Presentation Overview

- LGIP Portfolio
- LGIP Extended Maturity Portfolio
- Participant Resources
- Q&A
LGIP OVERVIEW
The 1980 session of the Virginia General Assembly enacted the Local Government Investment Pool Act (Sections 2.2-4600 through 2.2-4606 of the Code of Virginia) to provide Virginia localities with a professionally managed money market portfolio under the governance of the Virginia Treasury Board.
LGIP Overview

- Stable $1.00 share price
- Daily deposits and withdrawals
- Rated ‘AAAm’ by S&P Global Ratings
- Complies with the Investment of Public Funds Act (Section 2.2-4500) and the Local Government Investment Pool Act (Section 2.2-4600)
- Professional in-house investment staff
- Over $4 billion total assets
- Transparent four basis point (0.04%) management fee covers all fund expenses and is equal to $0.40 per $1,000 invested
- Portfolio objectives principal stability, liquidity and rate of return
GASB Statement 79

- Established requirements for government investment pools to hold securities at amortized cost
- Effective December 2015
- Adopted in response to regulatory changes to Rule 2a7 requiring ‘Prime’ funds to impose gates and fees and a fluctuating share price
Governance and Oversight

- Independent oversight of the LGIP rests with the Treasury Board which establishes regulations and investment guidelines.
- Treasury Board receives monthly compliance and portfolio updates.
- Treasury Board members are:
  - Manju Ganeriwala, State Treasurer, Chair
  - Craig Burns, State Tax Commissioner
  - David Von Moll, CPA, State Comptroller
  - Neil Amin, Citizen Member
  - James Carney, Citizen Member
  - Douglas Densmore, Citizen Member
  - Lou Mejia, Citizen Member
A fund rated ‘AAAm’ demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. ‘AAAm’ is the highest principal stability fund rating assigned by Standard & Poor’s.

- Rated ‘AAAm’ since June 2005
- Reports stress test to S&P on a weekly basis
- Full-time Treasury Credit Risk Analyst
LGIP Participants

- $4.3 billion total assets as of August 31, 2017
- Daily deposits and withdrawals accepted until 10:00 a.m.
- 350 unique shareholders with 798 total accounts
- Shareholders may open an unlimited number of accounts with a minimum account balance of $1
- No minimum transaction size
- All yields reported on a net of fees basis
- Real-time accessibility
  - Daily yield net of fees posted on website
  - Portfolio managers reachable anytime by phone
LGIP Participants

- Towns: 12%
- Authorities: 20%
- Miscellaneous: 12%
- Educational: 9%
- Cities: 9%
- Commissions: 6%
- Correctional: 10%
- Counties: 20%
- Community Service Boards: 3%
LGIP Yield History

5-Year Yield Comparison

- LGIP
- Treasury 3-mo Constant Maturity
- iMoneyNet Money Fund Institutional Index

Yields are net of fees
LGIP EXTENDED MATURITY OVERVIEW
LGIP EM Overview

- Launched July 19, 2017
- Longer-term investment option, with 1.0 year average maturity
- Fluctuating share price subject to market price movements
- $98 million total assets as of September 30, 2017
- Oversight by the Treasury Board
- Rated ‘AAAf/S1’ by S&P Global Ratings
- Managed by same investment professionals overseeing the LGIP Portfolio
- Portfolio objectives principal stability, liquidity and rate of return
LGIP and LGIP EM Comparison

LGIP
- Maturity: Maximum 60 days
- Rating: AAAm
- Share price: $1 (Stable)
- Withdrawals: Daily
- Minimum balance: $1
- Fee: 4 basis points (0.04%)
- Max. Security Maturity:
  - 13 months, fixed rate
  - 2-years, sovereign floating rate
- Marked-to-Market Weekly
- LGIP Operating Reserve to accrue to 0.5% of NAV

LGIP EM
- Maturity: 1.0 years +/- 3 months
- Rating: AAAf / S1
- Share price: Fluctuating
- Withdrawals: Weekly with 1 week advanced notice
- Minimum balance: $25,000
- Fee: 8 basis points (0.08%)
- Max. Security Maturity:
  - 5 years Treasury/Agency
  - 1 year, all others
- Marked-to-Market Daily
- No Reserve
LGIP and LGIP EM Comparison Cont.

**LGIP**
- Oversight: Treasury Board
- Reporting:
  - Daily yield posting
  - Weekly to S&P
  - Monthly to Treasury Board
  - Monthly Participant Statements
- Manager: Treasury Staff
- Custodian: JP Morgan
- Transfer Agent: US Bank
- Depository: Bank of America

**LGIP EM**
- Oversight: Treasury Board
- Reporting:
  - Monthly yield on statements
  - Monthly to S&P
  - Monthly to Treasury Board
  - Monthly Participant Statements
- Manager: Treasury Staff
- Custodian: JP Morgan
- Transfer Agent: US Bank
- Depository: Bank of America
S&P Rating – LGIP EM

• Rated ‘AAAf’, meaning:

  The credit quality of the fund’s portfolio exposure is extremely strong

• Rated ‘S1’, meaning:

  A fund that exhibits low volatility of returns comparable to a portfolio of
  short-duration government securities, typically maturing within one to
  three years

• These are the highest ratings offered by S&P
• Reports holdings and portfolio statistics to S&P monthly
LGIP EM Fee Structure

- Transparent annual management fee of eight basis points (0.08%) or $0.80 per $1,000 invested
- Participants will not receive an invoice for fees
- Fees calculated daily and deducted from the daily earnings accrual by the custodian
- This is the only expense incurred by LGIP EM participants and covers all investment management and administration expenses
- No fees associated with wire transfers or account closing
LGIP EM Guidelines

- Authorized Investment and Diversification Guidelines:
  - U.S. Treasury, Agency, and/or GSE securities............ 100%
  - Repurchase Agreements........................................ 50%
  - Negotiable CDs, Banker’s Acceptances, and/or Negotiable Bank Deposit Notes............................... 45%
  - Commercial Paper...................................................... 35%
  - Corporate Notes........................................................ 25%
  - Municipal Obligations............................................... 25%
  - Obligations of AAA-rated Sovereigns.......................... 10%
  - IBRD (World Bank)..................................................... 5%
  - Virginia Treasury LGIP Portfolio.............................. 15%
LGIP EM Guidelines

• Maturity Limits:
  – U.S. Treasury securities............................................. 5 years
  – Agency, GSE securities............................................ 5 years
  – All other securities................................................ 1 year

• Shared Approved Issuers List with the same diversification and maturity limits for non-sovereign issuers as the LGIP
LGIP EM Snapshot

- Portfolio Statistics as of September 30, 2017:
  - Weighted Average Maturity: 336.9 days
  - Effective Duration: 0.90 years
  - NAV Yield to Maturity: 1.29%
  - Share Price: $10.00
  - Since Inception Total Return: 0.18%
LGIP EM Snapshot

- Portfolio Composition as of September 30, 2017

- Agencies 43.3%
- Cash 9.9%
- AAA Sovereigns 6.4%
- CDs 19.3%
- Treasuries 0.0%
- CP 19.3%
LGIP EM Share Price

- Low Share Price Volatility
LGIP EM Benchmark

- Benchmark is the Bank of America Merrill Lynch 1-Year US Treasury Bill Index plus a spread of 15 basis points
- Each month the index rebalances into the outstanding US Treasury Bill which matures closest to, but not beyond, 1 year
- The index is comprised of a single security, currently CUSIP 912796NV7
- Additional information available free of charge at [http://www.mlindex.ml.com](http://www.mlindex.ml.com)
LGIP EM Benchmark

Benchmark Monthly Total Returns
LGIP EM Benchmark

Benchmark Cumulative Total Return

- BoA 1-Year Tbill Index
- Index Plus 15 bps
- LGIP
Participant Resources

- Treasury staff is available to answer any questions
  
  Phone: (800) 643-7800 toll free in Virginia
  
  (804) 786-1156
  (804) 225-3166
  
  Fax: (804) 225-3478

Timothy J. Wilhide, Director Cash Management and Investments
Neil E. Boege, Chief Investment Officer
John F. Ockerman, CFA, Credit Analyst
Judy P. Milliron, Senior Investment Analyst
Stacey J. Piercy, LGIP Client Service Analyst
Participant Resources

- LGIP Fund Management System (FMS)
- Online Access (Fanweb)
- Application Process
- Additional information including the Investment Circular, LGIP Application, S&P ‘AAAm’ rating for LGIP, S&P ‘AAAf / S1’ rating for LGIP EM, portfolio, financial statement, and newsletter available online:

FMS is an online portal where authorized callers can enter transactions (Buys, Sells, Interfund transfers)

Available 24/7 as an alternative to calling Treasury staff

All authorized callers will be set-up for FMS access

Authorized callers must logon to FMS every 60 days to remain an active user

Contact Treasury Staff if you need assistance with FMS
Online Access (Fanweb)
Online Access (Fanweb)

- Fanweb online access is provided by US Bank the Transfer Agent
- Fanweb is online access which provides participant account balances, monthly income, transaction history, and statements and is available 24/7
- Participants can request access to Fanweb by contacting Treasury staff
- Contact a Commonwealth of Virginia representative at US Bank (866) 811-3236 if you need assistance with Fanweb
A single application form is now available for both LGIP and LGIP EM portfolios online


All new participants in the LGIP EM will need to complete a new application even if they have an existing LGIP account.

Applications may be faxed but the signed original with complete wire transfer instructions must be received before a redemption request will be honored.

All bank accounts must be registered in the name of the public entity and third party transactions are not permitted.

The primary authorized public official is responsible for notifying Treasury staff of any change in status of any authorized individual and/or banking information.
Q&A