
RESOLUTION PROPOSAL

DATE: July 22, 2010

SUBJECT: First Reading Financial Management – PM 4.02Q Lake Reserve Account

SPONSOR: Treas. Harrison

BACKGROUND INFORMATION:

The Lake Reserve Account (LRA) manages funds for requirements based on MR&R studies of the Association's dams, lakes, ponds, streams, and their necessary impoundment and control structures, drainages that enter these lakes and ponds, spillways, marinas, docks, beaches, swimming areas, and related capital components necessary to maintain use of the water assets of the Association. Revenue sources for the funding of the reserve account include dues, depreciation and other fees contributing to reserves, interest, investment income, and any transfer from the general operating account year-end surplus.

With all of LMOA's investment accounts, PM 4.02Q specifies investment objectives and allowable investment options. This change to PM 4.02Q adds a new section to cover the new Lake Reserve Account.

Criteria for investment is the same as the Road Reserve Account

STAFF RECOMMENDATION: Concur

PROPOSED FINANCIAL IMPACT: Depreciation and annual funds not used for lake health are deposited into the Lake Reserve Account. The Board of Directors can also designate funds from the budget to build lake reserves.

PROPOSED SOURCE OF FUNDING: NA

STRATEGIC PLAN REFERENCE: NA

POSSIBLE MOTION:

Move that the Board of Directors approve amendments to PM 4.02Q Financial Management: LMOA Investment Policy to include the Lake Reserve Account as presented in the July 22, 2010 Board packet.

PERSON RESPONSIBLE FOR FOLLOW-UP: General Manager