

<b>ID #</b>	BRD-037	
<b>Rev</b>	00	
<b>Date</b>	8/22/2013	
<b>Reso</b>	13-25	

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## **Financial Reserve Policy**

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### **1.0 PURPOSE**

The Authority has an unrestricted reserve fund of approximately \$26.2 million from the discontinued District 2 assessment. The Authority has prudently allocated the District 2 assessment to important capital and acquisition projects. As a result of ongoing planning efforts the Authority expects that the reserve account will be reduced with significant acquisitions, improvements and programs, therefore, prudent fiscal management of the Authority requires that reserve funds be maintained to meet the Authority's annual operating expenses.

The Board wishes to identify the amount of funds necessary for two years of operating expenses to ensure the continued strength of the Authority, and to dedicate other reserve funds for capital projects, including acquisitions and improvements and it is in the best interest of the Authority to establish a dedicated and restricted reserve fund and to implement a formal policy regarding the level of funding and use of such reserve fund.

### **2.0 REVISION HISTORY**

<b>Date</b>	<b>Revision</b>	<b>Modification</b>
10/25/2007	N/A	New policy, Reaffirmed on 11/8/2007
4/28/2011	01	Update and Approved

### **3.0 PERSONS AFFECTED/RESPONSIBLE**

- Board of Directors
- Board Appointed Treasurer
- General Manager

### **4.0 POLICY**

The Board hereby designates reserve funds as follows:

- 1) The Authority will continue to hold two years of anticipated operating expenses, estimated to be \$14 million, in a Reserve Account.

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- 2) The balance of the unrestricted reserve fund, estimated to be approximately \$12.2 million, will be transferred to a Capital Reserve Fund to be used for acquisition and capital improvement projects.
- 3) All Authority funds in the Reserve Account and the Capital Reserve Account will be held in accordance with the Authority's Investment Policy and state law.
- 4) The Board will review annually at the end of each fiscal year the Reserve Account and the Capital Reserve Account to ensure funding is adequate to meet the projected needs of the Authority, and that these accounts are adjusted as necessary based on the operational surplus or deficit at the conclusion of each fiscal year.