

RESOLUTION 97 - 3

A RESOLUTION OF THE RANCHO MURIETA COMMUNITY SERVICES DISTRICT ESTABLISHING A RATE STABILIZATION FUND POLICY

WHEREAS, the Board of Directors of the Rancho Murieta Community Services District desires to establish a Rate Stabilization Fund Policy.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Rancho Murieta Community Services District as follows:

Purpose

The purpose of the Rate Stabilization Fund is to maintain operating reserves from the Water, Wastewater, Drainage and Security Funds as an enhancement to the District's financial stability and to adequately provide for:

1. Funding for un-planned remedial capital needs.
2. Cash Flow requirements.

Description

The Rate Stabilization Fund shall provide a prudent contingency to absorb fluctuations in revenues and to stabilize rates where rate affecting changes are unplanned, i.e., loss of revenue sources or unforeseen increased operating costs. All retained earnings from the Sewer, Water, Drainage and/or Security fund not allocated to any other reserves may be placed in the Rate Stabilization Fund. These retained earnings are to be from unallocated cash balances. Interest earnings are to be allocated to the balances of appropriate fund.

Minimum and maximum balances will be periodically reviewed by the Board and are to be maintained based upon the level of next year's revenue. The minimum level is no less than the percentage increase of the expenditures in each fund. The maximum limit will be no greater than 50 percent of next year's fund revenue.

PASSED AND ADOPTED this 18th day of June 1997, by the following roll call vote:

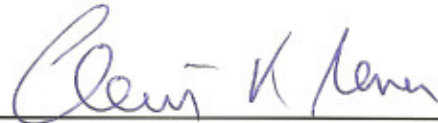
AYES: Stevens, Menicucci, Lensch, Thurston and Sevier

NOES: None

ABSTAIN: None

ABSENT: None

[seal]



Elliot K. Sevier, President
Board of Directors
Rancho Murieta Community Services District

ATTEST:



Betti L. Sadler, District Secretary