

POLICY MANUAL

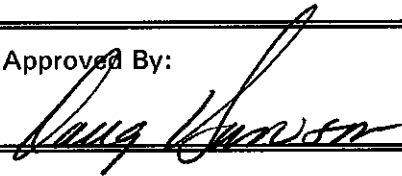
Date Adopted: March 12, 1996

Classification: GENERAL ADMINISTRATION

Date Last Amended:

Subject: Investment Policy: Assessment Tax
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 trunkline facilities in certain limited circumstances defined by this policy. In qualifying instances, Assessment Tax Fund loans may be made to the General Fund.

II. Policy:

The Assessment Tax Fund may loan financing to the General Fund under the following circumstances:

1. There is an immediate need for a project that can not currently be supported by the General Fund and the immediacy of the project will result in a significant savings to the District or other public agency.
2. 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.
3. 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.
4. The investment of the assessment tax funds in the subject project financing shall not cause an interruption in the project schedule of any pending assessment tax fund project.
5. A non-District person or entity shall provide a substantial portion (25% or more) of the project cost which is in excess of the currently available PPDA funding; and such non-District person or entity provides to the project a minimum of \$50,000 above the drainage fee obligation of the related property(ies) to be served.

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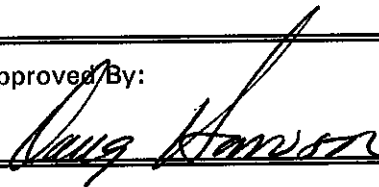
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6. Sufficient elements of the Master Plan system, including basin storage capacity, must be available, or produced by the subject project, so as to avoid adverse impacts on others and achieve drainage service approximating design service levels.
7. The total outstanding aggregate balance of all such loans can not exceed \$500,000.
8. Reimbursement from General Fund as to any specific project loan must be completed in 3 years, including interest calculated at the District's average rate of return for the loan term.
9. A specific loan document and accounting record shall be created between the Assessment Tax 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.
10. Project financing investments shall be limited to the Assessment Tax Fund and shall be authorized pursuant to the following:
 1. Authorized by a 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 assessment tax revenue derived in the current year; and
 - (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 36 months and the payment of interest calculated at the District's average rate of return during the term thereof.

SAMPLE

RESOLUTION NO. _____

**BEFORE THE BOARD OF DIRECTORS OF THE
FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
RESOLUTION TO AUTHORIZE PROMISSORY NOTE
FROM THE ASSESSMENT TAX FUND
TO THE GENERAL FUND**

WHEREAS, the Fresno Metropolitan Flood Control District, a California public corporation (hereinafter the "District"), organized and existing under the laws of the State of California, to wit, the Fresno Metropolitan Flood Control Act, Chapter 73 of the Appendices to the California Water Code (the "Act"); and

WHEREAS, the District is located wholly within Fresno County, California (the "County"); and

WHEREAS, pursuant to Section 22 of the Act, the District's Board of Directors is required to adopt an annual budget to pay for the objects and purposes of the Act during each of the District's fiscal years; and

WHEREAS, the Fresno Metropolitan Flood Control District has adopted and bears the responsibility for implementation of the Storm Drainage and Flood Control Master Plan for the Fresno-Clovis Metropolitan area; and

WHEREAS, said annual budget properly reflects the amount of money needed for the objects and purposes of the District during said fiscal year; and

WHEREAS, the District provides certain specific services, programs, and fulfills contracts, such as, but not limited to, the NPDES program, funding local sponsor responsibilities of federal flood control project, rural streams restoration, and general systems operation and maintenances; and

WHEREAS, the Board of Directors have set aside a portion of the District's revenues into an account identified as the Assessment Tax Fund for primary support of program expenditures associated with rural area system construction and operation; and

WHEREAS, the current schedule of projects has been delayed due to circumstances beyond the District's control and the Assessment Tax Fund will have a positive cash balance that will not be expended within the immediate fiscal year; and

WHEREAS, the amount of the total assessment of tax revenues available in the current year is \$_____; and

WHEREAS, Local Drainage Area "__" is a part of said Storm Drainage and Flood Control Master Plan; and

WHEREAS, the District desires to accelerate drainage service to portions of Drainage Area "__"; and

WHEREAS, the District desires to borrow, as evidenced by a promissory note, funds from the Assessment Tax Fund for the said purpose of accelerating service to Drainage Area "__"; and

WHEREAS, the Board of Directors, has adopted the attached policy outlining specific criteria for the authorization of a project financing investment using Assessment Tax Funds, including a requirement of a vote of five (5) members of the Board of Directors;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The above recitals are true and correct and this Board so finds and determines.

2. The project identified on Exhibit "A" hereto, qualifies for project investment financing under the criteria identified in the attached Board policy.

3. The General Fund is hereby authorized to accept investment financing in the amount not to exceed \$_____ for the project identified in Exhibit "A".

4. An area of ___ acres of _____ land uses will receive permanent drainage service, most of which has developed and paid the drainage fee obligation.

5. The project will eliminate the need for _____ temporary drainage ponds which may therefore be abandoned and developed to other uses.

6. Said amount of investment financing funds shall be reimbursed to the Assessment Tax Fund pursuant to a promissory note, within a maximum period of thirty-six (36) months with

interest at the District's average rate of return, but not to exceed ten percent (10%) during the term thereof.

7. The Board Chairman, the General Manager, and the Accounting Manager of this District are hereby authorized to execute said promissory note, with approval as to form and content by the District's General Counsel.

PASSED and ADOPTED this ____ day of _____, ____ by the following vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT: