

ORDINANCE 56

AN ORDINANCE OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
AMENDING THE DISTRICT'S RULES AND REGULATIONS TO CREATE THE
WASTEWATER CAPITAL RESERVE FUND

WHEREAS, The Board wishes to upgrade the District's current wastewater treatment facility and to increase the sewer system capacity;

WHEREAS, The State of California has agreed to fund the construction cost of upgrading the wastewater treatment facility (Project) with a low interest loan subject to specific conditions;

WHEREAS, a condition of loan approval is for the District to adopt an ordinance creating a Wastewater Capital Reserve Fund (WCRF) dedicating specific funding for the expansion, major repair or replacement of the wastewater treatment works;

WHEREAS, The District's consulting engineer has prepared the final design plans and specifications for the Project and the Board has awarded the bid for construction of the Project to Sequoia Construction at a cost of \$660,330;

WHEREAS, The District has applied for a loan totaling \$818,494 to cover the construction cost of the Project and \$158,163 in engineering and administrative costs associated with the Project; and

WHEREAS, The State requires that the District deposit funds to build up the WCRF at a minimum rate of .5% of the Loan amount each year for a period of ten years or for the purposes of this loan \$4,100 per year.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Regulation 31 of the MCS D Rules and Regulations is added to read:

"REGULATION 31 -- WASTEWATER CAPITAL RESERVE FUND

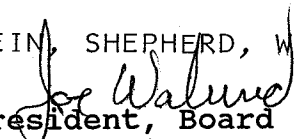
Rule 31.01. WASTEWATER CAPITAL RESERVE FUND -- The District hereby creates a Fund in the Sewer Department dedicated solely to pay for future expansion, major repair and replacement of the wastewater treatment facility. Said Fund shall be named the Wastewater Capital Reserve Fund (WCRF). Starting in FY 1995-96 and annually thereafter for a

total of ten fiscal years, the Board shall deposit \$4,100 each year into the WCRF. Additionally, the Board shall annually apportion the interest earned on the balance in the WCRF to the Fund. The District shall annually reconcile the balance in the fund and submit a report to the State Water Resources Control Board every five years (Ie. FY2000-2001; FY2005-2006; FY2010-2011; and FY2015-2016) for the term of the loan. At the end of the loan term, the District Board may reallocate any funds in the Fund to any sewer department purpose.

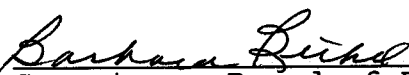
Rule 31.02. WITHDRAWAL OF WCRF MONIES. The Board may use money from the WCRF prior to the end of the loan term to pay for the cost of planning, design and construction of capital improvements to the wastewater treatment works subject to adoption of an ordinance committing the District to repayment of any amounts expended from the WCRF at a minimum annual rate of ten (10) percent of the expended amount in addition to the payment described above in Rule 31.00."

On the Motion of Director SHEPHERD and seconded by Director HARLING, the foregoing ordinance is duly accepted on first reading this 13th day of July, 1995 by the following vote:

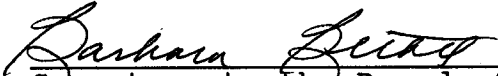
AYES: ESTES, HARLING, KLEIN, SHEPHERD, WALUND
NOES: NONE
ABSENT: NONE


President, Board of Directors
McKinleyville Community Services
District

ATTEST:


Secretary, Board of Directors
McKinleyville Community Services District

I, BARBARA BETHEL, Secretary to the Board of Directors of the MCKINLEYVILLE COMMUNITY SERVICES DISTRICT, hereby certify that the foregoing is a full, true, and correct copy of an ordinance duly adopted this 13TH day of JULY, 1995.


Secretary to the Board of
Directors of McKinleyville
Community Services District