

R-20-051

## TOWNSHIP OF MONTCLAIR

**RESOLUTION ESTABLISHING A CASH MANAGEMENT PLAN AND NAMING OFFICIAL DEPOSITORIES FOR THE TOWNSHIP OF MONTCLAIR FOR THE CALENDAR YEAR 2020**

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March 24, 2020

**WHEREAS**, the State of New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5 et seq. requires that the governing body of a municipal corporation shall, by resolution passed by a majority vote of the full membership thereof, designate a public depository or depositories for the investment of local funds in interest bearing accounts and other permitted investments; and

**WHEREAS**, N.J.S.A. 40A:5-15.1 amended by Chapter 148, P.L. 1997 established requirements for the investment of public funds and adoption of a cash management plan for counties, municipalities and authorities; and

**WHEREAS**, the Chief Financial Officer has submitted a proposed cash management plan for Mayor and Council approval; now therefore

**BE IT RESOLVED**, by the Mayor and Council of the Township of Montclair that the cash management plan for calendar year 2020 proposed by the Chief Financial Officer is adopted as the cash management plan for the Township of Montclair; and

**BE IT FURTHER RESOLVED**, that all officers of the Township of Montclair with custody of public funds are directed pursuant to N.J.S.A. 40A:5-14 to deposit and or invest those funds in accordance with the adopted cash management plan.

CASH MANAGEMENT PLAN OF THE TOWNSHIP OF MONTCLAIR  
IN THE COUNTY OF ESSEX, NEW JERSEY

I. STATEMENT OF PURPOSE

This Cash Management Plan (the “Plan”) is prepared pursuant to the provisions of N.J.S.A. 40A:5-14 in order to set forth the basis for the deposits (“Deposits”) and investment (“Permitted Investments”) of certain public funds of the Township of Montclair, pending the use of such funds for the intended purposes. The Plan is intended to assure that all public funds identified herein are deposited in interest-bearing Deposits or otherwise invested in Permitted Investments hereinafter referred to. The intent of the Plan is to provide that the decisions made with regard to the Deposits and the Permitted Investments will be done to insure the safety, the liquidity (regarding its availability for the intended purposes), and the maximum investment return within such limits. The Plan is intended to insure that any Deposits or Permitted Investment matures within the time period that approximates the prospective need for the funds deposited or invested so that there is not a risk to the market value of such Deposits or Permitted Investments.

II. IDENTIFICATION OF FUNDS AND ACCOUNTS TO BE COVERED BY THE PLAN

The Plan is intended to cover the deposit and/or investment of the following funds and accounts of the Township of Montclair:

Current Fund	General Capital Fund
Water Operating Fund	General Trust Fund
Water Capital Fund	Assessment Trust Fund
Sewer Operating Fund	Animal Control Trust Fund
Sewer Capital Fund	Parking Utility Operating Fund
Parking Utility Capital Fund	CDBG Account
Net Payroll Account	Payroll Agency Account
Tax Collector’s Redemption Account	Open Space Trust Fund
Developer’s Escrow Trust Account	COAH Fund
Law Enforcement Forfeiture Trust Fund	SUI Fund
Trust Assessment Fund	

The Chief Financial Officer of the Township of Montclair is authorized to open new accounts as needed throughout the operating period of the Plan.

III. DESIGNATION OF OFFICIALS OF THE TOWNSHIP OF MONTCLAIR  
AUTHORIZED TO MAKE DEPOSITS AND INVESTMENTS UNDER THE PLAN

The Chief Financial Officer of the Township of Montclair, Padmaja Rao (the “Designated Official”) or his/her designee is hereby authorized and directed to deposit and/or invest the funds referred to in the Plan. Prior to making any such Deposits or any Permitted Investments, such officials of the Township of Montclair are directed to supply to all depositories or any other parties with whom the Deposits or Permitted Investments are made a written copy of the Plan which shall be acknowledged in writing by such parties and a copy of such acknowledgment kept on file with such officials. Any official involved with the selection of depositories, investments, broker/dealers shall disclose any material business or personal relationship to the Manager and to the Local Finance Board or Local Ethics Board as applicable. Any official who, in the course of his or her duties, deposit or invests in accordance with this plan shall be relieved of any liability for loss.

IV. DESIGNATION OF DEPOSITORIES

The following Government Unit Deposit Protection Act (GUDPA) approved banks and financial institutions are hereby designated as official depositories for the Deposit of all public funds referred to in the Plan, including any Certificates of Deposits which are not otherwise invested in Permitted Investments as provided for in the Plan:

Bank of America  
Boiling Springs Savings Bank  
Chase Bank Business Banking  
Kearny Bank  
Garden State Community Bank  
Investors Savings Bank  
Oritani Bank  
PNC Bank  
TD Bank

In accordance with Township policy the most recently provided Community Reinvestment Act (CRA) performance evaluation for each of the banks listed has been reviewed. Both the banks above maintain a CRA rating of "Satisfactory".

All such depositories shall acknowledge in writing receipt of this Plan by sending a copy of such acknowledgment to the Designated Official(s) referred to in Section III hereof.

V. DESIGNATION OF BROKERAGE FIRMS AND DEALERS  
WITH WHOM THE DESIGNATED OFFICIAL(S) MAY DEAL WITH

The following brokerage firms and/or dealers and other institutions are hereby designated as firms with whom the Designated Official(s) of the Township of Montclair, referred to in this Plan, may deal with for purposes of buying and selling securities identified in this Plan as Permitted Investments or otherwise providing for Deposits:

NONE

All such brokerage firms and/or dealers shall acknowledge in writing receipt of the Plan by sending a copy of such acknowledgment to the Designated Official(s) referred to in Section III hereof.

VI. AUTHORIZED INVESTMENTS

A. Except as otherwise specifically provided for herein, the Designated Official is hereby authorized to invest the public funds covered by the Plan, to the extent not otherwise held in Deposits, in the following Permitted Investments:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United State of America. This includes instruments such as Treasury Bills, Notes and Bonds
- (2) Government money market mutual funds that comply with N.J.S.A. 40A:5-15.1(e).
- (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 Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located;
- (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 which comply with N.J.S.A. 40A:5-15.1(e) and conditions set by the Division of Local Government Services.
- (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) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of subsection A;
  - (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 (C.17:9 – 41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

For purposes of the above language, the terms “government money market mutual fund” and “local government investment pool” shall have the following definitions:

Government Money Market Mutual Fund. 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. sec. 80a – 1 et seq. , and operated in accordance with 17 C.F.R. sec. 270.2a – 7.
- (b) the portfolio of which is limited to U.S. Government securities that meet the definition of any eligible security pursuant to 17 C.F.R. sec. 270. 2a – 7 and repurchase agreements that are collateralized by such U.S. Government securities; and
- (c) which has:
  - (i) attained the highest ranking or the highest letter and numerical rating of a nationally recognized statistical rating organization; or
  - (ii) retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission pursuant to the “Investment Advisors Act of 1940,” 15 U.S.C. sec. 80b – 1 et seq. with experience investing in U. S. Government securities for at least the most recent past 60 months and with assets under management in excess of \$500 million.

Local Government Investment Pool. An investment pool:

- (a) which is managed in accordance with 17 C.F.R. sec. 270.2a – 7;
- (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. sec. 270. 2a – 7 and repurchase agreements that are collateralized by such U. S. Government securities;
- (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.9 (C.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.

B. Notwithstanding the above authorization, the monies on hand in the following funds and accounts shall be further limited as to maturities, specific investments or otherwise as follows:

Consistent with State Statute/Rules and regulations as promulgated by the Department of Community Affairs.

VII. SAFEKEEPING CUSTODY PAYMENT AND ACKNOWLEDGMENT OF RECEIPT OF PLAN

To the extent that any Deposit or Permitted Investment involved a document or security which is not physically held by the Township of Montclair, then such instrument or security shall be covered by a custodial agreement with an independent third party, which shall be a bank or financial institution in the State of New Jersey. Such institution shall provide for the designation of such investments in the name of the Township of Montclair to assure that there is no unauthorized use of the funds or the Permitted Investments or Deposits. Purchase of any Permitted Investments that involve securities shall be executed by a “delivery versus payment” method to insure that such Permitted Investments are either received by the Township of Montclair or by a third party custodian prior to or upon the release of the Township of Montclair’s funds.

To assure that all parties with whom the Township of Montclair deals either by way of Deposits or Permitted Investments are aware of the authority and the limits set forth in the Plan, all such

parties shall be supplied with a copy of this Plan in writing and all such parties shall acknowledge the receipt of that Plan in writing, a copy of which shall be on file with the Designated Official(s).

VIII. REPORTING REQUIREMENTS

The Designated Official(s) referred to in Section III hereof shall supply to the governing body of the Township of Montclair a written report of any Deposits or Permitted Investments made pursuant to this Plan, which shall include, at a minimum, the following information:

- A. The name of any institution holding funds of the Township of Montclair as a Deposit or a Permitted Investment
- B. The amount of securities or Deposits purchased or sold during the immediately preceding month.
- C. The class or type of securities purchased or Deposits made.
- D. The book value of such Deposits or Permitted Investments.
- E. The earned income on such Deposits or Permitted Investments.
- F. The fees incurred to undertake such Deposits or Permitted Investments.
- G. The market value of all Deposits or Permitted Investments as of the end of the immediately preceding month.
- H. All other information which may be deemed reasonable from time to time by the governing body of the Township of Montclair.

IX. TERM OF PLAN

This Plan shall be in effect from January 1, 2020 to December 31, 2020. Attached to this Plan is a resolution of the governing body of the Township of Montclair approving this Plan for such period of time. The Plan may be amended from time to time. To the extent that any amendment is adopted by the Mayor and Council, the Designated Official(s) is directed to supply copies of the amendments to all of the parties who otherwise have received a copy of the originally approved Plan, which amendment shall be acknowledged in writing in the same manner as the original Plan was so acknowledged.