

RESOLUTION NO. 45 - 12

THE BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

June 25, 2012

**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 27, 2011; 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

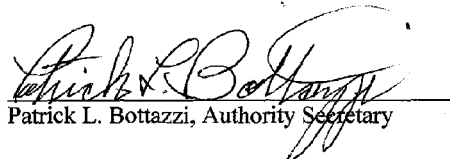
WHEREAS, the Commissioners have therefore determined that the Cash Management and Investment Plan attached hereto and dated June 8, 2012 is consistent with N.J.S.A. 40A:5-1 et. seq. and is in the best interest of the Authority.

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 8, 2012 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 25, 2012.


Patrick L. Bottazzi, Authority Secretary

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 2012/2013 adopted budget book:

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

General Fund: The general fund remains at a \$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 leveling 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. Approximately \$629,000 in this account is earmarked for the Pine View Estates legal matter.

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

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. These funds are currently being utilized for the capital needs of the Authority, and are expected to be exhausted during fiscal 2012/2013.

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 \$68,488. This fund may also be utilized for capital infusion as needed.

Bond Service Funds (Current Debt Service): Transfers are made from the Revenue Fund to these funds to pay matured principal and interest due on bonds. Transfers to satisfy the \$10.0 million debt service in fiscal 2012/2013 are handled by the Trustee Bank (TD Bank) in accordance with the bond resolution flow of funds requirements. Monthly debt service requirements are shown on page 5 - 4 of the 2012/2013 budget book.

Bond Reserve Fund (Future Debt Service): The amount in the account is equal to Bond Reserve requirements. The current requirement is \$7,983,099 as shown by bond issue on page 5 – 2 of the 2012/2013 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 12, 2012.

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
Crown Bank
Provident Bank
PNC Bank
Wells Fargo 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
Chase 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.

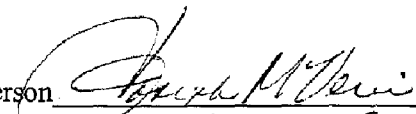
MONITORING PROCEDURES:

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

Chairperson 
Joseph M. Veni, P.E.
Chairman

Date 6.25.2012