

---

# Department of the Treasury



Presentation to:  
Treasurers' Association of Virginia

---

**Manju S. Ganeriwala**  
State Treasurer  
Commonwealth of Virginia

**October 17 to 19, 2017**

# 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*

- 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

- 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

- 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*

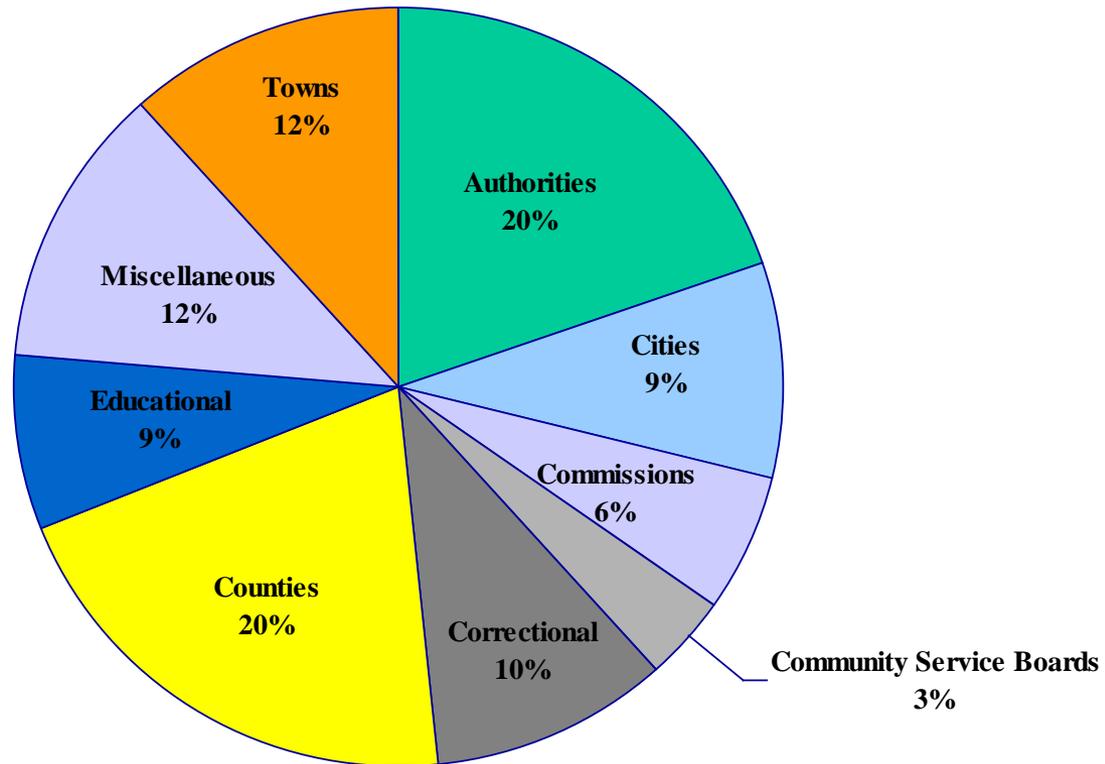
- Rated ‘AAAm’ since June 2005
- Reports stress test to S&P on a weekly basis
- Full-time Treasury Credit Risk Analyst

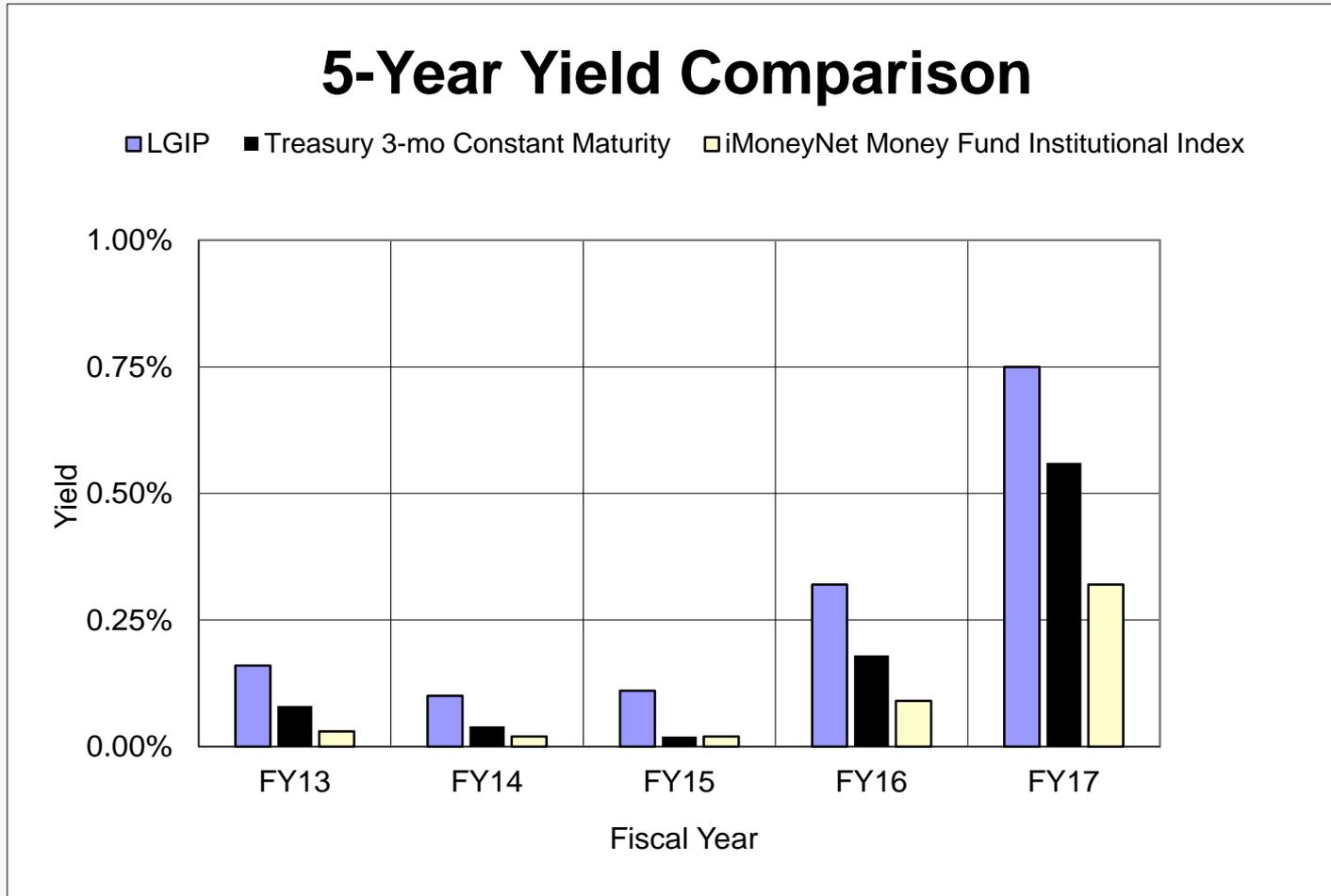
# LGIP Participants



- \$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





Yields are net of fees

# **LGIP EXTENDED MATURITY 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: AA Af / 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

- 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



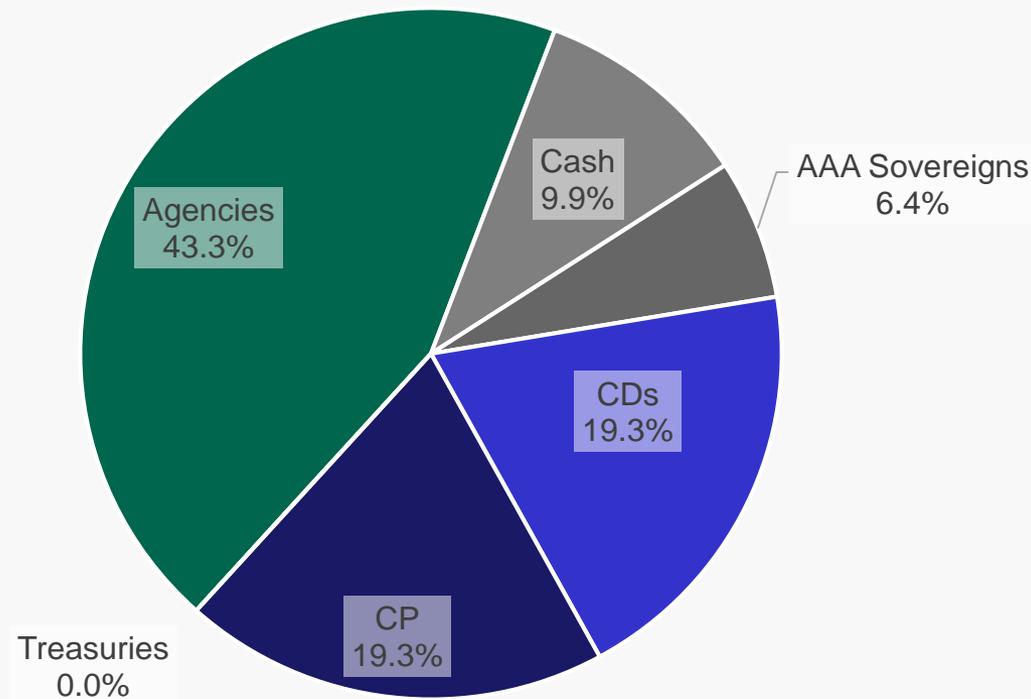
- Transparent annual management fee of eight basis points (0.08%) or \$0.80 per \$1,000 invested
- Participants will not receive an invoice for fees
- Fees calculated daily and deducted from the daily earnings accrual by the custodian
- This is the only expense incurred by LGIP EM participants and covers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

- 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..... 10%
  - Obligations of AAA-rated Sovereigns..... 10%
  - IBRD (World Bank)..... 5%
  - Virginia Treasury LGIP Portfolio..... 15%

- 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

- 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%

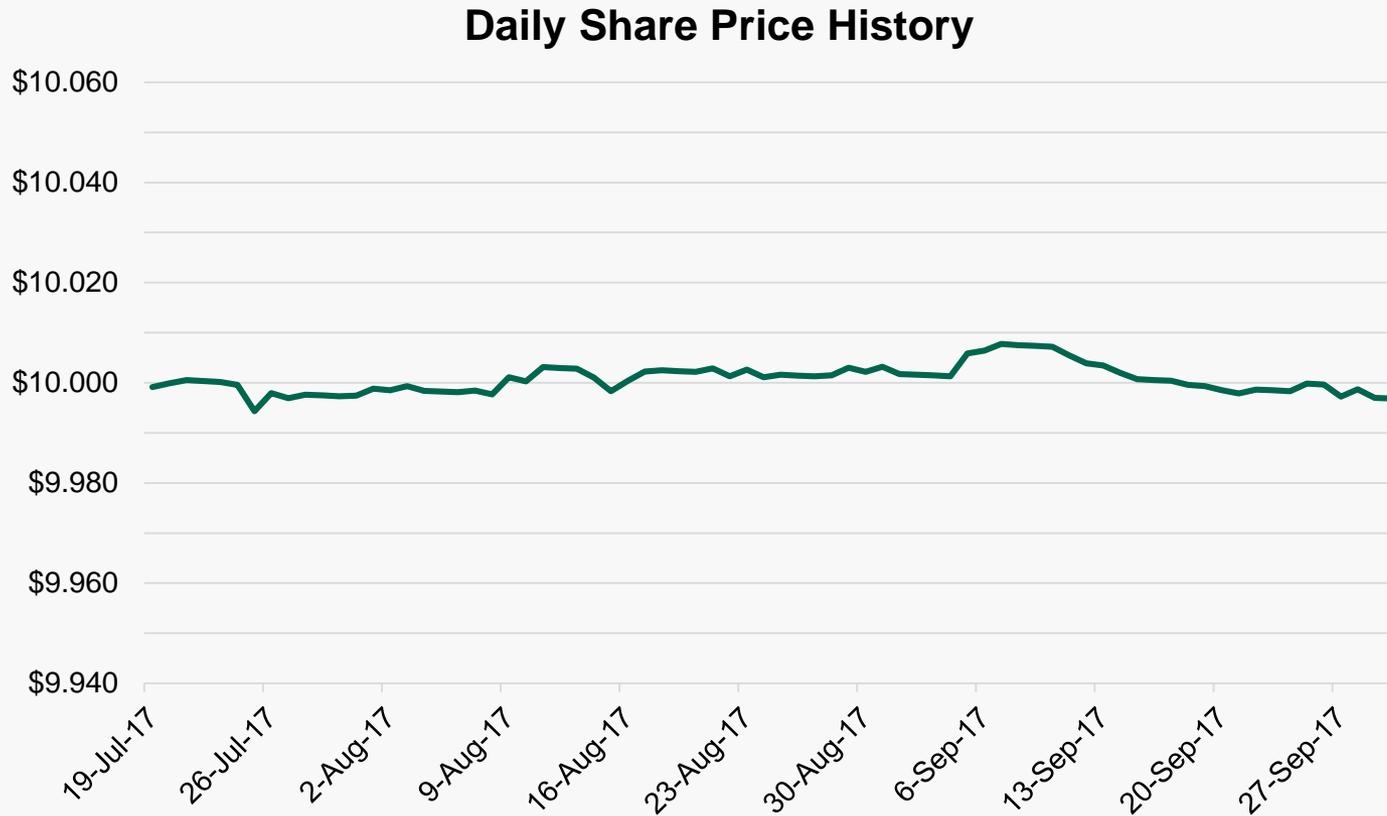
- Portfolio Composition as of September 30, 2017



# LGIP EM Share Price



- Low Share Price Volatility



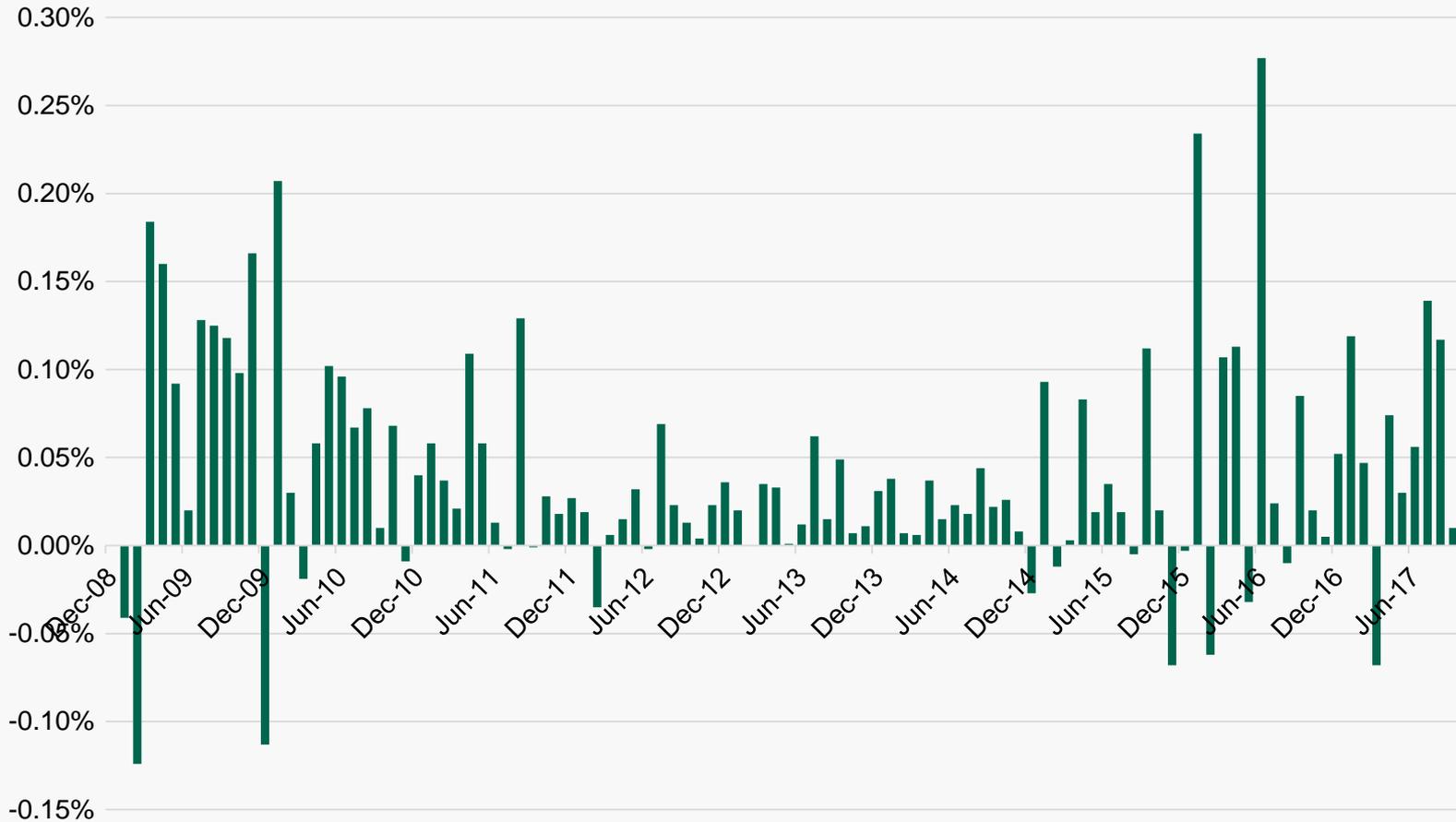
- Benchmark is the Bank of America Merrill Lynch 1-Year US Treasury Bill Index plus a spread of 15 basis points
- Each month the index rebalances into the outstanding US Treasury Bill which matures closest to, but not beyond, 1 year
- The index is comprised of a single security, currently CUSIP 912796NV7
- Additional information available free of charge at

<http://www.mlindex.ml.com>

# LGIP EM Benchmark



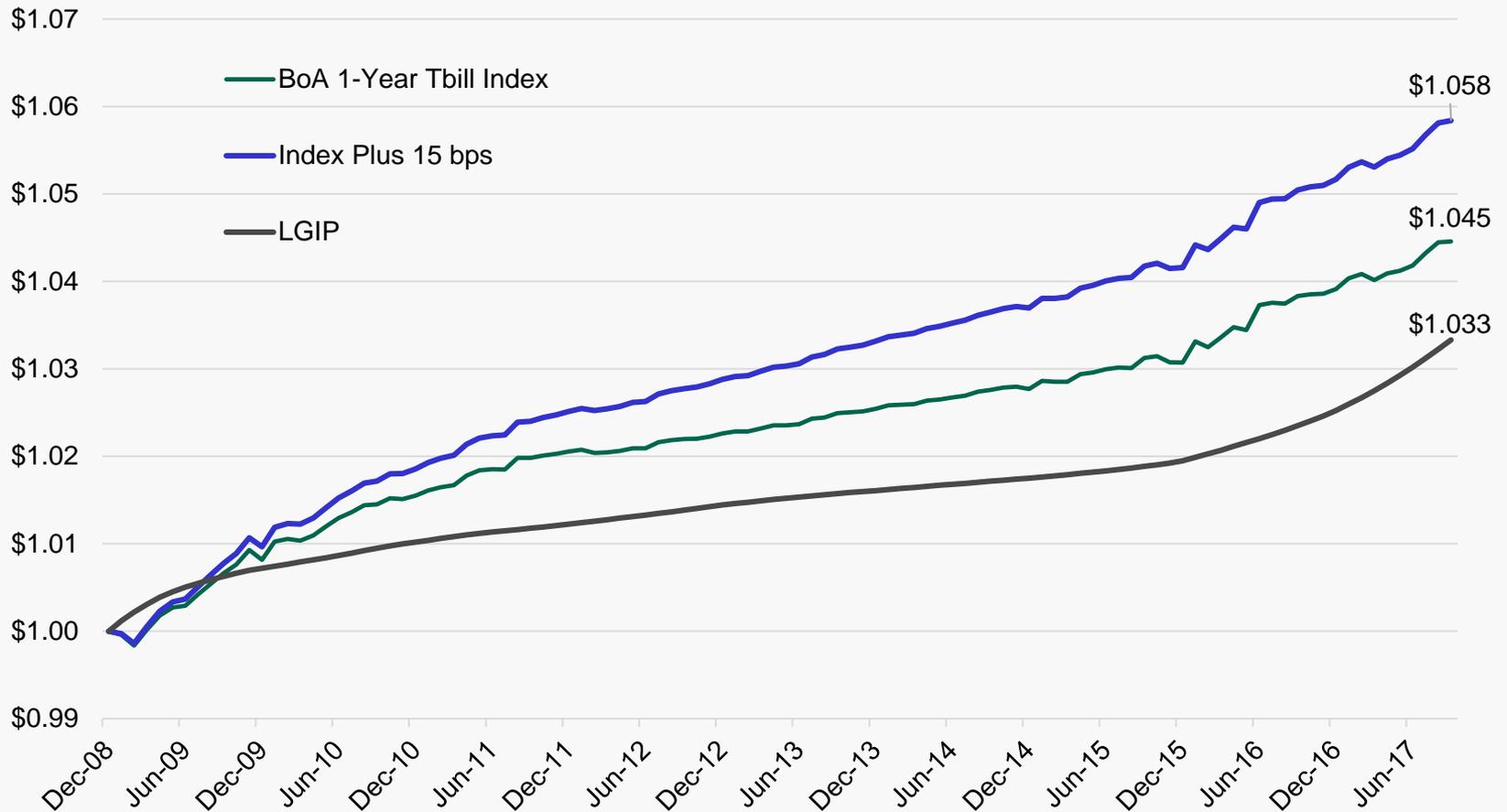
## Benchmark Monthly Total Returns



# LGIP EM Benchmark



## Benchmark Cumulative Total Return



# PARTICIPANT RESOURCES

# 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:

<https://www.trs.virginia.gov/cash/lgip.aspx>

# LGIP Fund Management System (FMS)





## Fund Management System



**User Name**  [Forgot Username?](#)

**Password**  [Forgot Password?](#)

© 2017 Virginia Department of the Treasury. All rights reserved.  
 This website is the property of the Commonwealth of Virginia and is intended for authorized users only. By accessing and using this website you are consenting to monitoring of all actions taken within the system for law enforcement and other purposes. Unauthorized use of this website may subject you to State or Federal criminal prosecution and civil penalties.



### Fund Management System

Welcome

[Update Account Info](#) | 
 [Change Password](#) | 
 [Logout](#)

**My Portfolio: Local Government Investment Pool**

Manage Unit
Transactions
Help

#### Pending Transactions

**Search**

Transaction Type: 
 Transaction Status: 
 Fund #:

Requested Date: 
 Settlement Date:

Trxn Type	Fund Name	Authorized User	TreasuryUs	FundNumber	Amount	Req Date	Sett Date	Status	Action
Page 1 of 0      20      No records to view									

Total Amount:

© 2017 Virginia Department of the Treasury. All rights reserved.

# LGIP Fund Management System (FMS)



- 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)



## LGIP Online Access Page:

Disclaimer  
Help

### LGIP Online Access

Please enter your User ID and Password and then select Continue to access your account.

User ID:

Password:

Forgot your User ID or Password? If you are resetting your password, please enter your User ID above and select Password.

[Change Password](#)

[Click here to change your password.](#)

[Change User ID](#)

[Click here to change your User ID.](#)

[Re-establish Password](#)

If you had your password reset by a representative, click here to [establish a new password](#).

866-811-3236

## Establish Password:

Disclaimer  
Help

### Establish Password

User ID:  Enter your provided User ID

PIN:  Enter your given PIN

Please select the fund in which you have an account:

Click on the Fund Name. It will not let you continue without doing so.

Account Number:  Please use only the last 10 digits of your account number. If your account number starts with zeros, you may omit them. Use all of the digits if your account number is less than 10 digits.

New Password:  Create new password

Your Password can be a combination of letters, numbers, and special characters but **must contain at least one letter and one number**. Your Password must be at least 7 characters and a maximum of 20 characters in length.

Verify New Password:  Verify password

Reset Password Question:

Reset Password Answer:

For assistance with passwords, log-in errors, mutual fund account inquiries, including balance information, purchase/redemption/exchange requests, and account maintenance issues, contact a shareholder services representative at 866-811-3236.

866-811-3236

# 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

# Application Process



- A single application form is now available for both LGIP and LGIP EM portfolios online

<https://www.trs.virginia.gov/documents/cash/LGIPApplication.pdf>

- 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