



TRIUNFO SANITATION DISTRICT

A PUBLIC AGENCY

Board of Directors
Triunfo Sanitation District
Ventura County, California

April 20, 2011

RESOLUTION OF THE TRIUNFO SANITATION DISTRICT BOARD OF DIRECTORS AUTHORIZING A TRANSFER AND LOAN OF FUNDS FROM THE SEWER SERVICE SEGMENT RESERVES TO THE POTABLE WATER SERVICE SEGMENT

At the March 28, 2011 Board Meeting, the Board directed staff to incorporate in the resolution the following: 1) the transfer of funds from the sewer service segment reserves should the potable water service segment reserves falls below \$150,000; 2) to authorize the Director of Finance without prior Board approval to execute an interfund transfer and loan from the sanitation service segment in case of emergency, or whenever the District's potable water service segment reserves fall below \$150,000; 3) repaying any loan within a total five-year period; and 4) confirming the interest rate calculation.

In addition, staff capped the interfund transfer to not exceed the amount of \$200,000 in case of emergency or whenever the District's Potable Water Service segment reserves fall below \$150,000 without obtaining prior Board approval. Finally, staff also added the ability of Potable Water Service segment to prepay any portion or all of the balance due on the loan to the Sanitation Service segment.

Recommendation

It is recommended the Board adopt TSD Resolution No. 11-03 approving a mechanism to allow the transfer and loan of funds from the Sewer Service segment reserves to the Potable Water Service segment reserves if needed.

Vickie Dragan

VICKIE DRAGAN – DIRECTOR OF FINANCE & ADMINISTRATION

Enc.

APPROVED FOR APRIL 25, 2011 AGENDA


Doug Anders – Acting District Manager

TSD RESOLUTION NO. 11-03

**RESOLUTION OF THE TRIUNFO SANITATION DISTRICT
BOARD OF DIRECTORS AUTHORIZING A TRANSFER AND LOAN OF FUNDS
FROM THE SEWER SERVICE SEGMENT RESERVES TO THE POTABLE WATER
SERVICE SEGMENT RESERVES**

WHEREAS, the Triunfo Sanitation District ("District") owns, operates and maintains various service segments, including a sewerage collection and treatment system ("Sanitation Service Segment"), potable water distribution system ("Potable Water Service Segment"), and recycled water distribution system ("Recycled Water Service Segment"), serving District customers within its jurisdictional boundaries; and

WHEREAS, the District periodically undertakes evaluation and study of its operational and financial needs for the future, including assessments of all types and categories of District customers; the demands on the District's facilities to provide necessary service to multiple categories of users; the total costs of the existing and future District operations and facilities; and alternative methodologies for establishing fair and equitable charges to use the District's facilities; and

WHEREAS, on January 24, 2011, the District commissioned Raffelis Financial Consultants ("Raffelis") to update its potable water rate funding model to reflect the District's current funding requirements related to the District's Potable Water Service Segment; and

WHEREAS, on March 14, 2011, Raffelis presented an updated potable water rate funding model to the District Board and informed the Board that, during the next three fiscal years, it may be necessary for the Board to authorize temporary interfund transfers and loans totaling not more than \$1,200,000 from the District's Sanitation Service Segment reserves to the District's Potable Water Service Segment reserves in order to prudently fund the latter; and

WHEREAS, pursuant to TSD Resolution No. T11-02, Government Code Section 53601(d), and other applicable law, the District is authorized to approve temporary interfund transfers and loans from the District's Sanitary Service Segment reserves to the Potable Water Service Segment reserves for the purpose of prudently funding the latter; and

Deleted: (District Investment Policy)

WHEREAS, the District Board desires to set forth procedures by which the District's Director of Finance, acting as Treasurer of the District, may, during the next three fiscal years, temporarily transfer and loan funds from the Sanitation Service Segment reserves to the Potable Water Service Segment reserves in an amount not to exceed \$1,200,000 for the purpose of prudently funding Potable Water Service Segment reserves.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the Triunfo Sanitation District that:

1. Between July 1, 2011 and July 1, 2013, the District's Director of Finance, acting as Treasurer of the District, is hereby authorized to temporarily transfer and loan funds from the Sanitation Service Segment reserves to the Potable Water Service Segment reserves on the terms and conditions set forth herein.

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2. The total amount that may be transferred and loaned from the Sanitation Service Segment reserves to the Potable Water Service Segment reserves between July 1, 2011 and July 1, 2013 pursuant to this Resolution shall not exceed \$1,200,000.

3. Prior to implementing any transfer and loan authorized under this Resolution, the District's Director of Finance shall obtain prior approval from the District Board based upon a finding and determination by the Board that (a) the proposed transfer and loan is for the purpose and required to prudently fund the Potable Water Service Segment reserves, (b) the District's Sanitation Service Segment reserves to be transferred and loaned are surplus funds not required for the immediate necessities of the Sanitation Service Segment, (c) the funds transferred and loaned will be fully repaid by the Potable Service Segment before the funds loaned are required for the necessities of the Sanitation Service Segment, (d) there is a source of money available to the Potable Water Service Segment to ensure payment of the funds transferred and loaned, and (e) the transfer and loan is wise, expedient, prudent and in the best interests of the District and its customers.

4. Notwithstanding Paragraph 3, above, in case of an emergency, or whenever the District's Potable Water Service segment reserves fall below \$150,000.00, the Director of Finance is hereby authorized, without obtaining prior Board approval, to execute an interfund transfer and loan from the Sanitation Service Segment reserves to the Potable Water Service segment reserves in an amount not to exceed \$200,000.00. At the first regularly scheduled meeting following any interfund loan and transfer made pursuant to this provision, the Director of Finance shall report the reason for and the terms of the transfer and loan to the District Board.

5. Any transfer and loan made pursuant to this Resolution shall be managed by the Director of Finance in the manner required by TSD Resolution No. T11-02, Government Code Section 53601(d), and other applicable law, including keeping or causing to be kept detailed records of the funds so transferred and loaned in order that an accurate record of the Potable Water Service Segment's liability to the Sanitation Service Segment reserves can be ascertained and monitored.

6. Each of any interfund transfers and loans from the Sanitation Service Segment made pursuant to this Resolution must be structured so that they are fully amortized by June 30, 2016. The amortization period for a given interfund transfer and loan shall begin on the date the funds are transferred from the Sanitation Service Segment reserves to the Potable Water Service Segment reserves. Semi-annual installments of principal and interest shall be paid during each year of a loan's amortization period. The interest rate applied to a given semi-annual installment shall be equal to the average interest rate which the District received on its sums invested with the Ventura County Investment Pool over the six (6) months preceding that semi-annual installment plus one-half percent (.5%).

6. The District Board of Directors may, at any time during the amortization period for a given loan, determine that the balance due on the funds loaned is immediately due and payable to the Sanitation Service Segment should the necessities of the Sanitation Service Segment so require.

8. The District Board of Directors may, at any time during the amortization period for a given loan, prepay any portion or all of the balance due on the funds loaned.

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PASSED, APPROVED, AND ADOPTED this 28th day of March 2011.

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MICHAEL PAULE, CHAIR
Board of Directors

JOSIE GUZMAN
Clerk of the Board

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BOARD OF DIRECTORS AUTHORIZING A TRANSFER AND LOAN OF FUNDS
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WHEREAS, the Triunfo Sanitation District ("District") owns, operates and maintains various service segments, including a sewerage collection and treatment system ("Sanitation Service Segment"), potable water distribution system ("Potable Water Service Segment"), and recycled water distribution system ("Recycled Water Service Segment"), serving District customers within its jurisdictional boundaries; and

WHEREAS, the District periodically undertakes evaluation and study of its operational and financial needs for the future, including assessments of all types and categories of District customers; the demands on the District's facilities to provide necessary service to multiple categories of users; the total costs of the existing and future District operations and facilities; and alternative methodologies for establishing fair and equitable charges to use the District's facilities; and

WHEREAS, on January 24, 2011, the District commissioned Raftelis Financial Consultants ("Raftelis") to update its potable water rate funding model to reflect the District's current funding requirements related to the District's Potable Water Service Segment; and

WHEREAS, on March 14, 2011, Raftelis presented an updated potable water rate funding model to the District Board and informed the Board that, during the next three fiscal years, it may be necessary for the Board to authorize temporary interfund transfers and loans totaling not more than \$1,200,000.00 from the District's Sanitation Service Segment reserves to the District's Potable Water Service Segment reserves in order to prudently fund the latter; and

WHEREAS, pursuant to TSD Resolution No. T11-02, Government Code Section 53601(d), and other applicable law, the District is authorized to approve temporary interfund transfers and loans from the District's Sanitary Service Segment reserves to the Potable Water Service Segment reserves for the purpose of prudently funding the latter; and

WHEREAS, the District Board desires to set forth procedures by which the District's Director of Finance, acting as Treasurer of the District, may, during the next three fiscal years, temporarily transfer and loan funds from the Sanitation Service Segment reserves to the Potable Water Service Segment reserves in an amount not to exceed \$1,200,000 for the purpose of prudently funding Potable Water Service Segment reserves.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the Triunfo Sanitation District that:

1. Between July 1, 2011 and July 1, 2013, the District's Director of Finance, acting as Treasurer of the District, is hereby authorized to temporarily transfer and loan funds from the

Sanitation Service Segment reserves to the Potable Water Service Segment reserves on the terms and conditions set forth herein.

2. The total amount that may be transferred and loaned from the Sanitation Service Segment reserves to the Potable Water Service Segment reserves between July 1, 2011 and July 1, 2013 pursuant to this Resolution shall not exceed \$1,200,000.00.

3. Prior to implementing any transfer and loan authorized under this Resolution, the District's Director of Finance shall obtain prior approval from the District Board based upon a finding and determination by the Board that (a) the proposed transfer and loan is for the purpose and required to prudently fund the Potable Water Service Segment reserves, (b) the District's Sanitation Service Segment reserves to be transferred and loaned are surplus funds not required for the immediate necessities of the Sanitation Service Segment, (c) the funds transferred and loaned will be fully repaid by the Potable Service Segment before the funds loaned are required for the necessities of the Sanitation Service Segment, (d) there is a source of money available to the Potable Water Service Segment to ensure payment of the funds transferred and loaned, and (e) the transfer and loan is wise, expedient, prudent and in the best interests of the District and its customers.

4. Notwithstanding Paragraph 3, above, in case of an emergency, or whenever the District's Potable Water Service segment reserves fall below \$150,000.00, the Director of Finance is hereby authorized, without obtaining prior Board approval, to execute an interfund transfer and loan from the Sanitation Service Segment reserves to the Potable Water Service segment reserves in an amount not to exceed \$200,000.00. At the first regularly scheduled meeting following any interfund loan and transfer made pursuant to this provision, the Director of Finance shall report the reason for and the terms of the transfer and loan to the District Board.

5. Any transfer and loan made pursuant to this Resolution shall be managed by the Director of Finance in the manner required by TSD Resolution No. T11-02, Government Code Section 53601(d), and other applicable law, including keeping or causing to be kept detailed records of the funds so transferred and loaned in order that an accurate record of the Potable Water Service Segment's liability to the Sanitation Service Segment reserves can be ascertained and monitored.

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7. The District Board of Directors may, at any time during the amortization period for a given loan, determine that the balance due on the funds loaned is immediately due and payable to the Sanitation Service Segment should the necessities of the Sanitation Service Segment so require.

8. The District Board of Directors may, at any time during the amortization period for a given loan, prepay any portion or all of the balance due on the funds loaned.

PASSED, APPROVED, AND ADOPTED this 25th day of April 2011.

MICHAEL PAULE, CHAIR
Board of Directors

JOSIE GUZMAN
Clerk of the Board