

RESOLUTION NO. 45 - 11

THE BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

June 27, 2011

**A Resolution Authorizing the Annual Adoption of the
Cash Management and Investment Plan**

WHEREAS, the Brick Township Municipal Utilities Authority is required under the provisions of the Local Fiscal Affairs Law to deposit funds pursuant to a Cash Management Plan adopted by the Authority; and

WHEREAS, the Authority did previously adopt a Cash Management Plan on June 21, 2010; and

WHEREAS, the Authority has reviewed the Cash Management and Investment Plan and has had the input of the Chief Financial Officer, Finance Committee, Executive Director, and Auditor regarding said plan; and

WHEREAS, the attached Cash Management and Investment Plan reflects the same overall cash management philosophy that the Authority has had prior; and

WHEREAS, the Commissioners have therefore determined that the Cash Management and Investment Plan attached hereto and dated June 13, 2011 is consistent with N.J.S.A. 40A:5-1 et. seq. and is in the best interest of the Authority.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the Brick Township Municipal Utilities Authority as follows:

1. A Cash Management and Investment Policy dated June 13, 2011 is hereby adopted.
2. A certified copy of this resolution shall be forwarded to the appropriate person and/or agency within the Division of Local Government Services and the Department of Community Affairs.

CERTIFICATION

I hereby certify that the foregoing Resolution was duly adopted at a Regular Meeting of the Brick Township Municipal Utilities Authority, County of Ocean, State of New Jersey, held on Monday, June 27, 2011.


Patrick L. Bottazzi, Authority Secretary

BRICK UTILITIES

TO: Commissioner Catalano
Commissioner Buttacavoli
Frank Holman
Jim Lacey

FROM: F. Planko

DATE: June 13, 2011

SUBJECT: Cash Management Plan – Annual Adoption

The Authority is required under the provisions of the Local Fiscal Affairs Law to deposit funds pursuant to a cash management plan adopted by the governing body. It is time for the Authority's annual adoption of the plan. Briefly, the cash management plan contains information regarding the transfer of funds, funds scope and purpose, investments, and reporting. The overall investment philosophy of the Authority has not changed. The plan has been reviewed by the Auditors relative to last year's audit comment regarding exposure, objectives and strategies.

Each month, available investments are bid via E mail to various financial institutions, including fourteen banks as noted within. Funds are placed within the institution(s) offering the highest bid. GUDPA (Governmental Unit Deposit Protection Act) notifications are kept on file in the Chief Financial Officer's office for each institution holding Authority funding. The first \$250,000 of government deposits are protected by the FDIC. Public funds in excess of \$250,000 are protected by GUDPA, which is a supplemental insurance program set forth by the New Jersey Legislature.

I am forwarding the plan to the Finance Committee for review with anticipation for adoption by the full Board of Commissioners at the June 27, 2011 meeting. I have attached the associated resolution 45 – 11 as well.

The Authority has been in compliance with the cash management plan. Additionally, all investment purchases, yields, organizational holdings, and changes in balances have been explained each month in section D of my financial report.

Should you have any questions, please let me know.

BRICK UTILITIES

TO: Finance Committee
FROM: F. Planko
DATE: June 13, 2011
SUBJECT: Cash Management Plan

The BTMUA manages all cash related matters. The drafted Cash Management and Investment Policy is attached.

Briefly, all funds of the Authority are deposited and cleared through the Revenue Account. Depending on cash levels within the Revenue account and timing issues, funds are transferred to varied accounts. Below is a summary of the transfers we initiate on a monthly basis:

- 1). The Revenue Fund floor according to bond resolution is 25% of the Operating Budget, or approximately \$6.4 million. Bond Service funding is of primary importance each month. Transfers to satisfy the \$10.1 million debt service in fiscal 2011/2012 range from \$566,000 to \$992,000 per month, depending on seasonality. Monthly debt service requirements are shown on page 5 - 4 of the 2011/2012 budget book.
- 2). The Authority's Bill Resolution is approved at the Public meeting which is usually the 4th Monday of the month. Subsequent to approval, transfers are made to the appropriate checking accounts to pay operating, payroll and capital vouchers. The majority of the capital vouchers are paid from the Series 2002 bond or NJEIT processing accounts. We anticipate that the Series 2002 bond fund will be exhausted in calendar 2011, at which time the Future Capital Requirements Fund will be utilized for the Authority's capital needs.
- 3). The Finance Department makes weekly transfers from the Revenue account to the checking account to cover our weekly payroll checks.
- 4). Laddering investment techniques are utilized in all accounts. Maturity is dependent upon need. Bond Reserve Funds are long term. Bond Service Funds are transferred and subsequently invested based upon required payment dates. Laddering techniques in the Series 2002 bond and NJEIT processing accounts assure maturity at each Bill Resolution payment date. Similar laddering investment techniques will also be utilized in the Future Capital Requirements Account.
- 5). Section D of my monthly report details our cash position and investments.

Should there be any questions, please let me know.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

CASH MANAGEMENT AND INVESTMENT POLICY

SCOPE:

Chapter 148, P.L. 1997, signed on June 30, 1997, requires local units that fall under the provisions of the Local Fiscal Affairs Law (NJSA 40A:5-1 et seq.) to invest and deposit funds pursuant to a cash management plan adopted by the governing body.

The Brick Township Municipal Utilities Authority is an independent Authority organized in 1969 for the purpose of providing water and sewer service to the residents of Brick Township. The various funds of the Brick Township Municipal Utilities Authority and their respective purposes are listed below. The proposed utilization of these funds is presented in the 2011/2012 adopted budget book:

Revenue Fund: All revenues of the Authority are deposited in this fund. Monies are used for operating expenses and transfers as required.

General Fund: The general fund remains at a stabilized \$250,000 balance in accordance with resolution 52 – 98, dated November 16, 1998. Amounts on deposit in the general fund can be applied by the Authority to any lawful purpose related to the water or sewer system.

Rate Projection Maintenance Fund: This fund was established on November 25, 2002 in accordance with resolution 104 – 02. The purpose of this account is to assist in stabilizing and levelizing the rate structure of the Authority, and capital infusion as needed.

Emergency Repair Fund: This account was established on January 20, 2003 in accordance with resolution 02 – 03, as a discretionary account for emergency repairs. Amounts may be revised as circumstances require and approved by the Board.

Working Capital Fund: The working capital account represents unappropriated funding. Funding can be applied to any lawful purpose of the Authority.

Reservoir Sponsorship – (Account): This account was established to accumulate funds acquired during the sponsorship program for pavers, benches, and lights.

Series 2002 Fund: Represents the balance of funds remaining from the 2002 bonding issue. Funds are withdrawn on a monthly basis to pay related portions of the capital bill resolution. The projected draw down of the remainder of this account is anticipated in calendar 2011.

Future Capital Requirements Fund: This account was established on July 23, 2007 in accordance with resolution 72 – 07, to be utilized for the long range capital needs of the Authority. Amounts may be revised as circumstances require and approved by the Board. This fund will be utilized for the capital needs of the Authority when Series 2002 bond funds are exhausted, and until such time a new bond issue is approved and received.

NJEIT Processing Fund: This account represents unappropriated funding utilized to pay NJEIT related billings on the capital portion of the bill resolution. When the Authority is subsequently reimbursed from the NJEIT for capital outlays, the reimbursements are deposited back to the NJEIT processing fund. This account also contains the remainder of the County of Ocean Watershed Grant in accordance with resolution 80 – 01. The current balance of the Grant is \$60,702.

Bond Service Fund (Current Debt Service): Transfers are made from the Revenue Fund to this fund to pay matured principal and interest due on bonds. Details of payments are shown on page 5 – 4 of the 2011/2012 adopted budget book.

Bond Reserve Fund (Future Debt Service): The amount in the account is equal to Bond Reserve requirements. The current requirement is \$8,037,393 as shown by bond issue on page 5 – 2 of the 2011/2012 adopted budget book.

Renewal and Replacement Fund:

These funds are for major repairs, renewals and extensions of the system. The amount is equal to the System Reserve Requirement. The current balance is \$500,000, supported by the John S. Truhan Consulting certification letter dated February 28, 2011.

RESPONSIBILITIES OF TRUSTEE

The Authority's accounts are in the custody of a trustee appointed by the Authority. The trustee's role is to invest and transfer the Authority's funds in order to meet the Authority's obligations while protecting the interest of the Authority's bond holders. The transfers and investments are handled by the trustee bank in accordance with directive from the Authority's Chief Financial Officer. TD Bank, National Association (formerly Commerce Bank) was appointed as Authority Trustee on March 15, 1999 in accordance with resolution 26 - 99.

REPORTING:

A monthly report shall be made to the Authority Members which summarizes all investments and cash position. The report shall specify each organization holding the Authority's funds, the amounts of each fund, account function, explanation of changes in balances, purchases, and current yield. Such items are reported in the Chief Financial Officer's monthly report.

Monthly reports shall be distributed to the Finance Committee with copies made available to all Brick Township Municipal Utilities Authority Commissioners

The Authority's investment practices (including compliance with N.J.S. 40A:5-14) and any agreement for banking services and compensation thereof shall be reviewed by the Authority's Auditor as part of the annual audit as required by N.J.S 40:5-4.

Any modifications to the Authority's "Permitted Investments" must be in compliance with N.J.S. 40A:5-15.1.

After adoption of the "Cash Management and Investment Policy" any major changes or modifications of the policy shall be submitted to the Finance Committee for review, discussion, and recommendations to the full Board of Commissioners.

INTERNAL CONTROLS

The Authority's commissioners and staff are responsible for maintaining the internal controls over cash and investments and for compliance with laws and regulations applicable to the Authority that involve cash and investments.

Internal controls for the Authority include such areas as segregation of duties regarding cash and investment transactions, safeguarding of assets, and reporting of cash activity to the commissioners.

Compliance with laws and regulations shall include adherence to N.J.S.A. 40A:5-15, which specifies that, "All monies...received from any source by or on behalf of a local unit or any board or department thereof shall, within 48 hours after receipt thereof, either

- a) be paid to the officer charged with the custody of the general funds with 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b) be deposited to the credit of the local unit in its designated legal depository."

The Authority commissioners shall be responsible for establishing a deposit schedule that allows for compliance with this statute. Investment purchases executed by the Chief Financial Officer shall be copied to and reviewed by the Executive director.

GUDPA Approved Depository Banks:

In accordance with N.J.S.A. 40A:5-14, below is a listing of all the GUDPA (Government Unit Deposit Protection Act) approved depository banks utilized by the Authority for deposits and investments:

Manasquan Savings Bank
Ocean First Bank
PNC Bank
Wachovia Bank
Sovereign Bank
TD Bank, National Association (the Authority's Trustee Bank)
Parke Bank
Shore Community Bank
Sun National Bank
Valley National Bank
Harmony Bank
Investor Savings Bank

PERMITTED INVESTMENT

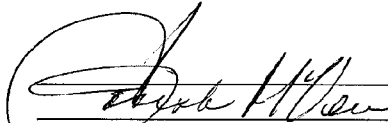
The Authority limits investments choices according to New Jersey Statutes, which permit the following types of securities (as noted in the annual audit report):

- a). Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury Bills, notes and bonds.
- b). Government money market mutual funds.
- c). Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- d). Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- e). Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- f). Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- g). New Jersey State Cash Management Fund.
- h). Repurchase agreements of fully collateralized securities, subject to special conditions.
- i). Deposits with banks outside of New Jersey will be limited to \$250,000 per institution.

MONITORING PROCEDURES:

- a) The Cash Management and Investment Policy shall be approved annually by majority vote of the Authority Commissioners. Modifications shall be submitted to the Authority Commissioners for discussion and adopted with a majority vote.
- b). The Cash Management and Investment Policy shall be subject to the annual audit conducted pursuant to N.J.S. 40A:5-4.
- c) The registered principal of any security brokerage firm selling securities to the Authority shall be provided with, and sign an acknowledgment that the principal has seen and reviewed the Authority's Cash Management and Investment Policy.

Approved by Brick Township Municipal Utilities Authority



Joseph M. Veni, P.E., Chairman
Board of Commissioners

Date 7-21-11



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MEMORANDUM

TO: F. Planko
FROM: S. Bundy
DATE: July 15, 2011
SUBJECT: Business Entity Disclosure Certification – GCF Inc.

Please find attached the above noted form for the vendor that supplies the PLC's for purchase by Warren Edwards.

SJB/lal
Attach.