

**RESOLUTION NO. 2018-10**

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
MARINWOOD COMMUNITY SERVICES DISTRICT**

**AMENDING FINANCIAL RESERVE POLICY**

WHEREAS, (1) the Marinwood Community Services District, hereinafter referred to as District, strives to ensure that it will be able to meet its operational, capital and debt service obligations, and

WHEREAS, (2) the District strives to reduce the need for borrowing for capital improvements, maintenance and equipment purchases, and

WHEREAS, (3) prudent management of the District calls to identify the amounts needed for each purpose, to establish and periodic review of funding levels for each purpose, and

WHEREAS, (4) the Board of Directors has previously determined the need to and approval of establishing a restricted account to fund its Other Post-Employment Benefits (OPEB) liabilities, and

WHEREAS, (5) the Board of Directors previously adopted Resolution 2017-01 “Establishing Financial Reserve Policy” on the 14<sup>th</sup> day of February, 2017, and

WHEREAS, (6) the Board of Directors, acting within their legal authority as the governing body of the District, recognize the need to amend and replace Resolution 2017-01, therefore be it

RESOLVED, (a) The Board of Directors establishes the Marinwood Community Services District Reserve Policy as follows:

1. Legally Restricted Reserves

Pensions: The District is legally obligated to pay an Annually Required Contribution to CalPERS for employee pensions.

Other Post-Employment Benefits (OPEB): The Board of Directors establishes a minimum annual contribution of \$60,000 into the District’s established irrevocable trust to fund financial liability directly associated with employee post-employment healthcare benefits.

Debt Service Reserves: When the District must incur debt for substantial capital projects, debt covenants requiring reserves to be held by the lender for the duration of the loan are likely to ensure timely repayment of the loan.

2. Board Restricted Reserves

Capital Reserve Funds: In public meetings during budget review and approval process, and based on annual staff review of capital needs for each District function, the Board of Directors may approve setting aside in a reserve account sufficient funds each year to eliminate or reduce the

need for financing of anticipated required maintenance, replacement or acquisition of capital assets.

The Board of Directors establishes an annual financial target of \$100,000 to be deposited into a separate interest-bearing account for the purpose of future capital asset expenditure needs. At its discretion, the board may direct staff to deposit the entire amount at the start of each fiscal year, may decide to review each quarter and deposit a pro-rata amount in the account or may decide to deposit the entire amount at the close of each fiscal year. At its discretion in review of its financial condition and the need for capital reserves, the Board may choose to reduce or eliminate further reserve allocations. Further, the District Board may upon analysis and a publicly agendized motion remove funds from the capital reserve account for other financial needs.

Contingency Reserve Funds: In order to protect the District and our taxpayers from unexpected losses be they force de jeure, litigation or other unexpected events or actions, the District Board may set aside a contingency reserve in a separate interest-bearing account. The Board may or may not declare an annual amount for deposits to this account and at its discretion can withdraw funds from the account to supply requirement for this reserve.

All Reserves held in District owned accounts will be debited from a specific reserve expense (Income Statement/Profit and Loss) account and credited to a specific reserve(equity) balance sheet account.

Passed and adopted at a regular meeting of the Board of Directors of Marinwood Community Services District this 13<sup>th</sup> Day of November, 2018 by the following vote:

AYES: Green, Naylor, Perry, Schwartz, Shea

NOES:

ABSENT:

ABSTAIN:

s/ Leah Green  
Leah Green, President  
Board of Directors

Attest:

s/ Tiffany Combrink  
Tiffany Combrink  
Secretary to the Board of Directors