

RESOLUTION NO. 2-2013

A RESOLUTION ESTABLISHING SEWER AUTHORITY MID-COASTSIDE
RESERVE FUNDS POLICY

RESOLVED, by the Board of Directors of the Sewer Authority Mid-Coastside, San Mateo County, California, that:

WHEREAS, the Board has determined that sound financial management policy should include specific guidelines for accumulating and managing Authority reserve funds, and;

WHEREAS, purposes of reserve funds include but are not limited to operating costs, provision for emergencies and other unanticipated expenses, financing of repair and replacement of Authority facilities, and financing the construction of new facilities, all as necessary to fulfill purposes of the Authority, and;

WHEREAS, the Board has established by Resolution 2-2001 a Sewer Authority Mid-Coastside Reserve Funds Policy;

NOW, THEREFORE, IT IS ORDERED, as follows:

1. The existing Reserve Funds Policy established by Resolution 2-2001 is hereby repealed.
2. The Sewer Authority Mid-Coastside Reserve Funds Policy, dated April 22, 2013, attached hereto is hereby adopted as the policy of the Authority.

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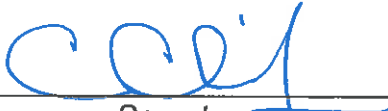
I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly passed and adopted by the Board of Directors of the Sewer Authority Mid-Coastside at a meeting thereof held on the 22nd day of April, 2013 by the following vote:

AYES: Kowalczyk, Alifano, Woren, Harvey, Boyd, Lohman

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE



Secretary
Sewer Authority Mid-Coastside

SAM Reserve Policy

Statement of Purpose and Use

SAM reserves shall be comprised of the following:

Operating Reserve

1. **Objective:** To ensure that adequate cash is available when needed to pay SAM's normal and recurring operating costs.
2. **Target:** An operating and cash flow reserve equal to two months of the fiscal year budgeted operating expenses.
3. **Use:**
 - a. Payment of budgeted operating expenditures.

Emergency Repair Reserve

1. **Objective:** To ensure that adequate cash is available to stabilize and avoid sudden budget impacts in a particular year from material, unplanned repairs or replacements that require immediate attention to continue operations.
 2. **Target:** An emergency reserve of \$1,250,000. If and to the extent the reserve is used, a plan for replenishment will be presented by the SAM Manager to the Board within 60 days.
 3. **Uses:**
 - a. A repair or replacement resulting from an event causing sudden, significant failure of facilities that threatens continuation of operations.
 - b. Any repair or replacement which was scheduled to commence in a future fiscal year, but is critical to complete earlier than planned in order to insure continuation of operations, with Board approval.
1. Interest earned on the Operating Reserve will accrue to the Operating Reserve; interest earned on the Emergency Repair Reserve will accrue to the Emergency Repair Reserve.
 2. SAM will assess member agencies as necessary to maintain the minimum balance in each reserve.
 3. At the end of each fiscal year, reserves in excess of the amounts listed above shall be returned to the member agencies within 90 days of the end of the fiscal year.
 4. Each reserve shall be invested in accordance with SAM investment policy.
 5. In addition to the reserves referenced above, the Board may establish one or more replacement funds into which annual revenues would be deposited over a determined number of years to pay for capital expenditures anticipated to be needed in connection with the repair or replacement of existing capital facilities to an approximately serviceable level.

The Board may also establish one or more project funds into which annual revenues would be deposited over a determined number of years to pay for capital expenditures anticipated to be needed in connection with a project or projects approved by the participating member agencies. For purposes hereof, a "project," as defined in the SAM joint powers agreements, is one that is new in form and function.

Approved: April 22, 2013