

RESOLUTION NO. SUA-2016-5

A RESOLUTION ADOPTING A GENERAL FUND TRANSFER POLICY CONSISTENT WITH ARTICLE V, PARAGRAPH 15, STILLWATER UTILITIES AUTHORITY TRUST INDENTURE, AS AMENDED MARCH 24, 2014.

WHEREAS, Article V, Paragraph 15 of the Trust Indenture establishing the Stillwater Utilities Authority dated April 16, 1979, and as amended March 24, 2014, permits the transfer of surplus funds to the Beneficiary (City of Stillwater) as the Trustees in their sole discretion may determine; and

WHEREAS, the Trustees desire to establish a written policy that will (1) define “surplus funds,” (2) guide future Trustees in decision making regarding transfers of surplus funds to the Beneficiary and (3) provide management with the consistency and predictability that is necessary for stable, well-planned financial operations of the utility; and

WHEREAS, surplus utility funds provide partial funding for general government services.

NOW, THEREFORE BE IT RESOLVED, that the Trustees of the Stillwater Utilities Authority do hereby declare that the establishment of a General Fund Transfer Policy is in the best interest of the City’s utility customers and supports the health, safety and general welfare of the community; and

BE IT FURTHER RESOLVED, that the Trustees of the Stillwater Utilities Authority do hereby adopt the following General Fund Transfer Policy consistent with Article V, Paragraph 15, Stillwater Utilities Authority Trust Indenture, as amended March 24, 2014, effective upon passage and adoption of this resolution.

Section 1. Definitions

Restricted Funds – constraint on use is externally imposed. The constraint cannot be removed or changed by action of the SUA Trustees. As of the adoption date of this resolution the only SUA restricted fund is the Third Penny Sales Tax. Additional restricted funds may be created in the future.

Designated Funds – constraint on use is established internally by the governing body. The constraint may be removed or changed by action of the SUA Trustees. As of the adoption date of this resolution the SUA designated funds include: Water Fund (including Water Capital), Wastewater Fund (including Wastewater Capital), Electric Rate Stabilization Fund and Waste Management Reserve Fund. Additional designated funds may be created in the future.

Budgetary Fund Balance – net position calculated on a government’s budgetary basis. Method for calculating is as follows:

Ending cash balance of last audited fiscal year
+ Estimated revenues and transfers in
- Estimated expenditures and transfers out
= Estimated year end budgetary fund balance

Surplus Funds – non-restricted, non-designated, and non-appropriated budgetary fund balance of the SUA plus any projected operating margin in the non-restricted and non-designated SUA funds for the coming fiscal year

Operating Margin - the difference between the operating revenues and the operating costs for the utility.

Section 2. General Fund Transfer Policy

On an annual basis and prior to adoption of an upcoming fiscal year Utilities Authority spending plan (a/k/a budget), the Trustees shall determine if surplus funds are available or expected to

become available for transfer to the City's General Fund during the upcoming fiscal year. If available, the Trustees may take action to permit the transfer of those funds or a portion thereof to the City's General Fund. Surplus funds shall not be transferred without the affirmative vote of a majority of the Trustees.

Any approved transfer of surplus funds shall include a "not-to-exceed cap" and only those surplus funds that are necessary to balance the City's General Fund shall be transferred. Partial transfers may be made throughout the fiscal year. However, if the partial transfers made during the fiscal year exceed the amount necessary to balance the City's General Fund at fiscal year end, the City shall return all excess transferred funds to the SUA upon completion of the annual financial audit. In the event that the actual SUA operating margin attributable to the surplus in any fiscal year falls below the projected operating margin for that year, the approved transfer shall be automatically reduced in an amount equal to the actual operating margin shortfall.

In addition to the annual transfer, the Trustees may transfer surplus funds from the SUA when needed for specific purposes, provided that such funds are available for transfer.

PASSED AND APPROVED this _____ day of June, 2016.

STILLWATER UTILITIES AUTHORITY
a public trust

Gina J. Noble, Chair

(SEAL)
ATTEST:

Elizabeth Chrz, Secretary

Approved as to form and legality this ____ day of June, 2016.

John E. Dorman, General Counsel