

## **RESOLUTION 2014-17**

### **RESOLUTION OF THE HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS CLARIFYING TERMS OF TWO PREVIOUS INTERFUND TRANSFERS FROM SEWER ENTERPRISE FUND TO WATER ENTERPRISE FUND AND RESCINDING HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS RESOLUTION 2010-12**

WHEREAS, On June 24, 2002 the Board of Directors of the Hidden Valley Lake Community Services District (District) entered into an agreement with the California Infrastructure and Economic Development Bank (CIEDB) to borrow \$3,000,000 for completion of the Hidden Valley Lake Water System Improvement Project; and

WHEREAS, Section 3.03 of the CIEDB agreement stipulates the District make annual loan payments; and

WHEREAS, Section 5.06 (a) of the CIEDB agreement stipulates the District set aside reserves equivalent to or greater than 110 percent of the annual debt service; and

WHEREAS, on April 30, 2010 staff transferred \$140,000 from "Fund 712", a subaccount within the District's Sewer Enterprise Fund, to "Fund 218" (also known as the CIEDB Redemption Fund), a subaccount within the Water Enterprise Fund, for the purpose of making an annual CIEDB loan payment; and

WHEREAS, on July 20, 2010 the Board of Directors of the Hidden Valley Lake Community Services District adopted Resolution 2010-12 authorizing the creation of a Water Rate Stabilization Account within the Water Enterprise Fund, for the purposes of supplementing loan reserves pursuant to Section 5.06 (a) of the CIEDB agreement, and authorizing the transfer of \$201,000 from Fund 712 within the Sewer Enterprise Fund to the newly created Water Rate Stabilization Account within the Water Enterprise Fund; and

WHEREAS, the Sewer Enterprise Fund and the Water Enterprise Fund are separate funds, fiscally independent of each other; and

WHEREAS, Proposition 218, the "Right to Vote on Taxes Act", passed by the California voters in November 1996, restricts the use of benefit assessments and transfer of monies between enterprise funds; and

WHEREAS, a permanent transfer of funds from the District's Sewer Enterprise Fund to the Water Enterprise Fund, as opposed to a loan between the two enterprise funds, would be in violation of Proposition 218; and

WHEREAS, the transfer of \$140,000 from Fund 712 within the District's Sewer Enterprise Fund to Fund 218 within the Water Enterprise Fund was made on April 30, 2010 without clarifying said transfer is a loan between enterprise funds; and

WHEREAS, Resolution 2010-12 of the Hidden Valley Lake Community Services District authorizes the transfer of \$201,000 from Fund 712 within the District's Sewer Enterprise Fund to the Water Rate Stabilization Account within the Water Enterprise Fund, without clarifying said transfer is a loan between enterprise funds.

NOW, THEREFORE, BE IT RESOLVED that the Hidden Valley Lake Community Services District Board of Directors hereby:

- 1) Authorize the temporary transfer of \$140,000 from Fund 712 within the Sewer Enterprise Fund to Fund 218 within the Water Enterprise Fund, with the stipulation that the total transferred amount (\$140,000) be returned to Fund 712 or any fund designated for unrestricted wastewater capital expenditures within the Sewer Enterprise Fund by no later than June 30, 2020.
- 2) Reauthorize creation of a Water Rate Stabilization Account within the Water Enterprise Fund, for the purposes of creating a loan reserve pursuant to Section 5.06 (a) of the CIEDB agreement.
- 3) Reauthorize the temporary transfer of \$201,000 from Fund 712 within the Sewer Enterprise Fund to the Water Rate Stabilization Account within the Water Enterprise Fund, for the purposes of creating a loan reserve pursuant to Section 5.06 (a) of the CIEDB agreement, with the stipulation that the \$201,000 principal and any accumulated interest be returned to Fund 712 or any fund designated for unrestricted wastewater capital expenditures within the Sewer Enterprise Fund upon repayment of the CIEDB loan.
- 4) Rescind Resolution 2010-12 of the Hidden Valley Lake Community Services District Board of Directors.

**PASSED AND ADOPTED** on December 16, 2014 by the following vote:

**AYES:** DIRECTORS HERNDON, FREEMAN, GRAHAM, LIEBERMAN AND MIRBEGIAN

**NOES:** NONE

**ABSTAIN:** NONE

**ABSENT:** NONE

  
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Judy Mirbegan  
President of the Board of Directors

**ATTEST:**

  
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Roland Sanford  
Secretary to the Board of Directors

