

RESOLUTION 29-2025
MONROE MUNICIPAL UTILITIES AUTHORITY
CASH MANAGEMENT PLAN
FEBRUARY 20, 2025 TO FEBRUARY 18, 2026

Pursuant to the requirements of N.J.S.A. 40A:5-14, et seq., and N.J.A.C. 5:31-3.1, the following is the Cash Management Plan of the Monroe Municipal Utilities Authority ("Authority") for the fiscal year indicated above.

I. Designation of Legal Public Depository

A. The designated legal public depository of the Authority shall be a state or federally chartered bank, savings bank or an association located in the State of New Jersey or a state or federally chartered bank, savings bank or an association located in another state with a branch office in this State, the deposits of which are insured by the Federal Deposit Insurance Corporation and which receives or holds public funds on deposit and which otherwise qualifies as a "public depository" pursuant to the requirements of the Governmental Unit Deposit Protection Act, N.J.S.A. 17:9-41, et seq.

B. At least once each year at its organization meeting, the Authority shall by resolution, designate the depositories for the Authority. The designated depositories are listed as follows:

- 1) Newfield Bank
- 2) Bank of New York

C. Designated official depositories are required to submit to the Comptroller a copy of the Governmental Unit Deposit Protection Act Notification of eligibility, which is filed with the Department of Banking.

II. Accounts Held by Designated Legal Public Depository

A. Revenue Account. There shall be maintained in the designated legal public depository a Revenue Account, the purpose of which is to receive all monies from any source by or on behalf of the Authority, except for monies received for planning escrow fees, assessment accounts and delinquent deposit accounts or refunds of monies previously paid by the Authority from the Operating Account. Pursuant to the requirements of N.J.S.A. 40A:5-15, all monies received from any source by or on behalf of the Authority, except for monies received for planning escrow fees or such refunds shall, within 48 hours after the receipt thereof, be deposited to the credit of the Authority in the Revenue Account. The designated legal public depository shall transfer all funds held in its Revenue Account to the Revenue Fund held by the Trustee, by wire, on the 20th day of each month, or as otherwise directed by the Authority.

B. Planning Escrow Account. There shall be maintained in the designated legal public depository a Planning Escrow Account, the purpose of which is to receive all monies which are designated for the payment of planning escrow fees. Pursuant to the requirements of N.J.S.A. 40A:5-15, all monies received by any source by or on behalf of the Authority which are designated for the payment of planning escrow fees shall, within 48 hours after the receipt thereof, be deposited to the credit of the Authority in the Planning Escrow Account. Monies shall be transferred from the Planning Escrow Account on a periodic basis to pay for costs incurred for inspection, engineering review, legal review or for other services provided to or on behalf of the development for which the planning escrow fees were paid, in accordance with the rules and regulations of the Authority.

C. Operating Account. There shall be maintained in the designated legal public depository an Operating Account, the purpose of which is to receive, on a monthly basis, one twelfth of the Operating Budget minus Debt Service from the Trustee Operating Funds. In addition to the Operating Funds received from the Trustee, and pursuant to the requirements of N.J.S.A. 40A:5-15, all monies received from any source by or on behalf of the Authority which are refunds of monies previously paid by the Authority from the Operating Account shall, within 48 hours after the receipt thereof, be deposited directly into the Operating Account.

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- D. Payroll Account There shall be maintained in the designated legal public depository a Payroll Account and a Payroll Disbursement Account which shall be sub accounts of the Operating Account. Monies shall be transferred from the Operating Account into the Payroll and Payroll Disbursement Accounts on a weekly basis to meet the payroll requirements of the Authority.
- E. Assessment Accounts There shall be maintained in the designated legal depository an account set up for an additional assessment based upon the creation of new available pumping capacity at a station which the Authority is building and anyone, regardless of watershed, who utilizes this capacity will be assessed. Presently, there are no Assessment Accounts.
- F. All accounts maintained in the designated legal public depository shall be interest bearing accounts and shall be maintained as business checking accounts in order to obtain the highest interest rate available from the designated legal public depository for demand deposits.
- G. The Authorities Trust agreement covers all ACH transfers. A Cash Management Authorization is set-up with Newfield Bank and the Authority designating the authorized users and the Internal Account Transfer Limit (s) which is then signed off by the Authorities Board of Directors and our Executive Director.

III. Accounts Held by The Trustee

- A. Pursuant to the requirements of Article III and as amended of the Resolution Authorizing the Issuance of Revenue Bonds, adopted June 24, 1987, the Trustee is required to make payments as of the 20th day of each month from the Revenue Fund into the several funds created by the Resolution after reserving two months of estimated Operating Expenses in the Trustee Operating Account. Payments are to be made into each fund up to the maximum limit set for the fund the following order:
 - 1) Into the Debt Service Fund - On the 20th of each month the Trustee makes payments from the Revenue Fund to the Debt Service Fund in the amount therein equals one sixth portion of the debt service requirement for the immediately ensuing interest payment date and one twelfth of the debt service requirement for the immediately ensuing principal payment date.
 - 2) Into the Debt Service Reserve Fund to the extent (if any) needed to increase the amount in the Debt Service Reserve Fund so that over the course of one calendar year after any draw thereon, it equals the Debt Service Reserve requirement through equal monthly repayments.
 - 3) Into the Renewal and Replacement Fund so that the amount therein equals the Systems Reserve Requirement which has been established by the Authority; and
 - 4) Into the General Fund in the event all other accounts have been maintained to their maximum extent, then transfers are made to the general account. The Trustee at the request of the Authority may use the general account to pay the cost of capital additions, to purchase or redeem bonds of any series, to pay the cost of extraordinary repairs, renewals and replacements of the utility system, to repay subordinated loans, to make payment to the Township of amounts due under the service contract (Note 3), or for any other lawful purpose, as described in the Utility System Revenue Bond Resolution.
 - 5) On a yearly basis, the Trustee shall determine whether the balances in the Debt Service Reserve Fund is in excess of the required balance. Any amounts in excess of the required balance for each fund shall be transferred by the Trustee on a yearly basis into the Revenue Fund.

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IV. Securities Which May Be Purchased by or on Behalf of the Authority

A. Pursuant to N.J.S.A. 40A:5-15.1, the Authority hereby authorizes the Investment Banker and/or trustee to purchase the following types of securities:

- 1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- 2) Government money market mutual funds.
- 3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- 4) Bonds or other obligations of the Authority.
- 5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units.
- 6) Local government investment pools.
- 7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- 8) Agreement or the repurchase of fully collateralized securities, if:
 - a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of subsection A herein.
 - b) the custody of collateral is transferred to a third party.
 - c) the maturity of the agreement is not more than 30 days.
 - d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 8.17:9-41); and
 - e) a master repurchase agreement providing for the custody and security of collateral is executed.

B. Any investment instruments in which the security is not physically held by the Authority shall be covered by a third-party custodial agreement which shall provide for the designation of such investments in the name of the Authority and prevent unauthorized use of such investments.

C. Purchase of investment securities shall be executed by the "delivery versus payment" method to ensure that securities are either received by the Authority's Trustee or a third-party custodian prior to or upon the release of the Authority's funds.

D. For the purpose of this section:

- 1) a "government money market mutual fund" means an investment company or investment trust:
 - a) which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. 270.2a-7;

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- b) the portfolio of which is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of subsection A herein; and
 - c) which is rated by a nationally recognized statistical rating organization.
- 2) a "local government pool" means an investment pool:
- a) which is managed in accordance with 17 C.F.R.270.2a7;
 - b) which is rated in the highest category by a nationally recognized statistical rating organization;
 - c) which is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of subsection A herein;
 - d) which is in compliance with rules adopted pursuant to the "Administrative Procedure Act," P.L. 1968, c.410 (C.52:14B-1 et seq.) by the Local Finance Board of the Division of Local Government Services in the Department of Community Affairs, which rules shall provide for disclosure and reporting requirements, and other provisions deemed necessary by the board to provide for the safety, liquidity and yield of the investments;
 - e) which does not permit investments in instruments that: are subject to high price volatility with changing market conditions; cannot reasonably be expected, at the time of interest rate adjustment to, have a market value that approximates their par value; or utilize an index that does not support a stable net asset value; and
 - f) which purchases and redeems investments directly from the issuer, government money market mutual fund, or the State of New Jersey Cash Management Fund, or through the use of a national or State bank located within this State, or through a broker-dealer which, at the time of purchase or redemption, has been registered continuously for a period of at least two years pursuant to section 9 of P.L. 1967, c.93 8.49:3-56) and has at least \$25 million in capital stock (or equivalent capitalization if not a corporation), surplus reserves for contingencies and undivided profits, or through a securities dealer who makes primary markets in U.S. Government securities and reports daily to the Federal Reserve Bank of New York its position in and borrowing on such U.S. Government Securities.

V. Investment Policies

- A. The policies to be used for selecting and evaluating investment instruments shall include preservation of capital, liquidity, current and historical investment returns, diversification, maturity requirements, costs and fees, and when appropriate, policies of investment instrument administrators and further, shall be based on a cash flow analysis prepared by the Financial Director, and/or the Investment Banker and Financial Advisor. All investments shall be made on a competitive basis insofar as practicable. When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

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VI. Records

- A. When the securities so purchased are received by the Authority, or by the Trustee on behalf of the Authority, the Financial Director shall duly record the receipt thereof in an appropriate manner and, at the next regular or special meeting after such receipt, shall transmit a written report to the members of the Authority setting forth the amount of securities so received, the series, date, numbers and interest periods, if any, thereof and shall transmit said securities to Trustee, for safe keeping. The written report shall be recorded in the minutes of such meeting.
- B. The Financial Director shall prepare a monthly report to the Authority summarizing all investments made or redeemed since the last meeting of the Authority. The report shall set forth each organization holding Authority funds, the amount of securities purchased or sold, class or type of securities purchased, book value, earned income, fees incurred and market value of all investments as of the report date as well as any other information that may be required from time to time by the Authority.

VII. Approval, Amendment and Administration of Plan

- A. The cash management plan shall be approved annually by majority vote of the Authority and may be modified from time to time in order to reflect changes in federal or state law or regulations, or in the designations of depositories, funds or investment instruments or the authorization for investments. The Financial Director or, in her absence, the Authority Chairman, shall be charged with administering the plan. The person so charged with administering the plan shall consult with the Authority solicitor, auditor, and trustee from time to time to insure the proper administration of the plan.
- B. The person charged with administering the plan shall deposit or invest the monies of the Authority as designated or authorized by the cash management plan and shall thereafter, be relieved of any liability for loss of such monies due to the insolvency or closing of any depository designated by, or the decrease in value of any investments authorized by, the cash management plan.
- C. Any official of the Authority involved in the designation of depositories or in the authorization for investments as permitted pursuant to the cash management plan, or any combination of the proceeding, or the selection of an entity seeking to sell an investment to the Authority who has a material business or personal relationship with the organization, shall disclose that relationship to the Authority and to the Local Finance Board or the Municipal Ethics Board, as appropriate.

VIII. Payment of Bills by Authority

The Authority will follow the MEL's JCFI Banking Best Practices governing wire transfers, ACH payments and check issuance. The Finance Officer will further confirm that its financial institution will adhere to these requirements.

- A. The Authority shall not pay out any of its monies:
 - 1. unless the person claiming or receiving the same shall first present a detailed bill of items or demand, specifying particularly how the bill or demand is made up, with the certification of the party claiming payment that it is correct, and
 - 2. unless it carries a certification of some supervisory personnel of the Authority having knowledge of the facts that the goods have been received by, or the services rendered to, the Authority.

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B. Notwithstanding the provisions of paragraph, A herein, the Authority may, by resolution:

1. provide for and authorize payment of advances to officers and employees of the Authority toward their expenses for authorized official travel and incidental expenses, in a manner consistent with N.J.S.A. 40A:5-16.1;
2. provide for and authorize payment of an advance to any nonprofit organization or agency with which the Authority has entered into a service contract, for the purpose of meeting service programs startup costs, in a manner consistent with N.J.S.A. 40A:5-16.2; or
3. provide for and authorize payment in advance of estimated administrative or direct service costs to the Authority or to any other party participating in a statutorily authorized joint, inter-local or other cooperative activity, in a manner consistent with N.J.S.A. 40A:5-16.3.

C. An ACH/wire transfer method shall allow for the designation of separate initiation and authorization roles, with these roles' password-restricted and/or subject to other security controls appropriate to the technology. The initiation and authorization role shall be segregated with the Comptroller or equivalent generally responsible for authorizing an electronic funds transfer.

1. The governing body designates the Executive Director to authorize transfers initiated by the Comptroller.
2. The following individuals are designated to Initiate ACH's and wire transfers:
 - (a) Comptroller
 - (b) Accounts Payable Clerk
 - (c) Qualified Purchasing Agent
 - (d) Deputy Executive Director
3. The following individuals are designated to authorize ACH's and wire transfers:
 - (a) Executive Director
 - (b) Comptroller
 - (c) Deputy Executive Director
4. Information supporting the transactions will be provided to the confirming individual prior to having the banking confirmation presented and approved.
5. Obtain a printed confirmation from the bank that the wire was sent and/or the ACH was processed by our designated banking depository.
6. Requirements of our bank's positive pay system will be adhered to.
7. On a daily basis, overnight transactions will be reviewed.
8. Reconciliation of the actual ACH/wire transfer transactions to the accounting records shall be performed at least on a monthly basis and maintained for audit.
9. Each bill list approved or ratified by the governing body shall indicate the type of technology utilized in each ACH/wire transfer transaction.
10. The Comptroller or equivalent shall ensure that the controls set forth above are in place and adhered to.

D. The Finance Director is authorized to pay certain obligations as needed and is necessary for the orderly operation of the Monroe Municipal Utilities Authority when due and owing prior to the regular payment of bills; and the Finance Director be designated to pay certain obligations. All payment of bills will be formally signed and approved at the next scheduled Board meeting.

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IX. Payment of Claims/Claimant's Signature for Payment

A. The Authority shall not pay out any of its monies:

1. the person claiming or receiving payment first presents a detailed bill of items or demand, specifying particularly how the bill or demand is made up (the Invoice), with the certification of the party claiming payment that the bill or demand is correct (the Claimant Certification).
2. the payment carries a written or electronic certification of some officer or duly designated employee of the local unit having knowledge of the facts that the goods have been received by, or the services rendered to, the local unit (certification of the user department).

B. NJAC 5:30-9A.6 gives local units discretion to not require claimant certification by enacting a standard policy by resolution for vendors or claimants who do not provide such certification as part of its normal course of business; and generally, vendors do not provide such certification as part of the normal course of business which has created unnecessary confusion and delay in processing claims for payment.

C. Pursuant to NJAC 5:30-9A.6 the Authority exercises its discretion to not require claimant certifications except as required for reimbursement of employee expenses, or for services provided exclusively and entirely by an individual.

1. the claimant certification cannot be waived for reimbursement of employee expenses, or for services provided exclusively and entirely by an individual; and
2. the Comptroller has reviewed and communicated internal accounting controls to finance employees and has determined same to be sufficient to avoid errors and fraud in the processing of claims for payment.

X. Authorized Signatures on Accounts


A. Two Board Members' signatures are required on checks.

XI. Check Cashing Prohibited

A. The Authority shall not engage in the practice of cashing checks with public funds.

THIS RESOLUTION DULY ADOPTED at the Reorganization Meeting of the Monroe Municipal Utilities Authority held on Wednesday, February 19, 2025.

MONROE MUNICIPAL UTILITIES AUTHORITY
BY: 
Chairman

ATTEST: 
Secretary/Assistant Secretary