

RESOLUTION NO. 44 - 12

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

May 21, 2012

**A Resolution Declaring Its Official Intent To Reimburse Expenditures
For Project Costs From Proceeds of Debt Obligations**

WHEREAS, the Brick Township Municipal Utilities Authority (the "Issuer") has approved various projects, as more fully described on Exhibit "A" attached hereto (the "Projects") to be located in Brick Township, New Jersey; and

WHEREAS, the Issuer expects the Projects on a long-term basis with the proceeds of tax-exempt bonds; and

WHEREAS, the Issuer may pay for certain costs of the Projects ("Project Costs") with funds of the Issuer which are not borrowed funds, prior to the time such bonds are issued; and

WHEREAS, the Issuer reasonably anticipates that the Issuer will issue bonds (the "Bonds") the interest on which is expected to be excludable from gross income under Section 103 of the Internal Revenue Code, as amended (the "Code") for purposes of Federal income taxation; and

WHEREAS, the Issuer desires to preserve its right to treat an allocation of proceeds of the Bonds and any interim borrowing of the Issuer to the reimbursement of Project Costs paid prior to the issuance thereof as an expenditure for such Project Costs to be reimbursed for purposes of Section 103 and 141-150 of the Code.

NOW, THEREFORE, BE IT RESOLVED this 21st day of May, 2012, by the Brick Township Municipal Utilities Authority as follows:

1. The Issuer reasonably expects to reimburse the expenditure of Project Costs paid prior to the issuance of the Bonds and any interim borrowing of the Issuer with proceeds of such debt.
2. This Resolution is intended to be and hereby is a declaration of the Issuer's official intent to reimburse the expenditure of Project Costs paid prior to the issuance of the Bonds and any interim borrowing to be incurred by the Issuer, in accordance with Treasury Regulations Section 1.150-2.
3. The maximum principal amount of the Bonds and interim debt of the Issuer, if any, expected to be issued to finance the Project Costs, including amounts to be issued to

reimburse the expenditure of Project Costs which are paid prior to the issuance of the Bonds and interim debt of the Issuer, if any is \$5,000,000.00.

4. The Project Costs to be reimbursed with the proceeds of the Bonds and any interim borrowing of the Issuer will be "capital expenditures" in accordance with the meaning of Section 150 of the Code.

5. No reimbursement allocation will employ an "abusive arbitrage device" under Treasury Regulations Section 1.148-10 to avoid the arbitrage restrictions or to avoid the restrictions under Sections 142 through 147 of the Code. The proceeds of the Bonds used to reimburse the Issuer for Project Costs, or funds corresponding to such amounts, will not be used, within one year after the reimbursement allocation, in a manner that results in the creation of "replacement proceeds," including "sinking funds," of funds subject to a "negative pledged" (as such terms are defined in Treasury Regulations Section 1.148-1) of the Bonds or another issue of debt obligations of the Issuer, other than amounts deposited into a "bona fide debt service fund" (as defined in Treasury Regulations Section 1.148-1).

6. All reimbursement allocations will occur not later than eighteen (18) months after the later of (i) the date the expenditure from a source other than the Bonds is paid, or (ii) the date the Project is "placed in service" (within the meaning of Treasury Regulation Section 1.150-2) or abandoned, but in no event more than three (3) years after the expenditure is paid.

7. This Resolution will take effect immediately.

8. The Authority authorizes and directs the Chairman, Secretary and Executive Director to execute any and all necessary documents in order to implement the intent of this Resolution.

9. A copy of this Resolution shall be forwarded by the Administrative Secretary of the Authority to the following:

- (a) Honorable Joseph M. Veni, P.E., Chairman;
- (b) James F. Lacey, Executive Director;
- (d) Frank Planko, C.F.O.;
- (e) Jerry J. Dasti, Esquire.

CERTIFICATION

I certify that the foregoing Resolution was duly adopted by the Brick Township Municipal Utilities Authority at a meeting held on the 21st day of May, 2012, a quorum being present and voting in the majority.



George Cevasco, Asst. Secretary/Treasurer

Prepared by:

**DASTI, MURPHY, McGUCKIN, ULAKY,
CHERKOS & CONNORS**
Forked River, New Jersey 08731

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**DASTI, MURPHY
McGUCKIN, ULAKY,
CHERKOS & CONNORS**

COUNSELLORS AT LAW

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P.O. BOX 1657
FORKED RIVER, N.J. 08731

EXHIBIT A

Res. 44-12

Brick Township Municipal Utilities Authority
 Five Year Capital Plan
 Excludes NJEIT and Grant Funded Projects
 Considerations for Capital Funding
 May 18, 2012 Finance Committee Meeting

	Carry Over (1) Funding 2011/2012	Budget 2012/2013	Anticipated Expenditures 2012/2013	Projected Expenditures 2013/2014	Projected Expenditures 2014/2015	Projected Expenditures 2015/2016	Total 5YR Expenditures
Capital Projects							
Engineering	1,681,460	1,636,000	3,317,460	740,000	540,000	40,000	4,637,460
Field Operations	286,430	730,750	1,017,180	1,380,750	365,750	135,750	2,899,430
Parkway Service Territory	130,224	139,000	269,224	25,000	15,000	15,000	324,224
WTP / Water Quality	460,097	300,000	760,097	970,000	55,000	55,000	1,840,097
Transportation	176,676	370,000	546,676	597,000	444,000	300,000	1,887,676
Central Services	1,116,501	1,011,543	2,128,044	371,000	282,000	251,000	3,032,044
Administration	20,841	149,200	170,041	90,500	100,500	110,500	471,541
Total	3,872,229	4,336,493	8,208,722	4,174,250	1,802,250	907,250	15,092,472
Capital Funding							
Future Capital Requirements	438,190		438,190				438,190
Internal Funding (2)	1,000,000	1,000,000	2,000,000				2,000,000
New Financing	2,434,039	3,336,493	5,770,532	4,174,250	1,802,250	907,250	12,654,282
Total	3,872,229	4,336,493	8,208,722	4,174,250	1,802,250	907,250	15,092,472

Memo:
 Water Treatment Plant Expansion (3)

- (1) The 2011/2012 carry over funding accounts for fiscal 2012/2013 capital expenditures through the May 21, 2012 Bill Resolution.
- (2) Pending approval of resolution 38 - 12 for the utilization of internal funding.
- (3) The WTP expansion project would require an additional \$17.8 million borrowing through fiscal 2015/2016.