

LAKE SHASTINA COMMUNITY SERVICES DISTRICT

RESOLUTION 8-16

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAKE SHASTINA COMMUNITY SERVICES DISTRICT REGARDING REVIEWING AND RENEWING DISTRICT RESERVE FUND AND INVESTMENT POLICY.

WHEREAS, The Lake Shastina Community Services District (LSCSD) has established reserve funds for its long-term organizational and operational stability and deposits these funds in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the California Government Code (CGC) for the purpose of investment; and

WHEREAS, the LSCSD'S Reserve Fund and Investment Policy is subject to annual review and renewal per CGC §53646(a) and must be considered by the District's legislative body at a public meeting.

NOW, THEREFORE, BE IT RESOLVED: The Reserve Fund and Investment Policy of the Lake Shastina Community Services District, attached hereto as Exhibit A, is hereby renewed.

BE IT FURTHER RESOLVED: This resolution supersedes and cancels all prior resolutions pertaining to reserve funds and investment policies.

CERTIFICATION

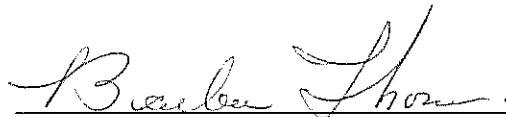
I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Directors of the Lake Shastina Community Services District held on July 20, 2016.

AYES: Directors French, Hoke, Mitchell and Thomsson

NOES: None


ABSENT: None

ABSTAIN: Director Layne



Barbara Thomsson, President of the Board

ATTEST:



Karl Drexel, Secretary of the Board

POLICY TITLE: Reserve Fund and Investment Policy
POLICY NUMBER: 3120

3120.1 Prudent financial planning and fiscal responsibility includes anticipating and preparing for future funding requirements as well as unforeseen and unexpected emergencies, disasters, and other events. The Lake Shastina Community Services District (LSCSD) has established reserve funds for its long-term organizational and operational stability. Reserve funds enable the district to minimize significant rate fluctuations due to unforeseen and expected cash flow requirements. This reserve fund policy is to ensure that the district accumulates, manages, maintains, and uses certain financial resources only for specific purposes.

3120.2 The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) §53600.6 and §53630.1); and,

CGC Sections 5921 and 53601, et seq., allow the legislative body of a local agency to invest surplus monies not required for the immediate necessities of the local agency; and,

The treasurer of a local agency is required to annually prepare and submit a statement of investment policy and such policy, and any changes thereto, is to be considered by the local agency's legislative body at a public meeting (CGC §53646(a)).

3120.3 Investment of surplus money of the LSCSD is made in securities in which the District is legally empowered to invest such funds in accordance with Section 53601 of the CGC, taking into consideration the probable income as well as the probable safety of said funds, exercising the judgment and care, under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (CGC §53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations for expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

3120.4 In as far as possible, all funds in excess of those required to cover annual operational and administrative expenses shall be invested in the Local Agency Investment Fund (LAIF) in accordance with Section 16429.1 of the CGC, Commercial Banks with F.D.I.C. insurance, or Credit Unions with NCUSIF insurance.

3120.5 As specified in CGC §53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives of the investment activities, in priority order, shall be:

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated. No investments the term of which exceed five years will be considered.
3. Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

3120.6 Investments shall be limited as follows:

- A. District investments in State or National banks shall be limited to \$250,000 including interest, or other amount as defined by FDIC limits.
- B. District investments in State or Federal Credit Unions shall be limited to \$250,000 including interest, or other amount as defined by NCUSIF limits.
- C. District investment in the State of California LAIF shall be limited to \$10,000,000 including interest.

Depositories having custody of District Funds shall be directed to forward copies of all correspondence concerning LSCSD funds to the District's Treasurer.

3120.7 Reserve fund account balances shall be maintained separately and shall reflect at all times the balance in each reserve fund in a manner consistent with generally accepted accounting practices.

Verification that moneys have been on deposit at all times and collateralized in amounts equal to or in excess of funds designated by the Board of Directors as reserve funds shall be made in the annual audit of financial records.

3120.8 The District maintains two types of reserve funds:

1. Unrestricted, which consist of all equity that does not meet the definition of restricted or invested in capital assets, net of related debt.
2. Restricted, which consist of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or by law through constitutional provisions or enabling legislation.

Restricted reserves for future capital outlays are hereby established for the Fire and Police non-enterprise funds. Annually, in the process of developing the budget for the upcoming fiscal year, amounts to be identified for specific capital outlays will be budgeted as reserve expenditures.

3120.9 The District Senior Accounting Clerk or other designated person shall provide a quarterly report on investments to the Board.



LAKE SHASTINA COMMUNITY SERVICES DISTRICT

Regular Meeting
 Wednesday, July 20, 2016 – 1:00 p.m.
 Administration Building
 16320 Everhart Drive • Weed, California 96094 • (530) 938-3281

MINUTES

CALL TO ORDER AND ROLL CALL: 1:00 p.m.

LSCSD Board Roll Call: French Hoke Layne Mitchell Thomsson

Also present: GM Drexel, SAC Nelle, AA Charvez, FC Pappas and District Counsel Winston. There were approximately 18 people in the audience.

PLEDGE OF ALLEGIANCE: Dir. French led the Pledge of Allegiance.

PUBLIC COMMENTS: Three (3) speakers; no follow up action required.

CONSENT CALENDAR: (All items accepted/approved by the Board unless otherwise noted.)

1. A. Approval of Minutes: Regular Meeting June 15, 2016 and Special Meeting June 23, 2016
- B. Ratification of Disbursements: April 1 through April 30, 2016, May 1 through May 31, 2016 and June 1 through June 30, 2016
- C. Budget Comparison: FY 2015/2016 YTD

Motion by Dir. Mitchell second by Dir. Layne to approve Consent Calendar (Note: Dir. French absent for June 15 meeting, Dir. Hoke absent for June 15 and June 23 meetings and Dir. Mitchell absent for June 23 meeting).

Ayes: Directors French, Hoke, Layne, Mitchell and Thomsson
Noes: None
Absent: None

PUBLIC HEARING

2. Public Hearing: Delinquent Charges [Government Code §61115(b)] to be sent to 2016 Tax Roll: Public Hearing to hear and consider all objections or protests to CSD's Impending Delinquency Report of taxes, assessment and other charges levied for the fiscal year 2015-2016, being delinquent, shall be declared tax-defaulted pursuant to Government Code §61115(b) and shall direct the General Manager to file with the Siskiyou County Auditor/Tax Collector a copy of the final report, on or before August 10, 2016.

Pres. Thomsson opened the Public Hearing at 1:09 p.m. AR Lang reported on this item. Comments were received from the audience. Pres. Thomsson closed the Public Hearing at 1:13 p.m. The Board discussed.

Motion by Dir. Mitchell second Dir. French to declare said delinquencies tax-defaulted pursuant to Government Code §61115(b) and direct the General Manager to file the final report with the Siskiyou County Auditor on or before August 10, 2016.

Ayes: Directors French, Hoke, Layne, Mitchell and Thomsson
Noes: None
Absent: None

DISCUSSION / ACTION ITEMS:

3. Fire Department Monthly Report: FC Pappas updated the Board.
4. Police Department Monthly Report: Report received and filed.
5. Employment agreement with Mike Wilson for Assistant General Manager for Fire and Police: GM Drexel reported that negotiations are still in progress.
6. Resolution appointing General Manager as District Treasurer/Secretary. Review and Adopt Resolution 6-16: GM Drexel reported on this item.

Motion by Dir. French second by Dir. Thomsson to adopt Resolution 6-16 appointing General Manager Karl Drexel as the District's Secretary, Treasurer and Controller.

Ayes: Directors French, Hoke, Layne, Mitchell and Thomsson
Noes: None
Absent: None

7. Union Negotiation – Review and Approve Resolution 7-16 to approve, adopt and sign the MOU: GM Drexel reported on this item.

Motion by Dir. French second by Dir. Mitchell to adopt Resolution 7-16 approving Memorandum of Understanding between the District and Teamsters Local 137.

Ayes: Directors French, Hoke, Layne, Mitchell and Thomsson
Noes: None
Absent: None

8. Fire Department Command Vehicle: GM Drexel reported on this item.

9. Review and Renew the District Reserve Policy. Review and Adopt Resolution 8-16: GM Drexel reported on this item.

Motion by Dir. Mitchell second by Dir. French to adopt Resolution 8-16 reviewing and renewing the District Reserve Fund and Investment Policy.

Ayes: Directors French, Hoke, Mitchell and Thomsson
Noes: None
Absent: None
Abstain: Director Layne

10. Verizon Cell Tower Agreement: GM Drexel reported on this item. The Board directed staff to continue researching all agreements, determine site specific issues and continue negotiation with Verizon. The Board authorized staff to contract with a consultant who specializes in negotiations of these types of agreements.

11. Wastewater Improvement Project Grant Application. Review and Adopt Resolution 9-16: GM Drexel reported on this item.

Motion by Dir. French second by Dir. Layne to adopt Resolution 9-16 authorizing the General Manager to execute a financial assistance agreement with the State Water Resources Control Board regarding Wastewater Improvement Project.

Ayes: Directors French, Hoke, Layne, Mitchell and Thomsson
Noes: None
Absent: None

12. Drinking Water Improvement Project Grant Application. Review and Adopt Resolution 10-16: GM Drexel reported on this item.

Motion by Dir. French second by Dir. Mitchell to adopt Resolution 10-16 authorizing the General Manager to execute a financial assistance agreement with the State Water Resources Control Board regarding Drinking Water Improvement Project.

Ayes: Directors French, Hoke, Layne, Mitchell and Thomsson
Noes: None
Absent: None

13. Water and wastewater rate study: GM Drexel report that work is in progress for this item which the Board has determined to be a priority project for the District.

14. Rancho Hills Community Association: action to vote Ballot for Election of Directors: The Board discussed.

Motion by Dir. French second by Dir. Layne to authorize the President to sign the RHCA ballot envelope so that it can count for the quorum requirement and take no action on voting the ballot.

Ayes: Directors French, Hoke, Layne, Mitchell and Thomsson
Noes: None
Absent: None

15. Replacement of Administration Office main copier: GM Drexel reported on this item. The Board discussed.

Motion by Dir. French second by Dir. Mitchell to authorize the expenditure of up to \$10,000 plus tax for a new CSD Administration Office copier, after research for best price and copier options; funds from the Administration LAIF account.

Ayes: Directors French, Hoke, Layne, Mitchell and Thomsson
Noes: None
Absent: None

STAFF COMMENTS: GM Drexel updated the Board on some of the projects he is working on in addition to those listed on the agenda.

BOARD MEMBER COMMENTS: Two (2) speakers; no follow up action required.

PUBLIC COMMENTS ON CLOSED SESSION: None

ADJOURN TO CLOSED SESSION: With no objections by the Board, Pres. Thomsson adjourned to Closed Session at 2:24 p.m.

CLOSED SESSION: 2:30 p.m.

Also present: GM Drexel and District Counsel Winston

A. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 59456.9: 1 potential case

With no objections by the Board, Pres. Thomsson adjourned Closed Session at 2:55 p.m.

REPORT ON CLOSED SESSION: 2:59 p.m.

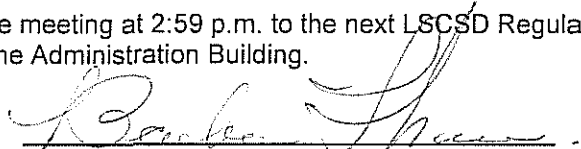
Also present: GM Drexel, District Counsel Winston and AA Charvez. There were approximately 2 people in the audience.

Item A: Pres. Thomsson reported that direction was given to Counsel Winston.

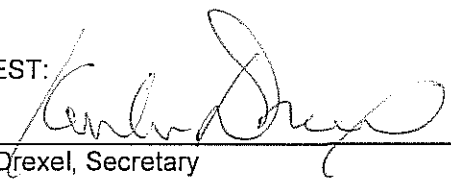
ADJOURNMENT:

With no objections by the Board, Pres. Thomsson adjourned the meeting at 2:59 p.m. to the next LSCSD Regular Board Meeting on Wednesday, August 17, 2016, 1:00 p.m. at the Administration Building.

Approval Date: 8/17/16


Barbara Thomsson, President

ATTEST:


Karl Drexel, Secretary