, 12 pt, Font color: Auto

Click or tap here to enter text.

Attachment C
LFHD and Modoc County
Loan Agreement

**AGREEMENT FOR LOAN FROM THE COUNTY OF MODOC
TO THE SURPRISE VALLEY HEALTH CARE DISTRICT**

THIS LOAN AGREEMENT (“Agreement,” or “this Agreement”) is made and entered into by and between the COUNTY OF MODOC (the “COUNTY”) and the LAST FRONTIER HEALTH CARE DISTRICT (the “DISTRICT”). The COUNTY and the DISTRICT are each a “Party” and together are the “Parties” to this Agreement. This Agreement will become effective as of the date indicated in the final numbered paragraph of this Agreement, so long as both Parties have executed this Agreement by that date, and which date shall be referred to hereafter as the “Effective Date.” This Agreement is made with reference to the following:

A. WHEREAS, the COUNTY wishes to obtain a loan from the DISTRICT for the purpose of providing cash flow funding for the SURPRISE VALLEY HEALTH CARE DISTRICT (SVHCD) to meet the 2024 Voluntary Rate Range Program (VRRP) contractual obligation for Intergovernmental Transfers (IGT) to the California Department of Health Care Services (DHCS), to enable the SURPRISE VALLEY HEALTH CARE DISTRICT (SVHCD) to perform its functions and meet its financial and other obligations; and

B. WHEREAS, the DISTRICT is able and willing to assist the COUNTY with funding for the items described herein by making a loan pursuant to Government Code section 23010(b) in exchange for a promissory note from the COUNTY on the terms described below.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

- 1. LOAN AND PROMISSORY NOTE.** The DISTRICT will lend the COUNTY the sum of Five Hundred Thousand dollars (\$500,000) in exchange for a promissory note in that principal amount (the “Note”), on the terms and conditions set forth herein. The form of the Note is as shown on the attached Exhibit A to this Agreement.
- 2. EXECUTION AND PURCHASE OF NOTE.** The Parties shall both execute the Note, substantially in the form attached as Exhibit A. After approval of this Agreement, and upon the Modoc County Administrative Officer determining that the total need of the COUNTY for its cash flow purposes through February 2026 will be met with the funding from the DISTRICT contemplated by this Agreement, the DISTRICT shall purchase the Note within five business days of the Effective Date. The purchase of the Note will be deemed complete upon the DISTRICT’S disbursement of the loan proceeds pursuant to paragraph 3 below.

3. **DISBURSEMENT AND USE OF LOAN PROCEEDS.** The DISTRICT promptly shall disburse the proceeds of the loan approved by this Agreement for the benefit of the COUNTY by payment through Plumas Bank of the loan proceeds into the COUNTY.
4. **INTEREST RATE.** The interest rate is fixed for the term of the loan; interest of which Five Hundred Thousand Dollars (\$500,000) will be charged at the annual percentage rate of 7%.
5. **REPAYMENT.** At the option of DISTRICT, the Loan, accrued interest pursuant to section 4, and any transaction and legal costs to DISTRICT related to the IGT interagency transaction, stipulated agreement, and promissory note to provide cashflow to SVHCD shall become immediately due and owing. DISTRICT shall not exercise its option until: (i) ten (10) days upon the repayment of funds from the SVHCD to the COUNTY or (ii) March 1, 2026, if SVHCD has not repaid funds to COUNTY by March 1, 2026. The COUNTY shall direct Plumas Bank of California to send funds directly to the DISTRICT.
6. **DEFAULT AND LIEN RIGHTS.** In the event of a default by the COUNTY in repaying the loan, the DISTRICT may call the balance then owed, principal and interest, immediately due and payable by written notice to the COUNTY. In the event of a default, the COUNTY agrees that the DISTRICT will have a lien right to property tax and unrestricted general revenues to be received by the COUNTY.
7. **INDEMNIFICATION.** The DISTRICT and the COUNTY each agree to hold harmless, defend and indemnify the other, its agents, officers and employees from and against any liability, claims, actions, costs, damages or losses of any kind, including death or injury to any person and/or damage to property, arising from, or in connection with, the performance of their respective agents, officers and employees under this Agreement. This indemnification obligation shall continue beyond the term of this Agreement as to any acts or omissions occurring under this Agreement or any extension of this Agreement. The COUNTY further agrees to hold harmless, defend and indemnify the DISTRICT, and its officers, agents, or employees from any liability, action, or losses incurred by the DISTRICT due to the COUNTY's improper use of funds provided pursuant to this Agreement.
8. **RECORDS AND AUDIT:** Both Parties shall maintain complete and accurate records with respect to the services rendered, the costs incurred, the payments made on the Note, this Agreement and any amendments thereto. All such records shall be prepared in accordance with accepted accounting procedures, shall be clearly identified, and shall be kept readily accessible. Both Parties will make these records available to each other upon reasonable request. Written instructions provided by the COUNTY to the DISTRICT.
9. **ASSIGNMENT:** There shall be no assignment or transfer of any of the rights or privileges, or any part thereof, of this Agreement without the written consent of the Parties.

10. NO THIRD-PARTY BENEFICIARIES INTENDED: The Parties to this Agreement do not intend for this Agreement to provide any other party with any benefit or enforceable legal or equitable right or remedy.

11. NOTICES: Except as may be otherwise required by law, any notice to be given shall be written and shall be either personally delivered, sent by facsimile transmission, or sent by first class mail, postage prepaid and addressed as follows:

COUNTY:

Chester Robertson
County Administrative Officer
204 S. Court Street Rm#100
Alturas, CA 96101

DISTRICT:

Kevin Kramer, CEO
Modoc Medical Center
1111 N Nagle St.
Alturas, CA 96101

If delivered personally, notice is effective upon delivery. Notice by first class mail shall be deemed effective on the fifth calendar day after the date of mailing. Either Party may change the above address by giving written notice under this section. The Parties may also agree in writing to provide notice via email.

12. FURTHER ASSURANCES. Each Party agrees to make reasonable efforts to execute any additional documents and to perform any further acts which may be required in furtherance of the purposes of this Agreement.

13. AMENDMENTS. Any amendments to this Agreement shall be agreed upon by the Parties, in writing, and shall not be deemed effective until approved and executed by both Parties. Nothing in this section shall confer a duty on either Party to approve a request by the other Party to amend this Agreement.

14. CONFLICT OF LAWS OR REGULATIONS AND SEVERABILITY. This Agreement shall be interpreted and governed under the laws of the State of California without reference to California conflicts of law principles. Any litigation arising out of this Agreement shall be brought in Modoc County, California. This Agreement is subject to all applicable laws and regulations. If any term, covenant, condition, or provision of this Agreement, or part thereof, is found by any court or other legal authority, or is agreed by the Parties, to conflict with any law governing its subject matter, only the conflicting provision will be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of this Agreement to either Party is lost, then this Agreement may be terminated at the option of the affected Party. In all other cases, the remainder of this Agreement will remain in full force and effect.

- 15. WAIVERS.** The failure of either Party to insist on strict compliance with any provision of his Agreement shall not be considered a waiver of any right to do so, whether for that breach or any subsequent breach. The acceptance by either Party of either performance or payment shall not be deemed a waiver of any preceding breach of this Agreement by the other Party.
- 16. AUTHORITY.** Each Party represents and warrants to the other that the individual(s) signing this Agreement on its behalf are duly authorized and have legal capacity to sign this Agreement and bind that Party to its terms. Each Party acknowledges that the other has relied upon this representation and warranty in entering into this Agreement.
- 17. COUNTERPARTS.** The Parties may sign this Agreement in counterparts, each of which shall be deemed an original and all of which taken together form one and the same agreement. A signed copy or signed counterpart of this Agreement delivered by facsimile, email, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of a signed original or signed copy of this Agreement.
- 18. MANUAL OR ELECTRONIC SIGNATURES.** The Parties may sign this Agreement by means of manual or electronic signatures. The Parties agree that the electronic signature of a Party, whether digital or encrypted, is intended to authenticate this Agreement and to have the same force and effect as a manual signature. For purposes of this Agreement, the term “electronic signature” means any electronic sound, symbol, or process attached to or logically associated with this Agreement and executed and adopted by a Party with the intent to sign this Agreement, including facsimile, portable document format, or email electronic signatures, pursuant to the California Uniform Electronic Transactions Act (Cal. Civ. Code §§ 1633.1 to 1633.17), as it may be amended from time to time.
- 19. EFFECTIVE DATE.** This Agreement shall become effective after execution of this Agreement and on upon written notice from the County Administrative Officer of the determination that the total need of the COUNTY for its cash flow purposes through February 2026 will be met with the funding by the DISTRICT contemplated by this Agreement.

THE PARTIES, having read and considered the above provisions, indicate their agreement by their signatures below.

COUNTY OF MODOC

Ned Coe, Chair Board of Supervisors

Date: _____

APPROVED AS TO FORM AND LEGALITY:

Margaret Long, County Counsel

APPROVED AS TO ACCOUNTING FORM:

Stephanie Wellemeyer, County Auditor

SURPRISE VALLEY HEALTH CARE DISTRICT

Carol Madison, Chair Board of Directors

Date: _____

Attachment D
LFHD and Modoc County
Promissory Note

EXHIBIT A
FORM OF PROMISSORY NOTE

1. FOR VALUE RECEIVED, the County of Modoc (the “**COUNTY**”) promises to pay to the Last Frontier Health Care (the “**DISTRICT**”) the sum of Five Hundred Thousand dollars (**\$500,000**) in principal plus interest charged at the annual percentage rate of **7%** plus, any transaction and legal costs that the **DISTRICT** incurs related to an IGT interagency transaction, stipulation agreement, and promissory note.

2. PAYMENT TERMS: At the option of **DISTRICT**, **COUNTY** shall direct the **MODOC COUNTY AUDITOR** to send funds the **DISTRICT’S** account with Plumas Bank. **DISTRICT** shall not exercise its option until: (i) ten (10) days upon the repayment of funds from the **SVHCD** to the **COUNTY** or (ii) March 1, 2026, if **SVHCD** has not repaid funds to **COUNTY** by March 1, 2026.

3. TERM: The term of the loan evidenced by this Note is from the purchase date of this Note to 120 days after approval and execution of loan agreement and promissory note.

4. PAYMENT APPLICATION: All payments shall first be applied to interest and fees then to principal.

5. ACCELERATION: The **DISTRICT** may require the **COUNTY** to pay the entire balance of the unpaid principal and accrued interest immediately if the **COUNTY** is more than thirty days late in making a payment.

6. ATTORNEY FEES AND COSTS: If the **DISTRICT** prevails in any action to collect on this Note, the **COUNTY** shall pay the **DISTRICT’S** reasonable costs and attorney fees at the rate prevailing for comparable private-practice legal work available to the Modoc County area.

7. STATE LAW: This Note shall be governed in accordance with the laws of the State of California.

8. MODIFICATIONS: No modifications of or amendments to the terms herein unless made in written and signed by all the Parties hereto.

9. NOTICES: Except as may be otherwise required by law, any notice to be given shall be written and shall be either personally delivered, sent by facsimile transmission, or sent by first class mail, postage prepaid and addressed as follows:

COUNTY:

Chester Robertson
County Administrative Officer
204 S. Court Street Rm #100
Alturas, CA 96101

DISTRICT:

Kevin Kramer, CEO
Modoc Medical Center
1111 N Nagle St
Alturas, CA 96101

If delivered personally, notice is effective upon delivery. Notice by facsimile transmission shall be deemed effective upon successful transmission. Notice by first class mail shall be deemed effective on the fifth calendar day after the date of mailing. Either Party may change the above address by giving written notice under this section.

10. TERMS INCORPORATED BY REFERENCE: The terms of the Loan Agreement between these same Parties are hereby incorporated into this Promissory Note by this reference as if set forth in full.

IN WITNESS WHEREOF, the COUNTY and the DISTRICT have executed this Note as of the date indicated

COUNTY OF MODOC

Ned Coe, Chair Board of Supervisors

Date: _____

APPROVED AS TO FORM AND LEGALITY:

Margaret Long, County Counsel

APPROVED AS TO ACCOUNTING FORM:

Stephanie Wellemeyer, Auditor

LAST FRONTIER HEALTH CARE DISTRICT

By: _____
Carol Madison, Chair Board of Directors

Date: _____