

# GCSSD JIF

## CASH & INVESTMENT MANAGEMENT PLAN

### I. Introduction

The purpose of this document is to establish a cash management plan for the SPELLJIF (the “Fund”). This plan sets forth the policies, procedures and investment guidelines that will govern the Fund’s investment program. This plan is designed to assure to the extent practicable the investment of the Fund’s monies in interest bearing accounts and other permitted investments.

### II. Scope

It is intended that this plan cover all funds, deposits and investment activities of the Fund.

### III. Delegation of Authority

The appointed Treasurer of the Fund and/or appointed official shall be charged with administering this plan. The Treasurer of the Fund and/or appointed official shall monitor and review all deposits and investments for consistency with this plan. No person may engage in an investment transaction except as directed or authorized by the Fund’s Board of Trustees or Fund Treasurer and/or appointed official.

### IV. Ethics and Conflict of Interest

Commissioners of the Fund involved in the designation of depositories, the authorization of investments, or the selection of entities to sell investments to the Fund shall disclose any material business or personal relationship with that organization to the Board of Trustees and the New Jersey Department of Banking and Insurance.

### V. 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 an overall portfolio. Investment officials acting in accordance with this plan and any other written procedures and exercising due diligence shall be relieved of personal responsibility for market price changes or the insolvency or closing of any depository.

### VI. Objectives

The primary objectives, in order of priority, of the Fund’s cash management plan shall be:

1. Safety. Safety of principal is the foremost objective of the cash management program. The Fund’s deposits and investments shall be made in a manner that seeks to ensure preservation of capital in the portfolio. The Treasurer of the Fund and/or appointed official shall maintain diversity in the Fund’s portfolio to the extent necessary to keep the overall risk associated with the default of any one issuer or institution at a minimum.
2. Liquidity. The Fund’s monies will remain sufficiently liquid to enable the Fund to meet its cash flow requirements. Deposits and investments shall be based on a cash flow analysis prepared by the Treasurer that is commensurate with the nature and amount of the Fund’s various monies.
3. Return on Investment. The Fund’s monies shall be deposited and invested in a timely fashion after receipt with the objective of attaining a market rate of return consistent with the constraints imposed by its safety objectives and liquidity needs. When depositing funds or purchasing an investment, the Treasurer of the Fund and/or appointed official shall take into account the costs and fees associated with each deposit or investment in addition to its stated yield in determining its true return. All investments and deposits shall be made on a competitive basis insofar as practicable, although safety and liquidity shall be considered before their expected return.

**VII. Cash Flow Budgeting**

Prior to the beginning of each budget year, the Treasurer shall prepare a monthly projection of anticipated receipts and disbursements for the major operating accounts of the Fund for the coming year. During the course of the year the Treasurer shall update this cash flow projection for the remainder of the year, by month, as well as record the actual cash flow activity of prior months.

The information derived from these cash flow projections shall be used by the Treasurer of the Fund and/or appointed official in designing an investment strategy that is consistent with the projections. The anticipated cash requirements as well as the current and projected trends for interest rates shall be taken into account when constructing an appropriate investment portfolio, depositing funds and purchasing investments.

**VIII. Permitted Investments**

To the extent permitted by New Jersey statute, the Fund's monies may be invested in the following types of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
2. 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 twelve (12) months from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor.
3. Bonds or other obligations, having a maturity date of not more than twelve (12) months purchase, approved by the Division of Investments in the Department of the Treasury for investment by (local units/school districts).
4. Government money market mutual funds. A "government money market mutual fund" means an investment company or investment trust:
  - which is registered with the Securities and Exchange commission under the "Investment Company Act of 1940" and operated in accordance with 17 C.F.R. sec. 270.2a-7.;
  - the portfolio of which is limited to US 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 US government securities in which direct investment may be made pursuant to paragraphs (1) and (2) of this section; and
  - which is rated (in the highest category) by a nationally recognized statistical rating organization.
5. Local government investment pools. A "local government investment pool" means an investment pool:
  - which is managed in accordance with 17 C.F.R. sec 270.2a-7;
  - the portfolio of which is limited to US 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 US government securities in which direct investments may be made pursuant to paragraphs (1) and (2) of this section;
  - which is rated in the highest category by a nationally recognized statistical rating organization;
  - which is in compliance with any rules adopted pursuant to the "Administrative Procedure Act" by the Local Finance Board of the Division of Local Government Affairs;
  - 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 utilizes an index that does not support stable net asset value; and

**VIII. Permitted Investments (continued)**

- 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 the State, or through broker-dealer which, at the time of purchase or redemption, has been registered continuously for a period of at least two years 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 US government securities and report daily to the Federal Reserve Bank of New York its position in and borrowing on such US government securities.
6. Deposits with the State of New Jersey Cash Management Fund.
  7. Other investments as permitted by New Jersey statutes.

**IX. Safekeeping, Custody and Payment**

Any investment instruments in which the security is not physically held by the Fund shall be covered by a third party custodial agreement which shall provide for the designation of such investments in the name of the Fund and prevent unauthorized use of such investments.

Purchase of investment instruments shall be executed by the “delivery versus payment” method to ensure that investment instruments are either received by the Fund or a third party custodian prior to or upon the release of the Fund’s monies.

**X. Authorized Broker-Dealers**

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 through a broker-dealer which, at the time of purchase or redemption, has been registered continuously for a period of at least two years, 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 US government securities and reports daily to the Federal Reserve Bank of New York its position in and borrowing on such US government securities.

The registered principal of any security brokerage firm selling government money market mutual funds to the Fund shall sign an acknowledgment that the government money market mutual fund whose securities are being sold to the Fund meets the criteria of a government money market mutual fund as set forth in Section VIII.5.

The following firms are designated the authorized broker-dealers for the Fund:

Appointed annually at Fund Reorganization.

**XI. Authorized Depositories**

The following institutions are designated the official depositories for funds of the Fund:

Appointed annually at Fund Reorganization.

The Treasurer shall request from and maintain a current certificate of eligibility under the Governmental Unit Deposit Protection Act for each eligible depository. The Treasurer of the Fund and/or appointed official shall not deposit funds with any institution which has filed to provide such certification.

**XI. Authorized Depositories (continued)**

(To assure that the Fund is receiving fair and competitive value from its relationships with depositories, the Treasurer shall undertake at least annually a review and analysis of these relationships. The review shall include, but not be limited to, an analysis of balances, fees and charges, services provided, earnings credits and interest rates paid or allowed on all accounts maintained by the Fund.)

**XII. Reporting Requirements**

Investment reports shall be submitted to the Fund Board of Trustees after each month end. These reports shall include, at a minimum, the following information:

- a. all investment instrument purchased or sold since the last report,
- b. a description of each investment instrument purchased, including its credit rating from one of the nationally recognized statistical rating organizations,
- c. the book value of each instrument as of the report date,
- d. the market value of each instrument as of the report date,
- e. the amount of income earned during the month,
- f. the amount of fees incurred during the month, and
- g. the amount of Fund monies held by each authorized origination.

**XIII. Annual Review**

This cash management plan shall be approved annually by a majority vote of the Board of Trustees of the Fund and may be modified from time to time in order to reflect changes in Federal or State law or regulations, or in the designation of depositories, funds or investment instruments.