

# **RESOLUTION No. 180717**

## **ESTABLISHING A CASH FLOW RESERVE FUND**

The Board of Directors hereby resolves as follows:

### **ARTICLE 1: ESTABLISHMENT OF RESERVE FUNDS**

Section 1.1 There is hereby created a Cash Flow Reserve Fund, to reserve a portion of the District's investments to pay District operating expenses during the cash flow dry period from July 1 through the receipt of the secured property tax payment from the County in late December of each year.

Section 1.2 Funds in the Cash Flow Reserve Fund are hereby dedicated to the payment of the District's operating expenses during the months of July through December.

### **ARTICLE 2: Cash Flow Reserve**

Section 2.1 Each year during the budgeting process, funds will be designated to the Cash Flow Reserve Fund in the amount of \$400,000.

Section 2.2 At the end of each fiscal year any unused monies may be designated to the Cash Flow Reserve Fund, at the discretion of the Board of Directors.

Section 2.3 Monies deposited in the Cash Flow Reserve Fund shall be available for the payment of the District's operating expenses during the months of July through December. Monies shall not be withdrawn from the reserve fund for any other purpose, except by approval of the Board of Directors.

Section 2.4 As of the time this policy is adopted, the Cash Flow Reserve Fund will include \$400,000 of the District's existing investment balance.

Section 2.5 The Cash Flow Reserve Fund may be amended or abolished only by approval of the Board of Directors.

### **ARTICLE 3: INVESTMENT**

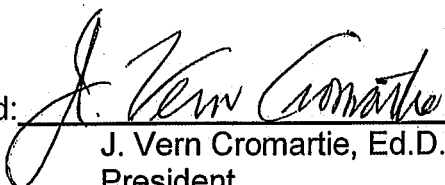
Section 3.1 Monies deposited in the Cash Flow Reserve Fund and the District's General Funds may be commingled for investment purposes.

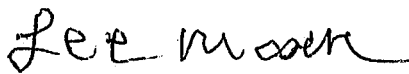
### **ARTICLE 4: REPORTING**

Section 4.1 The Accounting Consultant is hereby directed to cause the funds in the Cash Flow Reserve Fund to be set aside in a separate account within the District's books of account, in accordance with Generally Accepted Accounting Principles.

The foregoing resolution was passed and adopted by the Board of Directors on the **16th day of July, 2018**, by the following vote:

**Ayes:**           **Director:**   Fountain, Young, Strong, Cromartie  
**Noes:**           **Directors:**   Mason  
**Absent:**         **Directors:**   None  
**Absent:**         **Directors:**   None

Signed:  \_\_\_\_\_  
          J. Vern Cromartie, Ed.D.  
          President  
          Los Medanos Community Healthcare District Board of Directors

Attested:  \_\_\_\_\_  
          Lee Mason, Secretary  
          Los Medanos Community Healthcare District Board of Directors