

Marin Emergency Radio Authority Reserve Funds Policy

Purpose: To establish appropriate and adequate reserve funds for capital and emergency purposes for the long-term sustainability of the Authority.

Policy: MERA Board of Directors action by resolution is required to create or terminate reserve funds. The MERA Board has established and will maintain two reserve funds, for Replacement and Emergencies.

- 1) The Replacement Fund will be used for repairing, improving or replacing the MERA communications system or any component thereof. The Fund will also subsidize the Operating Fund should any maintenance costs be extraordinary (i.e. in excess of the amount budgeted for regular and corrective maintenance). The initial balance for this reserve fund shall be \$500,000. At the end of each fiscal year, upon Board acceptance of the Annual Audit, a transfer shall be made from the Operating Fund to the Replacement Fund in an amount necessary to cause the balance of the Replacement Fund to be a minimum of \$500,000.
- 2) The Emergency Fund will be used to immediately address any emergency conditions causing or likely to cause system service interruption(s) before insurance is available, for underinsured or uninsured losses and to self-insure liability and property insurance deductibles. The initial balance for this reserve fund shall be \$500,000. At the end of each fiscal year, upon Board acceptance of the Annual Audit, a transfer shall be made from the Operating Fund to the Emergency Fund in an amount necessary to cause the balance of the Emergency Fund to be a minimum of \$500,000.

Reserves will be reviewed at least annually for adequacy and appropriateness in conjunction with the adoption of the annual operating budget. Reserves will be used solely for their intended purposes upon the approval of the Executive Committee and Board.

Adopted: 12-09-09 BOD