

County of Passaic

Board of County Commissioners



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Date: Jan 07, 2025 - 12:00 PM

Agenda: RESOLUTION AUTHORIZING A CASH MANAGEMENT PLAN FOR CALENDAR YEAR 2025, PURSUANT TO N.J.S.A. 40A:5-14, ET SEQ.

THIS RESOLUTION WAS REQUESTED BY:

REVIEWED BY:

Matthew P. Jordan, Esq.

APPROVED AS TO FORM AND LEGALITY:

Nadege D. Allwaters, Esq.

Official Resolution#	
Meeting Date	1/7/2025
Introduced Date	1/3/2025
Adopted Date	
Agenda Item	6.
CAF#	
Purchase Req. #	
Result	

Board of County Commissioners Reorganization Meet

COMMITTEE NAME

RESOLUTION AUTHORIZING A CASH MANAGEMENT PLAN FOR CALENDAR YEAR 2025, PURSUANT TO N.J.S.A. 40A:5-14, ET SEQ.

WHEREAS, the County of Passaic (“County”) is a body politic and corporate pursuant to N.J.S.A. 40:18-1 and vested with all rights contained therein; and

WHEREAS, pursuant to N.J.S.A. 40:20-1, the Board of County Commissioners of the County of Passaic (“Board”) is vested with managing the property, finances, and affairs of the County; and

WHEREAS, pursuant to N.J.S.A. 40A:5-14, et seq., the County is required to adopt a cash management plan and shall deposit, or invest, or both deposit and invest, its funds pursuant to that plan and the conditions as set forth therein.

NOW, THEREFORE, LET IT BE RESOLVED, pursuant to N.J.S.A. 40A:5-14, et seq., the Board of County Commissioners of the County of Passaic adopts a cash management plan for calendar year 2025 as follows:

Section 1. Designation of Public Depositories.

The following depositories are designated by the Board to be used by the County pursuant to the cash management plan:

- (a) Wells Fargo National Bank
- (b) PNC Bank
- (c) TD Bank
- (d) Unity Bank
- (e) Valley Bank
- (f) Bank of New York
- (g) Spencer Saving Bank
- (h) Kearny Bank
- (i) New Jersey Asset & Rebate Management Program (NJ/ARM)
- (j) Provident Bank

Section 2. Designation of Funds.

The cash management plan is intended to cover the following funds established by the County pursuant to N.J.S.A. 40A:5-15.1, et seq.:

- (a) Current Fund
- (b) Capital Fund
- (c) All Trust Funds

Section 3. Authorized Investments.

Except as otherwise specifically provided for herein, the Chief Financial Officer is hereby authorized to invest public funds covered by the cash management plan, to the extent not otherwise held in deposits, in the following financial investment instruments:

- (a) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- (b) Government money market mutual funds which is defined as 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, except that a government money market mutual fund may not impose liquidity fees or redemption gates regardless of whether permitted to do so under 17 C.F.R. s.270.2a-7; (2) 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. sec.270.2a-7, that have been issued by New Jersey school districts, municipalities, counties, and entities subject to the Local Authorities Fiscal Control Law, P.L. 1983, c.313 (C.40A:5A-1 et seq.) that meet the definition of an eligible security

pursuant to 17 C.F.R. s.270.2a-7, and repurchase agreements that are collateralized by such securities in which direct investment may be pursuant to paragraphs (a) and (c) of subsection (2); and (3) which is rated by a nationally recognized statistical rating organization.

- (c) 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 obligation bears a fixed rate of interest not dependent on any index or external factor.
- (d) 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.
- (e) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the Local Authorities Fiscal Control Law P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units.
- (f) Local government investment pools which are defined as an investment pool: (1) which is managed in accordance with generally accepted accounting and financial reporting principles for local government investment pools established by the Governmental Accounting Standards Board; (2) which is rated in the highest category by a nationally recognized statistical rating organization; and (3) 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, that have been issued by New Jersey school districts, municipalities, counties, and entities subject to the Local Authorities Fiscal Control Law, P.L. 1983, c.313 (C.40A:5A-1 et seq.), 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 securities in which direct investment may be made pursuant to paragraphs (a), (c) and (e) of subsection 3; (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; (6) which purchases and redeem 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; and (7) Which does not impose liquidity fees or redemption gates.
- (g) 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).
- (h) Agreements for the repurchase of fully collateralized securities, if: (1) the underlying securities are permitted investments pursuant to paragraphs (a) and (c) of this subsection 3, or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the Local Authorities Fiscal Control Law, P.L.1983, c.313 (C.40A:5A-1 et seq.); (2) the custody of collateral is transferred to a third party; (3) the maturity of the agreement is not more than 30 days; (4) 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 (5) a master repurchase agreement providing for the custody and security of collateral is

executed.

Any investment instruments in which the security is not physically held by the County shall be covered by a third-party custodial agreement which shall provide for the designation of such investments in the name of the local unit and prevent unauthorized use of such investments. Purchase of investment securities shall be executed by the "delivery versus payment" method to ensure that securities are either received by the local unit or a third-party custodian prior to or upon the release of the County's funds. Any investments not purchased and redeemed directly from the issuer, government money market mutual fund, local government investment pool, or the State of New Jersey Cash Management Fund, shall be purchased and redeemed through the use of a national or State bank located within this State or other financial intermediary through a broker-dealer which, for a period of at least two years pursuant to section 9 of P.L. 1997, c.93 (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.

Section 4. Annual Audit.

The cash management plan is designed to assure to the extent practicable the investment of County funds in interest bearing accounts and other permitted investments. The cash management plan shall be subject to the annual audit conducted pursuant to N.J.S.A. 40A:5-4. When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of funds invested.

Section 5. Policies for Selecting and Evaluating Investment Instruments.

The Chief Financial Officer is authorized and directed to establish a policy for selecting and evaluating investment instruments accordingly made pursuant to N.J.S.A. 40A:5-15.1. Such policies shall consider preservation of capital, liquidity, current and historical investment returns, diversification, maturity requirements, costs and fees, and when appropriate, policies of investment instrument administrators. Said policies shall be based on a cash flow analysis prepared by the Chief Financial Officer and be commensurate with the nature and size of the funds held by the County. All investments shall be made on a competitive basis insofar as practicable.

Section 6. Reporting Requirements.

The Chief Financial Officer shall make a monthly report to the Board summarizing all investments made or redeemed since the last meeting. The report shall set forth each organizational holding County 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, and any other information as requested by the Board.

Section 5. Designation of Chief Financial Officer to Make Deposits and Investments.

The Chief Financial Officer of the County is hereby authorized and designated under the Cash Management Plan to deposit and/or invest the funds referred to in same and shall thereafter be relieved of any liability for loss of such moneys due to insolvency or closing of any depository designated by the County, or the decrease in value of any investment authorized by the cash management plan.

Section 6. Designation of Brokerage Firms and Dealers.

No brokerage firms and/or deals are being designated for the purposes of buying and selling securities identified in the cash management plan or otherwise providing deposits.

Section 7. Disclosure Requirement.

Any official involved in the designation of depositories or in the authorization for investments as permitted pursuant to N.J.S.A. 40A:5-15.1, or any combination of the preceding, or the selection of an entity seeking to sell an investment to the County who has a material business or personal relationship with that organization shall disclose the relationship to the Board and to the Local Finance Board, or the County Ethics Board, as appropriate.

Section 8. Acknowledgment of Cash Management Plan.

The registered principal of any security brokerage firm selling securities to the County shall be provided with, and sign an acknowledgment that the principal has seen and reviewed the County'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 acknowledgement that the government money market mutual fund whose securities are being sold to the County meets the criteria of a government money market mutual fund as set forth in paragraph (1) of subsection e. of section 8 of P.L. 1977, c.396 (C.40A:5-15.1).

Section 9. Deposit of Funds in Deposit Accounts.

Any deposit of funds made pursuant to the cash management plan shall be made in accordance with the following conditions:

- (a) The funds are initially invested through a public depository as defined in section 1 of P.L.1970,c.236(C.17:9-41) designated by the County.
- (b) The designated public depository arranges for the deposit of funds in certificates of deposit in one or more federally insured banks or savings and loan associations, for the account of the County.
- (c) One hundred percent (100 %) of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund.
- (d) The designated public depository acts as custodian for the County with respect to those deposits.
- (e) At the same time that the local unit's funds are deposited and the certificates of deposit are issued, the designated public depository receives an amount of deposits from customers of other banks and savings and loan associations, wherever located, equal to the amount of funds invested by the County through the designated public depository.

Section 10. Safekeeping Custody Payment and Acknowledgement of Receipt of Plan.

To the extent that any Deposit or Permitted Investment involves document or security which is not physically held by the County, 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 County of Passaic 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 County or by a third party custodian prior to or upon the release of the County's funds.

Section 11. Term of Cash Management Plan.

The cash management plan shall be in effect for calendar year 2025 and can be amended by the Board, as necessary.

LET IT BE FURTHER RESOLVED, that the County Counsel, Chief Financial Officer, County Administrator, and County Treasurer are authorized to take any action necessary to carry out the purpose of this Resolution.

LET IT BE FURTHER RESOLVED, that the Clerk to the Board shall send two certified copies of this Resolution to the Director of the Division of Local Government Services upon approval by the Board.