



# SOUTH CAROLINA

## LOCAL GOVERNMENT INVESTMENT POOL

Curtis M. Loftis, Jr., Treasurer

Administered by South Carolina State Treasurer's Office

### TREASURER'S MESSAGE



**Curtis M. Loftis, Jr.**  
Treasurer

The South Carolina Local Government Investment Pool (LGIP) is an important investment tool for counties, municipalities, school boards and other local government entities across our state. LGIP was responsible for investing over \$7.3 billion in local public funds as of June 2019, and despite dropping from its March high, LGIP continues to offer a highly competitive rate relative to comparable investment alternatives.

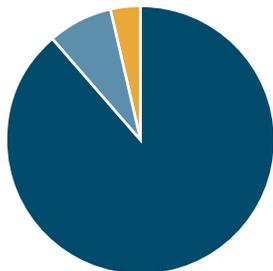
LGIP enables local government bodies to collectively invest in a single large pool of funds, allowing local political subdivisions to concentrate on what they do best – serving the people in their local communities – rather than worrying about financial markets, risk and diversification.

Among the benefits of LGIP: A participant can get its money out whenever it needs it, and it can put its money in whenever it wants. In addition, money can be left in the pool for days, months or even years, whichever course best fits your strategy.

Selecting investments that are suitable for local governments shouldn't be a guessing game. LGIP possesses a hard-working, disciplined team of professionals and offers local governments enhanced opportunities to safely earn the highest yields on investments.

### LGIP AT A GLANCE

#### PORTFOLIO COMPOSITION (%) AS OF 6/30/19



- Commercial paper **88.8**
- Government **7.8**
- Overnight Repo **3.4**

#### JUNE 30, 2019

- Mkt Value: \$7,390,693,828
- LGIP Rate: 2.30%

#### LGIP PARTICIPANT BREAKDOWN

- 34 Counties
- 88 Municipalities
- 65 School Districts
- 55 Special Purpose Districts
- 10 Special Needs Boards
- 8 Councils of Government

### QUARTERLY HIGHLIGHTS

- LGIP is an investment mechanism administered by South Carolina's State Treasurer to provide local governments an opportunity to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions.
- LGIP seeks to preserve capital through prudent management and sound investment policies.
- LGIP offers participants an investment option for operating capital consistent with their investment time horizons.

### PORTFOLIO OVERVIEW AS OF JUNE 30, 2019

- LGIP's Weighted Average Maturity: 37.6 Days
- Weighted Average Life: 39.0 Days
- Credit Rating is A+  
iPAS allows participants to stay up to date on account information, including transactions.  
**Visit the iPAS website here:**  
<https://lgip.sc.gov/iPAS/login.ipas>  
**Visit the LGIP website here:**  
<https://www.treasurer.sc.gov/what-we-do/for-governments/local-government-investment-pool>

### LGIP MONTHLY RATE



## MEET OUR TEAM

**Courtney Hogue** joined the State Treasurer's Office in March 2018 as an Accounting Manager. She serves as the administrator of the Local Government Investment Pool (LGIP), and her duties include enrolling new members, managing the transaction process for participants and overseeing the secure iPAS online portal.

Hogue previously worked for the University of South Carolina for seven years, starting as an Accounts Receivable Manager where she managed the processing, billing and collections of approximately \$6 million in annual revenue. She went on to become a Business Manager for the Distributed Learning Support Services department. Hogue managed all the financial systems for the department, including accounting and compliance functions as well as all budgeting activities.

She also served as an Accounts Receivable Supervisor for the State's Division of State Information Technology for four years.

Hogue graduated from the University of South Carolina with a bachelor's degree in business administration, finance major, in 2005.

### STAFF INFORMATION

**MELISSA SIMMONS**  
DIRECTOR OF BANKING &  
INVESTMENTS

**COURTNEY HOGUE**  
LGIP ACCOUNTING MANAGER

**MICHELLE BLANCHFIELD**  
CASH DESK ACCOUNTING  
MANAGER

**MELONA LACOMBA**  
ACCOUNTING MANAGER

For more information about the Local Government Investment Pool, please contact **Courtney Hogue** at 803.734.2110  
[courtney.hogue@sto.sc.gov](mailto:courtney.hogue@sto.sc.gov) or  
[sto.lgip@sto.sc.gov](mailto:sto.lgip@sto.sc.gov)

### COMMENTARY

In the second quarter of 2019, a dovish shift by the Federal Reserve, a breakdown in U.S.-China trade negotiations, an inversion of the Treasury yield curve, signs of U.S. economic slowdown and other issues put downward pressure on yields in the liquidity space. However, the volatility and anxiety stemming from these developments were some of the reasons flows to money market funds increased in the period.

The Federal Open Market Committee (FOMC) meeting in March, which essentially took a 2019 rate hike off the table, led to months of market speculation that the Fed would actually start easing in the second half of the year. In the June FOMC meeting, policymakers held the target range for the fed funds rate steady at 2.25-2.50%, but did forecast cuts on the horizon. The language of the statement from this meeting dropped the word "patient," indicating they would now be more sensitive to data that would corroborate the new thesis that a greater downshift in the economy was coming.

The talks over a trade agreement between the U.S. and China broke down in May. President Trump increased tariffs from 10% to 25% on \$200 billion of Chinese goods, saying China attempted to change in an unfavorable manner the terms of the nearly completed deal. The breakdown roiled markets, ending a 4-month stock rally that worsened further toward the end of the month when the Trump administration threatened new tariffs on Mexico if it didn't take tougher steps to stem the tide of those seeking asylum in the U.S.

Lastly, the U.S. Treasury and the London interbank offered rate (Libor) yield curves inverted in the reporting period. Often indicative of a coming recession, there was no consensus on this in part because the inversion occurred on the shorter end of the curve and because data on the health of the U.S. economy was mixed. Growth appeared to ease over the quarter as job growth slowed, household spending moderated, manufacturing activity decelerated, business investment softened and inflation remained stubbornly low.

One-, 3- and 6-month Libor ended the quarter at 2.40%, 2.32% and 2.20%, respectively, and the 1-, 3- and 6-month Treasury yields ended at 2.25%, 2.13%, and 2.11%, respectively.

*Portfolio composition is subject to change.*

*An investment in LGIP is not insured or guaranteed by any government or government agency.*

*LGIP's A+ rating by Standard & Poor's was obtained after Standard & Poor's evaluated a number of factors, including credit quality, market price exposure and management. Ratings are subject to change, and do not remove market risk.*

*For more complete information, see the investment policy and information statement available at [treasurer.sc.gov](http://treasurer.sc.gov).*