Local Government Investment Pool (LGIP) and Intermediate Term Fund (ITIF)

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Past presentation slide to the State Funding Board (updated with current data)

Local Government Investment Pool (as of 7/29/2022)

$29.7 billion: $23.9B SPIF and $5.7B LGIP

Over 1300 Accounts
Investing cash

**Normal Yield Curve**

- Cash management's Policy
  - US Government Securities
  - A1/P1 Corporate Commercial Paper
  - Other short-term securities
  - Weighted average maturity cannot exceed 60 days

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**LGIP Characteristics**

- The LGIP operates under the policy requirements of safety and liquidity (7/29/2022).
  - Stress Testing – the Principal Stability Fund Rating Sensitivity Matrix developed by S&P
  - Commercial Paper Analysis
    - Daily Liquidity: 32.6%
    - WAM 43 days

- The SPIF and LGIP have the same investment attributes.
- The SPIF/LGIP operates under the stable-dollar fund ($1).
- Current Earnings Rate (Gross of fee): 2.02% as of Aug 22.

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**LGIP Takeaway**

**FOCUS ON SAFETY**

**Normal Yield Curve**

**LIQUIDITY**
Intermediate Term Investment Fund (ITIF)

- Cash management's Policy
- US Government Securities
- A1/P1 Corporate Commercial Paper
- Other short-term securities
- Maturity cannot exceed 5 years at the time of acquisition

ITIF Notes
- The ITIF is ideal for funds that will not need cash for 2-3 years.
- Long term investments are sensitive to interest rate changes.
- Investment criteria are as same as the SPIF/LGIP except the maturity is longer.
- Managed internally just like the LGIP; administrative fee is 0.05%.
- Est Current yield as of August 22, 2022: 2.95%
ITIF Takeaway

Historically, Interest Rate Risk

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- LGIP:  https://treasury.tn.gov/Investments/Investment-Management/Local-Government-Investment-Pool

- This site contains the participant manual, historical rates, and historical portfolio listings