



**State of New Jersey**  
OFFICE OF THE STATE TREASURER  
PO Box 002  
TRENTON, NJ 08625-0002

JON S. CORZINE  
Governor

BRADLEY I. ABELow  
State Treasurer

July 1, 2007

**Policy Statement:**

**Collateralization Requirements for State Held Deposits**

State policy for collateralizing State accounts in order to comply with New Jersey Statute 52:18-16.1 for accounts directly under the control of the State Treasurer is as follows:

If the higher, of the total monthly deposits or the average aggregate balance of all State of New Jersey accounts, is less than \$15,000,000

The amount of collateral required will be 100% coverage of the highest daily balance of the preceding month.

Collateral to be pledged will be securities and/or obligations as enumerated in paragraphs I and II.

If the higher, of the total monthly deposits or the average aggregate balance of all State of New Jersey accounts, is equal to or greater than \$15,000,000

The amount of collateral required will be 120% coverage of the average balance on deposit in the bank during each calendar quarter. (In other words, the amount of collateral for April, May, and June will be based on the average balances of January, February, and March.) Acceptable collateral will be securities or obligations as enumerated in paragraphs I through V.

Qualified Securities and/or Obligations

The State relies on each bank to select, within the framework of the general outline of acceptable collateral, securities with sufficient value to cover the average and/or highest daily balance. Collateral requirements are net of the amounts covered by the Federal Deposit Insurance Corporation or by the Federal Savings and Loan Insurance Corporation.

The following securities and/or obligations will be acceptable as collateral for securing balances of all State accounts, which are directly under the control of the State Treasurer:

I. Direct Obligations of/or guaranteed by the United States including:


U.S. Treasury Bills, Bonds, and Notes  
Federal Agricultural Mortgage Corporation  
Federal Farm Credit Banks Consolidated Systemwide Bonds  
Federal Home Loan Banks  
Federal Home Loan Mortgage Corporation  
Federal National Mortgage Association  
GNMA  
Resolution Funding Corporation  
Tennessee Valley Authority

- II. Direct Obligations off/or guaranteed by the State of New Jersey.
- III. General Obligation Bonds issued by:
  - New Jersey School Districts
  - New Jersey Counties
  - New Jersey Municipalities
- IV. Direct General Obligation Bonds and Notes issued by the following New Jersey Authorities or Universities:
  - Garden State Preservation Trust
  - Montclair State University
  - New Jersey Building Authority
  - New Jersey Sports and Exposition Authority
  - New Jersey Transit Corporation
  - New Jersey Transportation Trust Authority
  - Rutgers, The State University of New Jersey
  - University of Medicine and Dentistry of New Jersey
- V. Direct General Obligation Bonds and Notes issued by the New Jersey Educational Facilities Authority for the following Universities and Colleges:
  - The College of New Jersey
  - Kean University
  - New Jersey City University
  - New Jersey Institute of Technology
  - William Patterson University of New Jersey
  - Ramapo College of New Jersey
  - Rowan University
  - The Richard Stockton College of New Jersey

Securities and/or obligations used for collateral are to be valued at the lower of cost or market value. A certification from the custodian bank must be sent to the Department of the Treasury, Office of Management and Budget, Accounting, P.O. Box 221, Trenton, New Jersey 08625-0221, at a minimum of every three months for all collateral held.

For the accounts under the control of the State Treasurer, approval by the Treasurer or the Treasurer's designee is required prior to any release or change of any collateral pledged, except for "like kind" exchanges.

If you have any questions concerning the above, please contact Leslie Notor, Accounting Manager at 609-292-5040.

  
Bradley I. Abelow  
State Treasurer