

(Rev 5/8/11 #2)

TRUCKEE RIVER FLOOD MANAGEMENT AUTHORITY

RESOLUTION 2011- 2

A RESOLUTION ESTABLISHING THE TRUCKEE RIVER FLOOD MANAGEMENT AUTHORITY GENERAL FUND, DEBT SERVICE FUND, AND CAPITAL PROJECTS FUND.

WHEREAS:

A. The Truckee River Flood Management Authority (the “**Authority**”) was created by an Interlocal Cooperative Agreement between Washoe County, the City of Reno, the City of Sparks, and the Authority dated as of March 11, 2011 (the “**ICA**”) to manage, operate and control the Truckee River Flood Management Project (the “**Flood Project**”) in accordance with the conferred functions and delegated powers stated therein, and is designated as a “local government” under NRS Chapter 354; and

B. Under Article 6 of the ICA the sources of revenue for the Authority will include

(i) Fees, rates and charges imposed by the Authority on residents and businesses in the fee service area in order to acquire, improve, equip, operate and maintain the Flood Project and ensure the payment of obligations of the Authority under Debt Instruments. The fees are authorized under NRS 244A.0297 and NRS 268.691 for the limited purposes stated therein and the power to impose them has been delegated to the Authority under §6.01 of the ICA;

(ii) Net proceeds (as established in the ICA) of the 1/8 percent infrastructure sales tax imposed by Washoe County authorized by NRS Chapter 377B and imposed by Washoe County in December of 1998 under Ordinance 1048, now codified at WCC 20.914, and all amendments and changes applicable to the statute. Under §6.02 of the ICA, and NRS 377B.160 (2), such net proceeds may only be expended in accordance with an Infrastructure Tax Plan established by the County under NRS 377.100 (6);

(iii) other sources of revenues such as grants.

C. Under §6.04 of the ICA, the Authority may only use its revenues for the Flood Project and the expenses of the Authority (as provided in the ICA), and in accordance with the laws and agreements regarding such revenues;

D. Under ¶6.06.C of the ICA, the Authority must establish a general fund, a reserve for replacement, and an operating reserve (as defined therein), and under ¶6.06.D may establish other funds and accounts as necessary to facilitate the operations of the Flood

Project and assist in the structuring of cost effective Debt Instruments incurred by the Authority;

E. To account for the foregoing sources and uses of funds for the Flood Project, the Authority desires, under the provisions of NRS 354.604, to create a General Fund, Capital Projects Fund, and a Debt Service Fund;

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TRUCKEE RIVER FLOOD MANAGEMENT AUTHORITY:

Section 1 Creation of General Fund.

1.1 Purpose. A general fund is hereby created on the official books and records of the Authority to account for and report all financial resources except those required to be accounted for in another fund, and subject to the Local Financial Administration Act, NRS Chapter 354.

1.2 Revenues and other Sources. All of the gross revenues and other sources of the Authority (as described above and except for net bond proceeds intended for capital projects) shall be first placed in the general fund.

1.3 Budget. The Authority will annually budget revenues and other sources to and expenditures and other uses from the general fund.

1.4 Fund Balance:

a. Ending fund balance in the general fund shall be restricted to fund operating reserves until the reserves are fully funded as required under ¶6.06.C.1.iii of the ICA and to fund any other amounts imposed by external parties through contracts, grants contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation, then to maintaining the required debt service coverage required by ¶6.06.B of the ICA. The remaining fund balance is considered unrestricted and shall be classified as committed, assigned or unassigned, as appropriate, at the end of each fiscal year. When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When committed, assigned and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last.

b. Operating Reserve. The general fund balance will be restricted for the purpose of establishing an operating reserve required under ¶6.06.C.1.iii of the ICA. As provided in ¶6.06.C.1.iii and ¶6.06.C.1.iv of the ICA this reserve shall be initially funded out of gross revenues over a period of three years and should the balance in the reserves fall below the 25% of each year's operating budget, the Authority shall have three years to cure the deficiency.

c. Other Reserves. The general fund may include other reserves established from time to time by the Authority (which may include emergency reserves, rate stabilization reserves, etc.), which shall be initially funded and maintained in accordance with the resolutions establishing them.

1.5 Method of determining that fund balances are reasonable and necessary to accomplish its purpose. At the end of each fiscal year, the Authority Board shall determine whether all reserves established in the general fund are adequately funded and balances remaining in the general fund are reasonable and necessary to accomplish the purposes of the fund.

1.6 Applicable statutes. NRS Chapter 354; NRS Chapter 377B (with respect to infrastructure sales tax), and NRS 244A.0297 and NRS 268.691 and NRS 350A.055 (with respect to fees, rates and charges).

Section 2. Creation of Capital Projects Fund.

2.1 Purpose. A capital projects fund is hereby created on the official books and records of the Authority to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities or other capital assets other than those financed by proprietary or trust funds, or for assets that will be held in trust for individuals, private organizations, or other governments.

2.2 Revenues and other Sources. Revenues and other sources for the capital projects fund include net proceeds from bonds and debt instruments, grants, contributions, earnings from investments of the capital projects fund balances as well as transfers from other funds.

2.3 Budget. The Authority will annually budget resources and other sources to and expenditures and other uses from the capital projects fund for capital outlay, including Flood Control Facilities and capital improvements for the Flood Project.

2.4 Fund Balance.

a. Ending fund balance in the capital projects fund shall be restricted to fund replacement reserves established under ¶6.06.C.1.ii of the ICA and to fund any other amounts imposed by external parties through contracts, grants contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The remaining fund balance is considered unrestricted and shall be classified as committed or assigned, as appropriate, at the end of each fiscal year. When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When committed or assigned funds are available for expenditure, committed funds should be spent first and assigned funds second.

b. Replacement Reserve. The capital projects fund will include the reserve for replacement established under ¶6.06.C.1.ii of the ICA. As provided in ¶6.06.C.1.ii and ¶6.06.C.1.iv of the ICA this reserve shall be initially funded out of gross revenues over a period of three years and should the balance in the reserves fall below the minimum of 10% of the replacement cost of uninsured capital structures that comprise the Flood Management Facilities, the Authority shall have three years to cure the deficiency.

c. Other Reserves. The capital projects fund may include other reserves established from time to time by the Authority, which shall be initially funded and maintained in accordance with the resolutions establishing them.

2.5 Method of determining that fund balances are reasonable and necessary to accomplish its purpose. At the end of each fiscal year, the Authority Board shall determine whether all reserves established in the capital projects fund are adequately funded and balances remaining in the capital projects fund are reasonable and necessary to accomplish the purposes of the fund.

2.6 Applicable statutes. NRS Chapter 354; NRS Chapter 377B (with respect to infrastructure sales tax), and NRS 244A.0297 and NRS 268.691 and NRS 350A.055 (with respect to fees, rates and charges).

Section 3. Creation of Debt Service Fund.

3.1 Purpose. The debt service fund is hereby created on the official books and records of the Authority to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

3.2 Revenues and other Sources. Revenues and other sources for the debt service fund include (i) transfers from the general fund, (ii) earnings from investments of the debt service fund balances; and (iii) other sources as provided in debt instruments such as proceeds from credit enhancement facilities.

3.3 Budget. The Authority will annually budget revenues and other sources to and expenditures and other uses from debt service fund for the payment of principal and interest on debt issued by the Authority.

3.4 Fund Balance:

a. Ending fund balances in the debt service fund shall be restricted to debt service to fund amounts imposed by external parties through contracts, bond covenants, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The remaining fund balance is considered unrestricted and shall be classified as committed or assigned, as appropriate, at the end of each fiscal year. When both restricted and unrestricted funds are available

for expenditure, restricted funds should be spent first unless legal requirements disallow it. When committed or assigned funds are available for expenditure, committed funds should be spent first and assigned funds second.

b. Debt Service Reserve. The debt service fund will include a reserve for debt service as provided in each Bond Indenture or other Debt Instrument for bonds or other credit facilities.

c. Other Reserves. The debt service fund may include other reserves established from time to time by the Authority.

3.5 Method of determining that fund balances are reasonable and necessary to accomplish its purpose. At the end of each fiscal year, the Authority Board shall determine whether all reserves established in the debt service fund are adequately funded and balances remaining in the debt service fund are reasonable and necessary to accomplish the purposes of the fund.

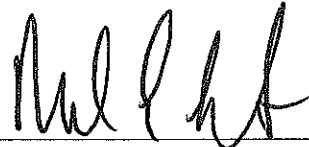
3.6 Applicable statutes. NRS Chapter 354; NRS Chapter 377B (with respect to infrastructure sales tax), and NRS 244A.0297 and NRS 268.691 and NRS 350A.055 (with respect to fees, rates and charges).

Section 4. General.

4.1 The Chief Financial Officer of the Authority is directed to establish the foregoing funds on the official books and records of the Authority and to distribute copies of this signed resolution to the Department of Taxation, and all persons within Washoe County who are providing accounting services to the Authority.

4.2 This Resolution shall be effective upon passage and approval.

ADOPTED this 13th day of May, 2011 by a unanimous vote of all the Directors present at the meeting.



Ron Smith, Chairman of the Board