New Jersey Schools Insurance Group
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Board of Trustees Meeting of January 18, 2023
Action Item
NJSIG Investments

NJSIG's Board of Trustees annually approves a cash management and investment plan. This plan was last approved at the October 19, 2022 meeting of the Board of Trustees. As set forth in NJSIG's cash management and investment plan, NJSIG attempts to "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 credited into the investment portfolio."

Over the last six months, the Board of Governors of the Federal Reserve System have successively increased the interest rates on reserve balances. Due to these changes, the rate for fixed-income securities available from the United States Department of the Treasury – which constitute a permissible investment under NJSIG's cash management and investment plan – have significantly increased. In light of these developments, I discussed investing additional funds in excess of the negotiated compensating balances in fixed-income securities available from the United States Department of the Treasury with the Finance Committee of the Board of Trustees.. NJSIG's negotiated compensating balance currently must be maintained at an average of $135,000,000 for each twelve month period so as to avoid incurring fees under the contracted terms.

Recommended Resolution: Authorize the Executive Director to invest all NJSIG funds in excess of the negotiated compensating balance in fixed-income securities available from the United States Department of the Treasury via Wilmington Trust in accordance with the cash management and investment plan.

Jill Deitch

Executive Director