

POLICY MANUAL

Date Adopted: March 28, 2001

Classification: GENERAL ADMINISTRATION

Date Last Amended:

Subject: Investment Policy: PPDA Fund Loan to General Fund

Approved By:



I. Purpose:

It is the intent of this policy to provide project-financing investment to accelerate the construction of major Master Plan facilities in the limited circumstances defined by this policy. In qualifying instances, PPDA Fund loans may be made to the General Fund.

II. Policy:

The PPDA Fund may loan monies to the General Fund under the following circumstances:

- A. There is an immediate need for short-term (twelve months or less) cash flow through the General Fund to support construction by the General Fund of Master Plan facilities which are, or will be, otherwise eligible for the expenditures of PPDA funds.
- B. The project is determined by the Board of Directors to be of major importance to the timely completion of facilities essential to public health, safety, welfare and property protection services.
- C. The project for which the PPDA financing through the General Fund is sought, is supported by a defined and guaranteed District or non-District funding source which will accomplish the repayment, with interest, of the PPDA Fund loan.

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- D. The project is located within PPDA Zone 2 or PPDA Zone 3; or, if located in PPDA Zone 1, provides service to previously developed properties which have paid, or will pay, drainage fees prior to or in conjunction with the project.
- E. The investment of the PPDA funds in the subject project financing shall not cause an interruption in the project schedule of any pending PPDA funded project.
- F. Sufficient elements of the Master Plan system, including basin storage capacity, must be available, or produced by the subject project, so as to avoid adverse impacts on others and achieve drainage service approximating design service levels.
- G. The total outstanding aggregate balance of all such loans cannot exceed \$3,500,000.
- H. Reimbursement from the General Fund as to any specific PPDA loan must be completed in 12 months, including interest calculated at the District's average rate of return on the PPDA Fund for the loan term.
- I. A specific loan document and accounting record shall be created between the PPDA Fund and the General Fund and shall be administered by the District consistent with the General Counsel memorandum dated January 23, 1995 as may be revised.
- J. The PPDA Fund loan contract shall cover a defined twelve-month period and shall be authorized pursuant to the following:

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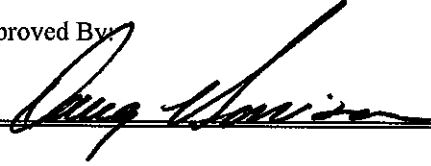
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1. Authorized by an affirmative vote of five (5) members of the Board of Directors.
2. Authorized by a Resolution of the Board which states:
 - (a) benefit to be derived from the project financing;
 - (b) amount of the total PPDA Fund balance as of the loan contract date;
 - (c) signature of the Board Chairman, the General Manager and Accounting Manager; and
 - (d) approved as to form and content by District's General Counsel
3. Evidenced by a promissory note providing for a maximum term of 12 months and the payment of interest calculated at the District's average rate of return earned by the PPDA Fund during the term thereof.