**RESOLUTION NO. 2020-1.74**

**OF THE GOVERNING BODY OF**

**THE BOROUGH OF BLOOMINGDALE**

**RESOLUTION ESTABLISHING A CASH MANAGEMENT PLAN FOR THE BOROUGH OF BLOOMINGDALE PURSAUNT TO N.J.S.A. 40A:5-14**

**WHEREAS,** N.J.S.A. 40A:5-14 requires that each municipality in the State of New Jersey adopt a Cash Management Plan and shall deposit, or invest, or both deposit and invest, its funds pursuant to that plan; and

**NOW, THEREFORE, BE IT RESOLVED** that the Governing Body of the Borough of Bloomingdale does hereby adopt the attached Cash Management Plan.

## Record of Council Vote on Passage

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Council person | aye | nay | Abstain | Absent | Council person | aye | nay | Abstain | Absent |
| D’Amato | X |  |  |  | Juhlin | X |  |  |  |
| Dellaripa | X |  |  |  | Sondermeyer | X |  |  |  |
| Hudson | X |  |  |  | Yazdi | X |  |  |  |

I hereby certify that the foregoing is a true copy of a Resolution adopted by the Governing Body of the Borough of Bloomingdale at an Official Meeting held on January 7, 2020.

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Breeanna Calabro, R.M.C.

Municipal Clerk, Borough of Bloomingdale

**CASH MANAGEMENT PLAN**

**BOROUGH OF BLOOMINGDALE**

**PASSAIC COUNTY, NEW JERSEY**

1. **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 Borough of Bloomingdale, 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 or dividend bearing accounts or otherwise invested in Permitted Investments hereinafter referred to. The intend of the Plan is to provide 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 Deposit 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.

1. **CASH MANAGEMENT POLICY** 
   1. **Objectives:** The priority of investing policies shall be, in order of   
       descending importance, security, liquidity and yield.
2. Security: The safety of principal is the foremost objective of the cash   
    management plan. Investments shall be undertaken in a   
    manner that seeks to ensure the preservation of capital in   
    the overall portfolio. The objective is to mitigate credit risk   
    and interest rate risk.
3. Credit Risk: Credit risk is the risk of loss due to failure of the security   
    issuer or backer. Credit risk may be mitigated by:
   1. Limiting investments to the safest types of securities.
   2. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which an entity will do business.
   3. Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
4. Interest Rate Risk: Internet rate risk is the risk that market value of the securities in the portfolio will fall due to changes in general interest rates. Interest rate risk may be mitigated by:  
   1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and
   2. By investing operating funds primarily in shorter-term securities.
5. Liquidity: The investment portfolio must remain sufficiently liquid   
    structuring the portfolio so that securities mature   
    concurrent with cash needs to meet anticipated demands   
    (static liquidity). Furthermore, since all possible cash   
    demands cannot be anticipated, the portfolio should consist   
    largely of securities with active secondary or resale markets   
    (dynamic liquidity).
6. Yield: The investment portfolio must be designed with the objective of attaining a market rate of return throughout   
    budgetary and economic cycles, taking into account the   
    investment risk constraints and liquidity needs.   
    Furthermore, since all possible cash demands cannot be   
    anticipated, the portfolio should consist largely of securities   
    with active secondary or resale markets (dynamic   
    liquidity).  
   1. A declining credit security could be sold early to minimize the loss of principal.
   2. A security swap would improve the quality, yield, or target duration in the portfolio.
   3. Liquidity needs of the local unit require that the security be sold.
7. Prudence

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing the overall portfolio in accordance with the State Law and this policy. The Chief Financial Officer and/or Borough Treasurer, acting in accordance with written procedures and this cash management plan and exercising due diligence shall be received or personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of the cash management plan and policy.

Investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well all the probable income to be derived.

1. Ethics and Conflicts of Interest

The designated officials involved in the investment process shall not have personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Actions of individuals involved in administering the cash management plan shall be governed by the Local Government Ethics Law. They shall disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. The designated officials shall refrain from undertaking personal investment portfolio. The designated officials shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Borough of Bloomingdale.

1. Delegation of Authority

Authority to manage the cash management plan is granted to the Chief Financial Officer pursuant to N.J.S.A. 40A:5-14. Responsibility for the operation of the cash management plan is hereby delegated to the Chief Financial Officer and the Borough Treasurer. No person may engage in an investment transaction except as provided under the terms of the policy and the written procedures established by the Chief Financial Officer and/or Borough Treasurer. The Chief Financial Officer and/or Borough Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

1. **IDENTIFICATION OF FUNDS AND ACCOUNTS TO BE COVERED BY THE PLAN**
   1. The Plan is intended to cover the deposit and/or investment, whenever not legally presented, all funds and accounts of the Borough of Bloomingdale.
2. **DESIGNATION OF OFFICIALS OF THE BOROUGH OF BLOOMINGDALE AUTHORIZED TO MAKE DEPOSITS AND INVESTMENTS UNDER THE PLAN**

The Chief Financial Officer and/or Borough Treasurer 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, Chief Financial Officer and/or Borough Treasurer of the Borough of Bloomingdale is directed to supply to all depositories or any other parties with whom the Deposits or Permitted Investments are made a written copy of this Plan which shall be acknowledged in writing by such parties and a copy of such acknowledgement kept on file with such officials.

1. **DESIGNATION OF DEPOSITORIES**

The following 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 Deposit which are not otherwise invested in Permitted Investments as provided for in this plan:

Lakeland State Bank

Regal Bank

Also, for purposes of investing any other institution presenting a GUDPA certificate may be used. All such depositories shall acknowledge in writing receipt of this Plan by sending a copy of such acknowledgement to the Designated Officials referred to in Section III above.

1. **DESIGNATION OF BOKERAGE FIRMS AND DEALERS WITH WHOM THE DESIGNATED OFFICIALS MAY DEAL**

The following brokerage firms and/or dealers and other institutions are hereby designated as firms with whom the Chief Financial Officer and/or Borough Treasurer is authorized for purposes of buying and selling securities identified in the Plan as Permitted Investments or otherwise providing for Deposits. All such brokerage firms and/or dealers shall acknowledge in writing receipts of the Plan by sending a copy of such acknowledgement to the Chief Financial Officer and/or Borough Treasurer.

Lakeland State Bank

Regal Bank

1. **AUTHORIZED INVESTMENTS**
   1. Except as otherwise specifically provided for herein, the Chief Financial Officer and/or Borough Treasurer 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 States of America;
        2. Government money market mutual funds;
        3. Any obligation that a federal agency or 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 obligations 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 of 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;
        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   
           1. The underlying securities are permitted investments pursuant to paragraphs (1) and (3) of the subsection a;
           2. The custody of collateral is transferred to a third party;
           3. The maturity of the agreement is not more 30 days;
           4. The underlying securities are purchase through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
           5. 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:

1. 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.
2. 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
3. Which has:
   1. Attained the highest ranking or the highest letter and numerical rating of a nationally recognized statistical rating organization; or
   2. Retained an investment advisor registered for 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:**

1. Which is managed in accordance with 17 C.F.R. sec. 2702a-7;
2. Which is rated in the highest category by a nationally recognized statistical rating organization;
3. Which is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. sec. 2702a-7 and repurchase agreements that are collateralized by such U.S. Government securities;
4. 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;
5. 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
6. 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.
7. **SAFEKEEPING CUSTODY PAYMENT AND ACKNOWLEDGMENT OF RECEIPT OF PLAN.**

To the extent that any Deposit or Permitted Investment involves a document or security which is not physically held by the Borough of Bloomingdale, then such instrument or security shall be covered by all custodial agreements 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 Borough of Bloomingdale to assure that there is not unauthorized use of funds or the Permitted Investments or Deposits. Purchase of any Permitted Investments that involved securities shall be executed by a “delivery versus payment” method to insure that such Permitted Investments are either received by the Borough of Bloomingdale or by a third party custodian prior to or upon the release of the Borough of Bloomingdale’s funds.

To assure that all parties with whom the Borough of Bloomingdale deals with 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 the Plan in writing and all such parties shall acknowledge the receipt of the Plan in writing, a copy of this Plan in writing and all such parties shall acknowledge the receipt of the Plan in writing, a copy of which shall be on file with the Chief Financial Officer and/or the Borough Treasurer.

1. **REPORTING REQUIREMENTS**

The Chief Financial Officer and/or the Borough Treasurer, monthly, shall supply to the Clerk of the Governing Body of the Borough of Bloomingdale a written report of any Deposits of Permitted Investments made pursuant to this Plan, which shall include, at a minimum, the following information:

1. The name of any institution holding funds of the Borough of Bloomingdale as a Deposit of a Permitted Investment.
2. The amount of securities purchase or Deposits purchased or sold during the immediately preceding month.
3. The class or type of securities purchased or Deposits made.
4. The book value of such Deposits or Permitted Investments.
5. The earned income on such Deposits or Permitted Investments. To the extent that such amounts are actually earned at maturity, the report shall provide an accrual of such earnings during the immediately preceding month.
6. The fees incurred to undertake such Deposits or Permitted Investments.
7. The market value of all Deposits or Permitted Investments as of the end of the immediately preceding month.
8. All other information which may be deemed reasonable from time to time by the governing body of the Borough.
9. **TERM OF PLAN**

This Plan shall be in effect from ***January 1, 2020 - December 31, 2020***. Attached to this Plan is a resolution of the governing body of the Borough of Bloomingdale 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 Borough Council, the Chief Financial Officer and/or the Borough Treasurer is directed to supply copies of the amendments to all of the parties who otherwise have received the copy of the originally approved Plan, which amendment shall be acknowledged in writing in the same manner as the original Plan was so acknowledged.