

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY

**RESOLUTION ADOPTING A NEW CASH MANAGEMENT PLAN FOR CALENDAR
YEAR 2020 PURSUANT TO N.J.S.A. 40A:5-14.**

RESOLUTION R-1-2020

WHEREAS, the Borough of Buena Municipal Utilities Authority (hereinafter the "Authority") previously adopted a Cash Management Plan under and pursuant to Resolution R-18-85 on July 17, 1985; and

WHEREAS, since that time the State of New Jersey has updated and modified the applicable regulations associated with and governing Cash Management Plans throughout the State, including the Cash Management Plan of the Authority; and

WHEREAS, adoption of an updated Cash Management Plan incorporating the new requirements of the State of New Jersey is in the best interests of the Authority; and

WHEREAS, a Cash Management Plan reflecting the new requirements was prepared by the Authority's Solicitor and Secretary/Treasurer with input from the Authority's Auditor; and

WHEREAS, a renewal of the updated Cash Management Plan incorporating the new requirements of the State of New Jersey is in the best interest of the Authority.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOROUGH OF BUENA
MUNICIPAL UTILITIES AUTHORITY** as follows:

1. The updated Cash Management Plan attached to this Resolution is hereby adopted and shall be in effect from January 1, 2020 and shall remain in effect until December 31, 2020.
2. Any and all previously adopted Cash Management Plans are hereby rescinded.

3. The Authority's Secretary/Treasurer shall forward a copy of the attached Cash Management Plan to the designated Depositories identified in Section IV of the Plan.

4. The attached Cash Management Plan is subject to modification by resolution from time to time in order to reflect changes in Federal or State Law or regulations, or in the designations of depositories, funds of investment instruments or the authorization for investments.

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY

BY: *Richard Baker*
RICHARD BAKER, VICE-CHAIRMAN

Attest:

Cheryl M. Santore
CHERYL SANTORE, SECRETARY

I, Cheryl Santore, Secretary of the Borough of Buena Municipal Utilities Authority, do hereby certify that the foregoing Resolution was adopted at a meeting of the Governing Board of the Borough of Buena Municipal Utilities Authority held on January 8, 2020.

Cheryl M. Santore
CHERYL SANTORE, SECRETARY

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY

CASH MANAGEMENT PLAN

I. STATEMENT OF INTENT

This Cash Management Plan (the "Plan") is prepared pursuant and subject to the provisions of N.J.S.A. 40A:5-14, et seq., as amended, in order to set forth the authorization and policies with respect to deposits ("Deposits") and investments ("Permitted Investments") of certain public funds of the Borough of Buena Municipal Utilities Authority, pending the use of such funds for the intended purposes as more fully set forth below. The Plan is intended to assure, to the extent practicable, that all public funds identified herein are deposited in interest bearing Deposits and in Permitted Investments hereinafter referred to.

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

The Plan is intended to cover the deposit or investment of all funds and accounts of the Borough of Buena Municipal Utilities Authority to include:

A. Branch Banking & Trust Company:

Savings Account

Checking Account

Operating Account

Debt Service Account

Bond Reserve Account

Escrow Account

- B. State of New Jersey Cash Management Fund Accounts, that includes the Equipment Renewal and Replacement Account.
- C. Such other accounts as the Authority may legally establish.

All disbursements shall be made by checks signed by three persons authorized by Resolution of the Authority.

III. **ADMINISTRATION OF PLAN AND DESIGNATION OF OFFICIALS OF THE BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY AUTHORIZED TO MAKE DEPOSITS OR INVESTMENTS UNDER THE PLAN.**

The Financial Officer shall be the custodian of all accounts under the Plan. The Secretary/Treasurer of the Authority is hereby designated as the Financial Officer for purposes of this Plan and is charged with responsibility for administering the Plan. The Financial Officer (the "Designated Official") is hereby authorized and directed to deposit and/or invest the funds referred to in the Plan. The Financial Officer shall be relieved of any liability for loss of such funds due to the insolvency or closing of any depository designated by, or the decrease in value of any investment authorized by, this Plan.

Prior to making any such Deposits or any Permitted Investments, the Designated Official of the Borough of Buena Municipal Utilities Authority is directed to supply all depositories or any other parties with whom the Deposits or Permitted Investments are made with a written copy of this Plan, which shall be acknowledged in writing by such parties, and a copy of such acknowledgment kept on file with such officials.

IV. **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:

Branch Banking & Trust Company

Newfield National Bank

State of New Jersey Cash Management Fund

In addition, the Authority, by Resolution, may designate such other or additional financial institutions as official depositories provided that any New Jersey bank so designated must be covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

All such depositories shall acknowledge in writing receipt of this plan by sending a copy of such acknowledgment to the Designated Official referred to in Section III above.

V. **DESIGNATION OF BROKERAGE FIRMS AND DEALERS WITH WHOM THE DESIGNATED OFFICIALS MAY DEAL.**

The following brokerage firms, dealers and other institutions are hereby designated as firms with whom the Designated Official of the Borough of Buena Municipal Utilities Authority referred to in this Plan may deal for purposes of buying and selling securities identified in this plan as Permitted Investments or otherwise providing for Deposits, to wit, any member of the New York Stock Exchange (NYSE), American Stock Exchange (ASE), National Association of Securities Dealers (NASD), provided all transactions are executed in the delivery vs. payment form between the brokerage firm or dealer and Borough of Buena Municipal Utilities Authority's designated custodian. All such brokerage firms, dealers and other institutions 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 above.

In addition, the registered principal of any security brokerage firm selling securities to the Authority shall be provided with, and shall sign an acknowledgment, that the principal has seen and reviewed the Authority's Cash Management Plan, except that, with respect to the sale of a Government Money Market Mutual Fund, the registered principal need only be provided with and sign an acknowledgment that the Government Money Market Mutual Fund, whose securities are being sold to the Authority, meets the criteria of a Government Money Market Mutual Fund, as set forth in N.J.S.A. 40A:5-15.1 g.

VI. **DISCLOSURE REQUIREMENTS**

Any Official involved in the designation of depositories or in the authorization for investments, as permitted under this Cash Management Plan, or any combination, or in the selection of an entity seeking to sell an investment to the Authority, who has a material business or personal relationship with the Authority, shall disclose that relationship to the Governing Body of the Authority and to the Local Finance Board or the County or Municipal Ethics Board, as the case and as may be appropriate.

VII. **PERMISSIBLE INVESTMENTS**

- A. Investments shall be limited by the express authority of the Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1, and deposits in banks pursuant to the Governmental Unit Deposit Protection Act, and except as otherwise specifically provided herein, the designated official is hereby authorized to invest the public funds covered by this 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 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 and is fully secured as to the payment of both principal and interest, by or entitled to the full faith and credit of the United States of America;
- (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 Treasury for investment by Local Units;
- (6) Agreements for the repurchase of fully collateralized securities if
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - 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.17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to §1 of P.L. 1977, c. 281(C. 52:18A-90.4).

For purposes of the above language, the term "government money market mutual fund" shall have the following definition.

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. 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 US 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 in which direct investment may be made pursuant to paragraphs one (1) and three (3) of subsection (A) of this section; and

(c) which is rated by a nationally recognized statistical rating organization.

VIII. **SAFEKEEPING CUSTODY PAYMENT & 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 Buena Municipal Utilities Authority, then such documents 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 Borough of Buena Municipal Utilities Authority to assure that there is no unauthorized use of the funds or of the Permitted

Investments or Deposits. Purchase of any Permitted Investments that involve securities shall be executed by a "delivery versus payment" method to ensure that such Permitted Investments are either received by the Borough of Buena Municipal Utilities Authority or by a third party custodian prior to or upon the release of the Borough of Buena Municipal Utilities Authority funds.

To assure that all parties with whom the Borough of Buena Municipal Utilities Authority deals either by way of Deposits of Permitted Investments are aware of the authority and the limits set forth in this Plan, all such parties shall be supplied with a copy of this Plan in writing and all such parties shall acknowledge receipt of the Plan in writing, a copy of which shall at all times be on file with the Designated Official.

IX. REPORTING REQUIREMENTS

At least monthly at a public meeting of the Governing Body of the Authority, the Designated Official referred to in Section III hereof shall supply to the Board of the Borough of Buena Municipal Utilities Authority a 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 Borough of Buena Municipal Utilities Authority 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 required from time to time by the Governing Body of the Borough of Buena Municipal Utilities Authority.

The report shall include copies of all monthly bank statements containing the required information.

X. POLICIES GOVERNING THE PLAN

The following policy shall govern the Administration and Operation of the Plan.

A. The Plan shall at all times be administered and operated to assure, to the extent practicable the investment or the Authority's funds in interest bearing accounts and other Permitted Investments.

B. The Plan shall be subject to annual audit conducted pursuant to N.J.S.A. 40A:5-4.

C. When an investment in bonds maturing in one year is involved, the maturity of those bonds shall approximate to prospective use of the funds invested.

D. Investments in instruments identified in, and Authorized by, Section VII of this Plan shall be selected utilizing the following considerations in the following order of priority.

1. Preservation of Capital.
2. Liquidity.
3. Current and Historical Investment Returns.
4. Diversification.
5. Maturity Requirements.
6. Costs and Fees.
7. Policies of Investment Administrators.

Investments shall, at all times, be based on a cash flow analysis, prepared by the Designated Official, and shall be commensurate with the nature and size of the funds held by the

Authority. Any and all cash flow analyses compiled by the Designated Official shall be included in the monthly reports of the Designated Official to the Governing Body of the Authority submitted in accordance with Section IX of this Plan.

All investments shall be made on a competitive basis insofar as practicable.

XI. TERM OF THE PLAN.

This Plan shall be in effect from January 1, 2020 to December 31, 2020. Attached to this Plan is a resolution adopted by the Board of the Borough of Buena Municipal Utilities Authority approving this Plan for such a period of time. The Plan may be amended 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. To the extent that any amendment is adopted by the Governing Body of the Borough of Buena Municipal Utilities Authority, the Designated Official is directed, to supply copies of the amendments to all of the parties who otherwise have received the copy of the originally approved Plan. Receipt of the amendments shall be acknowledged by each party in writing in the same manner as receipt of the original Plan was so acknowledged.

Adopted: January 9, 2020.

CASH MANAGEMENT PLAN ACKNOWLEDGMENT

I enclose herewith a copy of the Borough of Buena municipal Utilities Authority Cash Management Plan for calendar year 2020.

Please acknowledge receipt of this plan by signature below.

Name of Bank

Phone Number

Name of Authorized Official

Authorized Signature

Date