

RESOLUTION NO. 12-10-13

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CAPISTRANO BAY COMMUNITY SERVICES DISTRICT
ESTABLISHING ONE OR MORE RESERVE BANK ACCOUNTS
FOR FUNDING CONTINGENCIES AND CAPITAL IMPROVEMENTS.**

WHEREAS, the Board of Directors of the Capistrano Bay District ("Board") recognizes the potential of extreme nearby hazards due to the geographic location of the Capistrano Bay Community Services District ("District") lying between the Pacific Ocean and the local submarine earthquake fault lines, the OCTA commuter and freight rail lines, Pacific Coast Highway and the adjacent Coastal Bluffs, all within a narrow strip of land approximately 400 feet in width; and,

WHEREAS, the Board also recognizes the physical limitations on emergency evacuation from the District due to the presence of a single exit roadway; and,

WHEREAS, a costly calamity could arise at any time from an earthquake-driven ocean tsunami, from a train derailment, from a catastrophic mudslide of the coastal bluffs due to flooding rain, or from a major roadway failure and collapse due to roadbed and subgrade erosion stemming from torrential El Nino rain runoff, and,

WHEREAS, the Board further recognizes the necessity of the conversion of the existing overhead power and communication utilities to an underground system.

THEREFORE, the Board hereby resolves to establish one or more reserve bank accounts for the purpose of accruing funds to cover expenses associated with any emergency or catastrophe or capital improvement specific to the District, as follows:

1. The existing non-interest bearing savings account with Wells Fargo Bank in San Clemente is to be converted into an interest-bearing investment account which is to be identified as the *District Contingency Reserve Account*.
2. The existing investment account with the Local Agency Investment Fund (LAIF) is to remain open and is to be identified as the *District Capital Improvement Account*.
3. Use of the funds in the District Reserve Accounts are to be for funding any contingent emergency expense or capital project at the Board's discretion.
4. Withdrawals or transfers from the District Reserve Accounts cannot be made without the approval of three or more members of the Board.
5. Funds residing in the District's Reserve Accounts, regardless of the type of institution, are to be protected by the FDIC, or secured up to no less than 110% of the deposits in the account pursuant to Government Code Sections 53651 through 53658, known as the *Local Agency Security Law*, or protected by Government Code Sections 16429.3 and 16429.4 for deposits in LAIF.