MONTCLAIR CENTERBID

RESOLUTION to Adopt an Operating Reserve Policy and Designate 2026 Surplus Funds for 2027 Strategic Initiatives

On the Recommendation of the Financial Affairs Committee

Board Meeting of November 18, 2026

WHEREAS, Montclair Center Corporation (the "Corporation") is the district management corporation for the Montclair Center Business Improvement District (the "District") under N.J.S.A. 40:56-65 et seq., and its Board of Directors (the "Board") is responsible for the Corporation's finances and for adopting its Annual Budget under By-Laws §§3.02 and 8.04; and

WHEREAS, By-Laws §8.05 authorizes the Board to invest and reinvest the Corporation's funds, provided that any accumulation is reasonable in amount and duration and is used only for the Corporation's purposes; and

WHEREAS, an operating reserve equal to three months of budgeted expenditures is a recognized standard of prudent nonprofit and SID financial management, and protects the services that District property owners and businesses pay for against delayed or interrupted revenue and unforeseen costs; and

WHEREAS, the Financial Affairs Committee (the "Committee"), at its meeting on 11/6/2026, voted to recommend that the Board (i) establish a three-month operating reserve held in a segregated, interest-bearing account, and (ii) designate $50,000 of the Corporation's anticipated 2026 year-end surplus for specific 2027 initiatives, beginning with an update of the Corporation's strategic plan; and

WHEREAS, the Corporation anticipates a 2026 year-end operating surplus of approximately $70,000, subject to the year-end close and the independent audit; and

WHEREAS, the Board finds that adopting the Committee's recommendations as standing policy, with clear rules for custody, use, and reporting that apply consistently regardless of changes in Board membership, is in the best interests of the Corporation and the District;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Montclair Center Corporation as follows:

PART I. OPERATING RESERVE

1. Establishment. The Corporation hereby establishes an Operating Reserve (the "Reserve") as a Board-designated fund.

2. Target Amount. The Reserve target is three (3) months, or twenty-five percent (25%), of total expenditures in the Annual Budget most recently adopted by the Board. The target is recalculated each year upon adoption of the Annual Budget. By way of illustration, a 2027 Annual Budget of $1,432,000 yields a Reserve target of $358,000.

3. Custody. The Reserve shall be held in an interest-bearing account that preserves principal, such as a federally insured deposit account or a money market fund invested solely in U.S. government obligations, at a depository selected by the Board under By-Laws §8.02. The Reserve shall be kept separate from the Corporation's operating account, shall not be commingled with operating funds, and shall not be pledged as collateral. Interest earned shall remain in the Reserve.

4. Permitted Uses. The Reserve exists for emergencies. It may be used only to:

(a) cover a delay, shortfall, or interruption in special assessment revenue or other budgeted revenue;

(b) pay an unbudgeted and unavoidable expense arising from a casualty, a public safety emergency, or a legal or regulatory obligation; or

(c) meet existing payroll, contractual, and statutory obligations during a disruption of the Corporation's operations.

The Reserve shall not be used to create or fund positions, increase compensation, launch new programs, fund recurring operating expenses, or balance an Annual Budget.

5. Authorization. Any withdrawal from the Reserve, other than a bridge transfer under Section 6, requires a resolution of the Board adopted by the affirmative vote of two-thirds (2/3) of the Directors then in office. The resolution shall state the amount, the permitted use under Section 4, and the plan for replenishment. This authority is reserved to the full Board and is not delegated to the Executive Committee under By-Laws §4.06 or to any officer or employee.

6. Cash-Flow Bridge. To cover a timing gap in the Township's disbursement of special assessment revenue or in a grant reimbursement, the Chairperson and the Treasurer, acting jointly and in writing, may authorize a temporary transfer from the Reserve to the operating account of up to fourty-five (45) days budgeted expenditures. The transfer shall be repaid in full within fourty-five (45) days after the delayed funds are received, reported in writing to the Executive Committee within five (5) business days, and reported to the Board at its next meeting.

7. Replenishment. If the Reserve falls below its target, the Treasurer and the Executive Director shall present a replenishment plan with the next proposed Annual Budget, with the goal of restoring the Reserve to its target within two (2) fiscal years.

PART II. 2027 STRATEGIC INITIATIVES FUND

8. Designation. Upon the 2026 year-end close, $50,000 of the Corporation's 2026 operating surplus is designated as the 2027 Strategic Initiatives Fund (the "Initiatives Fund"), to be tracked separately in the Corporation's books.

9. Initiatives. The Initiatives Fund is allocated as follows:

Initiative	Allocation
(a) Strategic Plan update, facilitated by a qualified third party	$25,000
(b)	$_____
(c)	$_____
Total	**$50,000**

10. Use and Reallocation. The Executive Director shall administer the Initiatives Fund under By-Laws §5.07(b) and the Corporation's procurement policies. Moving funds among the initiatives listed in Section 9 requires approval by majority vote of the Board. Use for any purpose not listed in Section 9 requires the affirmative vote of two-thirds (2/3) of the Directors then in office.

11. Actual Surplus. If the actual 2026 surplus is less than $50,000, the Initiatives Fund is limited to the actual surplus and the Strategic Plan update is funded first. Any 2026 surplus above $50,000 shall be transferred to the Reserve until the Reserve reaches its target, and thereafter retained as unrestricted operating funds.

12. Unspent Balance. Any balance remaining in the Initiatives Fund on December 31, 2027 shall be transferred to the Reserve, unless the Board, by majority vote, extends a specific initiative into 2028.

13. Budget Reporting. The Initiatives Fund shall be reflected in the Corporation's 2027 Annual Budget, as amended if necessary, and reported to the Township in accordance with By-Laws §8.04.

PART III. SAFEGUARDS, REPORTING, AND AMENDMENT

14. Conflict Safeguard. Consistent with By-Laws §§3.09, 5.08, 8.06, 8.07, and 9.04 and the Corporation's Conflict of Interest Policy, no funds from the Reserve or the Initiatives Fund shall be used, directly or indirectly, to employ, compensate, or contract with (a) any current Director or Officer, (b) any person who served as a Director within the preceding twelve (12) months, or (c) any family member of, or entity owned or controlled by, any such person. Any Director with an actual or apparent conflict in a proposed use of these funds shall disclose it and recuse from discussion and vote.

15. Reporting. The Treasurer shall report the balance and activity of the Reserve and the Initiatives Fund at each regular meeting of the Board. Both shall be presented separately in the Corporation's financial statements, in the annual audit under By-Laws §8.09(a), and in the Annual Report under By-Laws §8.09(b).

16. Implementation. The Treasurer and the Executive Director are authorized to open the Reserve account and, within thirty (30) days after the 2026 year-end close, transfer the full Reserve target from the Corporation's existing unrestricted cash. Any shortfall from the target shall be addressed under Section 7.

17. Standing Policy; Amendment. This Resolution is standing policy of the Board and remains in effect until amended or rescinded. A motion to amend or rescind it may be considered only if each Director receives written notice of the exact proposed language at least ten (10) days before the meeting, and shall require the affirmative vote of two-thirds (2/3) of the Directors then in office.

18. Effective Date. This Resolution takes effect immediately upon adoption.

COMMITTEE RECOMMENDATION

Recommended to the Board of Directors by the Financial Affairs Committee, and reported in writing pursuant to By-Laws §4.03.

Matthew Horrigan, Treasurer/Chair, Financial Affairs Committee — Date: 11/18/26

SECRETARY'S CERTIFICATION

I certify that the foregoing Resolution was duly adopted by the Board of Directors of Montclair Center Corporation at a meeting held on November 18, 2026, at which a quorum was present, by the following vote:

For: 11 Against: 0 Abstain: 2 Recused: 0

Ernst Goldman, President, Montclair Center Corporation — Date: 11/18/26