

**TOWN OF ST. JOHN, LAKE COUNTY, INDIANA  
WATERWORKS DISTRICT  
BOARD OF WATERWORKS**

**RESOLUTION NO. 2016-06-23 WW**

**A RESOLUTION OF THE BOARD OF WATERWORKS OF THE TOWN OF ST. JOHN, LAKE COUNTY, INDIANA, WATERWORKS DISTRICT, APPROVING THE ESTABLISHMENT OF A CASH RESERVE FUND OF THE WATERWORKS UTILITY OF THE TOWN, AND ALL MATTERS RELATED THERETO.**

**WHEREAS**, the Town of St. John, Lake County, Indiana (the "Town"), owns and operates a waterworks utility (the "Waterworks"), pursuant to the provisions of I.C. §8-1.5, *et seq.* (the "Act"), as amended, which is controlled and under the jurisdiction of the Board of Waterworks of the Town of St. John, Lake County, Indiana, Waterworks District (the "Board"); and;

**WHEREAS**, the Town Council of the Town (the "Town Council") now seeks to establish a cash reserve fund (the "Cash Reserve Fund") of the Waterworks pursuant to the provisions of I.C. §8-1.5-3-11, and to use the monies in such Cash Reserve Fund as permitted by the Act, and the Board seeks to approve such actions; and

**WHEREAS**, pursuant to the Act, the Cash Reserve Fund will be funded from surplus earnings (the "Surplus Earnings") of the Waterworks pursuant to the provisions of I.C. §8-1.5-3-11(c), which are those cash earnings of the Waterworks remaining after provision has been made by the Waterworks to take care of obligations, including: operating expenses, depreciation and replacement fund obligations, bond and interest sinking fund obligations, retirement fund obligations or any other priority fund requirements fixed by applicable law; and

**WHEREAS**, pursuant to the provisions of I.C. §8-1.5-3-11(b), the Cash Reserve Fund shall be funded by the initial Surplus Earnings of the Waterworks in an amount not to exceed \$2,600,000, as set forth on Exhibit A attached hereto, and from monthly contributions or transfers to the Cash Reserve Fund of Surplus Earnings of the Waterworks made thereafter.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF WATERWORKS OF THE TOWN OF ST. JOHN, LAKE COUNTY, INDIANA, WATERWORKS DISTRICT, AS FOLLOWS:**

**SECTION ONE:** That the Board hereby approves the establishment of a Cash Reserve Fund of the Waterworks, to be funded as set forth above.


**SECTION TWO:** That the Board hereby finds that the monies in the Cash Reserve Fund shall be used for any purpose allowed under the Act, including, but not limited to, payments in lieu of taxes to the Town, and the funding of loans to other utilities of the Town.

**SECTION THREE:** That if any section, clause, provision or portion of this Resolution shall be held to be invalid or unconstitutional by any Court of competent jurisdiction, such decision shall not affect any other section, clause, provision or portion of this Resolution.

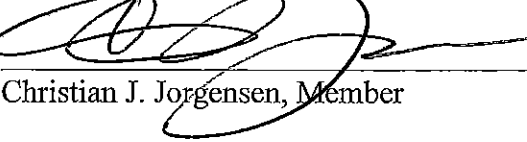
**SECTION FOUR:** That this Resolution shall take effect, and be in full force and effect, from and after its passage and adoption by the Board of Waterworks of the Town of St. John, Lake County, Indiana, Waterworks District, in conformance with applicable law.

**ALL OF WHICH IS PASSED AND RESOLVED THIS 23RD DAY OF JUNE, 2016, BY THE TOWN OF ST. JOHN, LAKE COUNTY, INDIANA, WATERWORKS DISTRICT BOARD OF WATERWORKS.**

**TOWN OF ST. JOHN, LAKE COUNTY,  
INDIANA, WATERWORKS DISTRICT,  
BOARD OF WATERWORKS**

  
\_\_\_\_\_  
Gregory J. Volk, President

  
\_\_\_\_\_  
Michael S. Forbes, Member

  
\_\_\_\_\_  
Christian J. Jorgensen, Member

ATTEST:

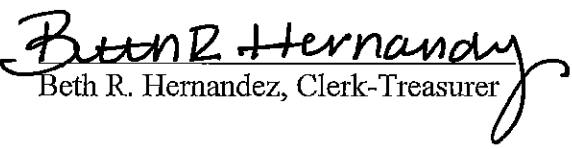
  
\_\_\_\_\_  
Beth R. Hernandez, Clerk-Treasurer

EXHIBIT A

TOWN OF ST. JOHN  
MUNICIPAL WATER UTILITY

St. John, Indiana

Cash Reserve Fund

**Water Operating Fund**

Cash Balance as of April 30, 2016

\$ 3,438,294

Less: 6 months of Operating Expenditures

(645,901) (1)

Funds in Excess of Required Balances

\$ 2,792,393

**Recommended Surplus Earnings of the Waterworks  
for the Cash Reserve Fund**

\$ 2,600,000

- (1) Assumptions the Water Utility will keep 6 months of operating expenses as cash on hand at all times. Operating expenses for the year ended December 31, 2015 was \$1,291,203 divided by 12 times 2 equals \$645,901.