

MORRIS ESSEX INSURANCE GROUP

2019 CASH MANAGEMENT AND INVESTMENT POLICY

I. Cash Management and Investment Objectives

The Morris Essex Insurance Group (hereinafter referred to as the POOL) has adopted the following objectives:

- Preservation of capital
- Adequate safekeeping of assets
- Maintenance of liquidity to meet operating needs, claims settlements and dividends
- Diversification of the POOL's portfolio to minimize risks associated with individual investments
- Maximization of total return, consistent with risk levels specified herein
- Investment of assets in accordance with State and Federal Laws and Regulations
- Accurate and timely reporting of interest earnings, gains and losses in each Fund year
- Stability in the value of the POOL's economic surplus

II. Permissible Investments

Investments shall be limited to the following:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase and has a fixed rate of interest not dependent on any index or external factors
- Any other Bank holding a current certificate of eligibility from the New Jersey Banking Association, and authorize the Treasurer to invest idle funds periodically, and report investments to the Fund

III. Authorized Depositories

In Addition to the above, the POOL is authorized to deposit funds in certificates of deposit and other time deposits in banks covered by the Governmental Unit Depository Protection Act. NJSA 17:9-14 et seq. (GUDPA). Specifically authorized depositories are as follows:

1. *NJ Cash Management Fund*
2. *MBIA CLASS Account*
3. *TD Bank*
4. *Valley National Bank*
5. *Lakeland Bank*
6. *Skylands Bank*
7. *Santander Bank*
8. *Investors Savings Bank*

IV. Authority for Investment Management

The Treasurer is authorized and directed to make investments, through asset managers that may be selected by the Trustees.

Their actions and decisions shall be consistent with this plan and all appropriate regulatory constraints.

In executing investments, asset managers, shall minimize transaction costs by querying prices from at least three (3) dealers and purchasing securities on a competitive basis. When possible, federal securities shall be purchased directly from the US Treasury. Transactions shall not be processed through brokerages which are organizationally affiliated with the asset manager. Transactions may also be processed through the New Jersey Division of Investment by the Fund's asset managers.

V. Preservation of Capital

Securities shall be purchased with the ability to hold until maturity.

VI. Safekeeping

Securities purchased on behalf of the POOL shall be delivered electronically or physically to the POOL's custodial bank, which shall maintain custodial and/or safekeeping accounts for such securities on behalf of the POOL.

VII. Selection of Asset Managers, Custodial Banks and Operating Banks

Asset managers, custodial banks and operating banks shall be retained for contract periods of one (1) year. Additionally, the POOL shall maintain the ability to change asset managers and/or custodial banks more frequently based upon performance appraisals and upon reasonable notice, and based upon changes in policy or procedures.

VIII. Reporting

Asset managers will submit written statements describing the proposed investment strategy for achieving the objectives identified herein. Asset managers shall also submit revisions to strategy when justified as a result of changing market conditions or other factors. Such statements shall be provided to the Treasurer and Executive Director. The statements shall also include confirmation that all investments are made in accordance with this plan. Additionally, the Investment Manager shall include a statement that verifies the Investment Manager has reconciled and determined the appropriate fair value of the Pools portfolio based on valuation guidelines that shall be kept on file in the Executive Director's office.

The Treasurer shall report to the Executive Committee at all regular meetings on all investments. This report shall include information on the balances in all bank and investment accounts, and purchases, sales, and redemptions occurring in the prior month.

IX. Audit

This plan, and all matters pertaining to the implementation of it, shall be subject to the POOL's annual audit.

X. Cash Flow Projections

Asset maturity decisions shall be funded by cash flow factors payout factors supplied by the Pool's Actuary and reviewed by the Executive Director and the Treasurer.

XI. Cash Management

All moneys turned over to the Treasurer shall be deposited within forty-eight (48) hours in accordance with NJSA 40A:5-15.

In the event a check is made payable to the Treasurer rather than the Pool, the following procedure is to be followed:

- 1. The Treasurer endorses the check to the Pool and deposits it into the Pool account.**
- 2. The Treasurer notifies the payer and requests that in the future any check be made payable to the Pool.**

The Treasurer shall minimize the possibility of idle cash accumulating in accounts by assuring that all amounts in excess of negotiated compensating balances are kept in interest bearing accounts or promptly swept into the investment portfolio.

The method of calculating banking fees and compensating balances shall be documented to the Executive Committee by the Treasurer at least annually.

Cash may be withdrawn from investment pools under the discretion of asset managers only to fund operations, claims imprest accounts, or approved dividend payments.

The Treasurer shall escheat to the State of New Jersey checks which remain outstanding for twelve or more months after the date of issuance. However, prior to implementing such procedures, the Treasurer, with the assistance of the claims agent, as needed, shall confirm that the outstanding check continues to represent a valid claim against the POOL.

ESTABLISHING A FISCAL MANAGEMENT PLAN

FOR THE 2019 FUND YEAR

WHEREAS, THE MORRIS ESSEX INSURANCE GROUP is duly constituted as a School Board Insurance Pool, as permitted under the laws promulgated by the State of New Jersey, (N.J.S.A. 40A-36, et,seq.); and

NOW, THEREFORE BE IT RESOLVED, THAT THE POOL'S Executive Committee approves the following:

- **The following financial institutions are hereby declared as THE POOL'S Official Depositories for 2019**
 - *TD Bank, Valley National Bank, Lakeland Bank, Skylands Bank, Santander Bank, Investors Savings Bank*
 - *Those banks or institutions identified through the Governmental Unit Depository Protection Act (GUDPA)*
 - *New Jersey Cash Management Fund*
 - *MBIA CLASS Investment Account*
 - *And any other bank holding a current certificate of eligibility from the New Jersey Banking Association, and authorize the Treasurer to invest idle funds periodically, and report investments to the Fund*

- **All funds for Administrative Expenses, Reinsurance, Dividends and Miscellaneous Expenses, shall be withdrawn from the Official named Depository(ies) by check, which shall bear the signatures of at least two (2) of the following persons, duly authorized pursuant to this Resolution:**

_____ Chairperson

_____ Vice Chairperson

Jon Rheinhardt _____ Treasurer

- **All funds for Claims payments shall be withdrawn from the Official Depository(ies) by check, which shall bear the signatures of at least two(2) of the following persons, duly authorized pursuant to this Resolution:**

Nancy Fowlkes
Staci Ulp

- **The Cash and Investment Policy attached herewith shall be adopted.**

ADOPTED: this day before the Executive Committee:

Chair _____

Date _____

Secretary _____

Date _____