

Operational Reserve Assessment & Proposal

In addition to the Required Cash Reserve of approximately \$1.25M (see **TAB F. 5**), there is an ***Operational Reserve Surpluses and Undesignated Income Policy***.

This policy restricts the use of previous surpluses, but instead requires the establishment of an Operational Reserve account (drawn from previous surpluses) that must be kept at \$200K and can only be used for specific strategic use as determined by DEXCOM.

This policy and process seems arbitrary and cumbersome. If DEXCOM wants to spend operational surpluses, it can do so without setting up an arbitrary Operational Reserve that needs to be maintained at \$200K.

Recommendation

I recommend that the requirement to maintain \$200K in the Operational Reserve fund be eliminated, but the policy requiring DEXCOM approval to spend Operational Surpluses be maintained. I further propose that the Loan Development Fund and Operational Reserve funds be merged.

