State of South Carolina Treasurer's Office

Curtis M. Loftis, Jr.

South Carolina State Treasurer

Opportunities with the Local Government Investment Pool

State of South Carolina Treasurer's Office Staff

Shakun Tahiliani

- Senior Assistant State Treasurer (803)734-2641
  shakun.tahiliani@sto.sc.gov

Mike McDermott

- Assistant State Treasurer (803)734-2106
  mike.mcdermott@sto.sc.gov

Tammy Meetze

- Fiscal Analyst (803)734-2661
  tammy.meetze@sto.sc.gov

Vernon Jones

- Fiscal Analyst (803)734-2643
  vernon.jones@sto.sc.gov

Doris Hoffman

- Supervisor (803)734-2670
  doris.hoffman@sto.sc.gov

Investment Division Mission Statement

Provide professional portfolio management and investment services to the State, her agencies and any political entity in the State through efficient, effective utilization of resources.

Local Government Investment Pool

- LGIP is an investment mechanism authorized by the Legislature and signed into law on May 13, 1983, to provide local governments an opportunity to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions.

Local Government Investment Pool

- The State Treasurer may sell to all political subdivisions of the State participation units in the Pool, which shall be legal investments for the subdivisions in addition to the investments and deposits authorized in Section 6-6-10, Section 12-45-220 and Section 11-1-60 of the 1976 Code of Laws of South Carolina.

Local Government Investment Pool

- The program has experienced a growth in the number of participants since its inception. As of June 30, 2010 the Pool's balance was approximately $2.45 billion with a total of 565 accounts.

Local Government Investment Pool

- The Pool currently offers two investment options:
  - The most commonly used pool participation provides a daily yield based on net earnings for that day and is credited at month end.
  - The second option can be exercised if an entity has a large sum of money available for a set period of time and would like a commitment on a predetermined fixed rate.

Eligible Participants in LGIP

- Counties
- Municipalities
- School Districts
- Special Purpose Districts
- Other Political Subdivisions

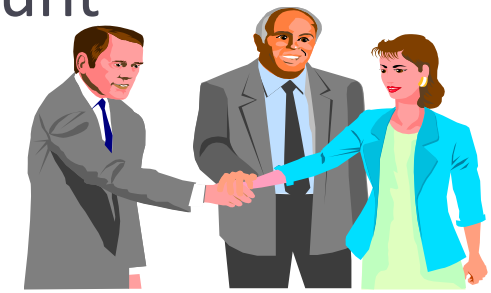
LGIP Features

- Created in 1983 by General Assembly
- Participation units valued at $1.00
- Interest earnings accrued daily and distributed at the end of the month
- Statements mailed monthly by the 7th business day
- Minimal administrative fee (built into the daily rate)

Opening an Account

- Requires Authorizing Resolution by governing body (Resolution of Consent)
- Application Form can be found be found on our website at:

  http://www.treasurer.sc.gov/divisions/invest/
- Eight (8) accounts permitted per entity
- Minimum balance of $1,000 per account



Deposits

- Transactions under $25,000 by check
- Transactions over $25,000 by wire
- Fax Fund Deposit/Withdrawal Request Form (non IPAS participants)
- On-line Deposit/Withdrawal Request (IPAS participants)
- Notify STO by telephone of incoming wires
- Wired funds must be confirmed with a Fed Reference Number or Bank Confirmation by noon to be credited the same day

Withdrawals

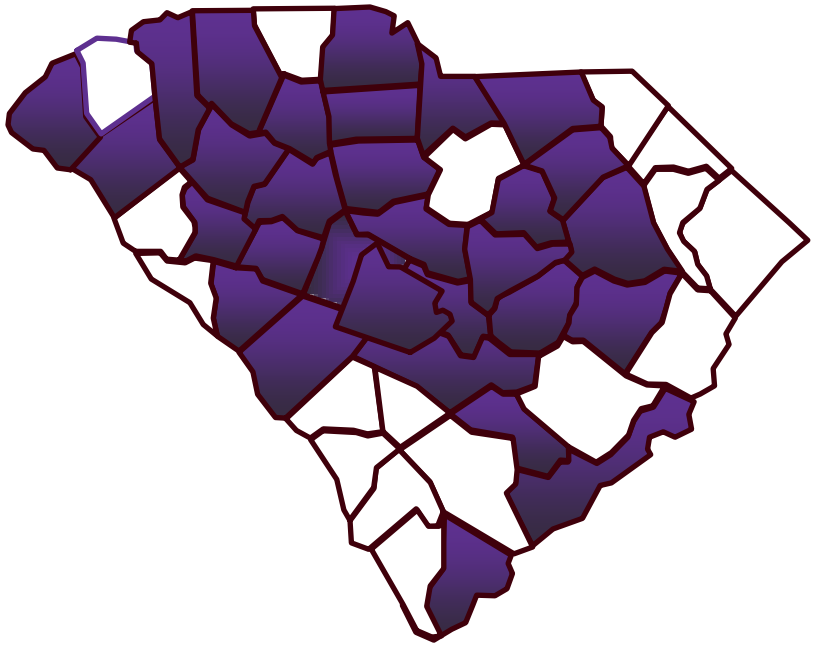
- Requires a minimum of 24 hours notice
- Transactions under $25,000 by check
- Transactions over $25,000 by wire
- Fax Fund Deposit/Withdrawal Request (non IPAS participants)
- On-line Deposit/Withdrawal Request Form (IPAS participants)
- Confirm receipt of withdrawal request by phone after it has been faxed

Rate Options

- Daily Rate
  - Rate varies and accrues daily with interest credited at the end of the month
- Fixed Rate
  - Rate is fixed for a specified term at the option of the local government

Participating Counties

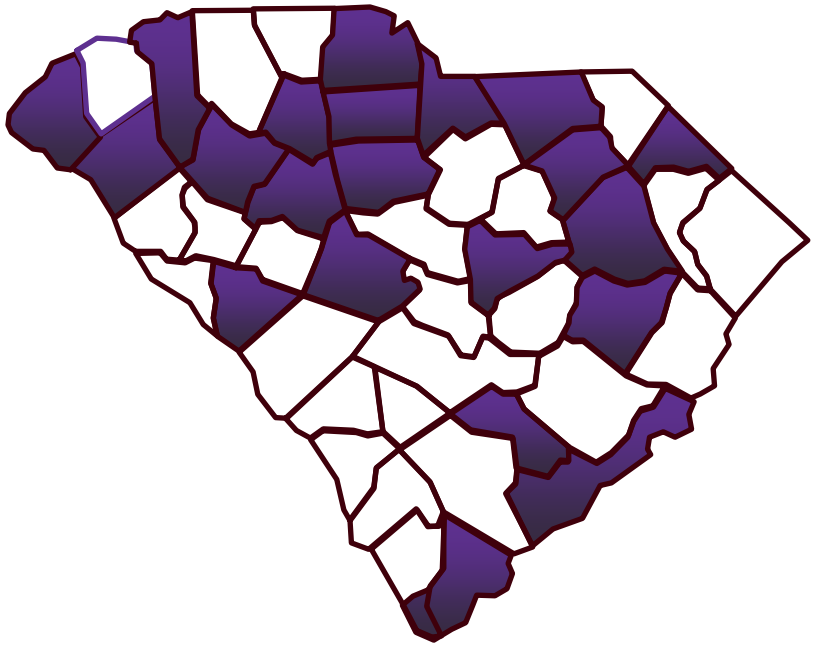
- Aiken
- Anderson
- Beaufort
- Calhoun
- Charleston
- Chester
- Chesterfield
- Clarendon
- Darlington
- Dorchester
- Edgefield
- Fairfield
- Florence
- Greenville
- Greenwood
- Lancaster
- Laurens
- Lee
- Lexington
- Newberry
- Oconee
- Orangeburg
- Richland
- Saluda
- Spartanburg
- Sumter
- Union
- Williamsburg
- York



State of South Carolina Treasurer's Office

School Districts (Participating in Education Check Deposits)

- Anderson
- Beaufort
- Charleston
- Chester
- Chesterfield
- Darlington
- Dillon
- Dorchester
- Edgefield
- Fairfield
- Florence
- Greenville
- Lancaster
- Laurens
- Lexington
- Newberry
- Oconee
- Sumter
- Union
- Williamsburg
- York



LGIP Education Accounts

- Beaufort County Treasurer
- Charleston County Treasurer
- Chester County Treasurer
- Chesterfield County Treasurer
- Darlington County Treasurer
- Dillon Districts 1, 2, 3
- Dorchester County Treasurer
- Edgefield County Treasurer
- Fairfield County Treasurer
- Florence County Treasurer (School Districts 1, 2, 3, 4, and 5)
- Greenville County Treasurer
- Lancaster County Treasurer
- Laurens County Treasurer (School Districts 3055 and 3056)
- Lexington County Treasurer (School Districts 1, 2, 3, 4, and 5)
- Newberry County Treasurer
- Oconee County Treasurer
- Sumter County Treasurer (School Districts 2 and 17)
- Union County Treasurer
- Williamsburg County Treasurer
- York County Treasurer (York S/D 1, Rock Hill S/D 3, and Fort Mill S/D 4)

"S.L.Y."

- Safety
- Liquidity
- Yield

Safety

- Define Risks
  - Credit Risk - probability of default. Invest principally in higher rated credits; Treasuries & Agencies
  - Interest Rate Risk – anticipated changes in the level of interest rates.

- Tend to take more interest rate risk by extending in maturity. Ultimately, we'll be paid back.

Authorized Investments (Section 11-9-660)

- Obligations of US Government (Treasuries)
- Obligations of US Government Agencies
- Repurchase Agreements Fully Collateralized by Treasuries or Agencies
- Corporate Securities
- Commercial Paper

Liquidity

- Foundation of our approach to managing the LGIP is "Cash flow analysis"
- Determine your net flows over the time horizon of the fund
- Structure your fund to meet the obligations of your cash flow (i.e. 35% of your fund turns over in one month; 35% or greater of your fund should mature in that time period).

Yield

- Tertiary consideration behind safety and liquidity, but if we've done our homework on safety and liquidity, we'll be compensated with a higher yielding portfolio.

Value Added

- Actively but conservatively manage our credit exposure to ensure the portfolio is of the highest quality
- Actively manage yield curve exposure to take advantage of "roll-down" opportunities
- Actively execute extension swaps to monetize any price appreciation gained through lower yields

General Information

- Our web site contains general LGIP information, including participation guidelines and printable forms, which can be found at:

  http://www.treasurer.sc.gov/divisions/invest/

- IPAS (Internet Participant Access System) users have the ability to initiate transactions on-line, as well as on-line reporting capabilities. IPAS participation is encouraged for efficiency purposes.
- Funds transfer via ACH requiring withdrawal requests by 12:00 pm the prior day

Questions or Feedback?

Please don't hesitate to contact Shakun Tahiliani at (803) 734-2641, or Mike McDermott at (803) 734-2106