The South Carolina Local Government Investment Pool Participant Procedures Manual

The following is a step by step guide for Local Government Investment Pool (LGIP) participants. In establishing LGIP and its accounting record keeping system, the primary objective has been to make the continued use of the LGIP by all participants as easy as possible while exercising proper accounting controls and procedures.

Section I. Opening an Account

To become a participant in LGIP, an entity must first obtain consent from its governing authority as stated in S.C. Code Section 6-6-30. The governing authority will be the County Council, City Council, School Board or similar body. A resolution passed by this body must authorize that participant's treasurer or designated financial officer to transact investment activities with the South Carolina Local Government Investment Pool through the State Treasurer's Office.

A properly executed and certified Resolution of Consent (Exhibit A) should be submitted along with an Application Form (Exhibit B). This application provides the information required to set up an account in LGIP and identifies the personnel authorized to transact business with LGIP on behalf of the participating governmental entity.

After the State Treasurer's Office has received these two forms, the Accounting Manager from the State Treasurer's Office will call the participant to provide an account number and account title established pursuant to the participant's request. If a participant needs additional accounts, the Accounting Manager will assist in setting up these accounts. A minimum balance of $1,000 is required for each participant account within LGIP.

Should any information requested on the original Application Form change, the State Treasurer's Office Accounting Manager should be notified immediately. Failure to give prompt notification of changes may result in unnecessary delays in the deposit, or withdrawal of funds. Any delay can result in lost earnings for the participant.

Section II. IPAS (Internet Participant Access System)

IPAS is an online program that allows you to access your local government investment accounts via a secure website. This program enables authorized users to process transactions, view account information and print statements via a web browser. Please complete the IPAS consent form (Exhibit D) in order for us to establish user ID and passwords for authorized users. **If you are registered for IPAS, you no longer need to submit the Funds Transaction Form (Exhibit C)**. If you have any questions regarding IPAS, please contact the Accounting Manager at (803) 734-2661.

Section III. Deposits

All checks should be remitted to the State Treasurer's Office made payable to the "South Carolina Local Government Investment Pool." Checks received in the morning hours will be deposited daily by 2:00 P.M. to begin accruing interest from the time they are credited to the participant's account.

This shall be accomplished by directing the local bank to wire the specified amount of money to the account of South Carolina Local Government Investment Pool, Account Number 0707841523, Bank of America, ABA Number 026009593. A completed Funds Deposit/Withdrawal Request Form (Exhibit C) must be submitted to the State Treasurer's Office for each deposit by wire. It may be faxed to the Accounting Manager at (803) 734-2234 or (803) 734-2697. Immediately after directing the local bank to wire the funds, the participant's cash manager should call the State Treasurer's Office to advise the Accounting Manager for LGIP of the anticipated deposit and the LGIP

account to which it should be credited. Failure to give the State Treasurer's Office advance notice of deposits may result in the loss of interest. **All wires must be received by Noon in order to be credited on that day to the participant's account.** Funds will begin accruing interest from the time credited to the participant's account.

General

Effective January 19, 2016; we will no longer be issuing checks for withdrawal requests under $25,000. All participant withdrawals, regardless of the amount, will be handled by wire transactions. Each participant should determine the proper timing arrangements with its local bank to insure the orderly flow of transactions.

A completed Funds Deposit/Withdrawal Request Form (Exhibit C) for each transaction must be submitted to the State Treasurer's Office on or before the date of the transaction. Completed forms may be faxed to the Accounting Manager at (803) 734-2234 or (803) 734-2697. Should a deposit be made by check, simply enclose this form with the check. This document serves not only as an authorization for requested transactions, but also provides a necessary audit trail.

Written confirmations of deposits and withdrawals are mailed separately on a monthly basis for **ALL** transactions. Participants should notify the State Treasurer's Office if no confirmation is received for any transaction, deposit or withdrawal, within a reasonable time; or, if a confirmation is received for an unauthorized transaction.

Section IV. Withdrawals

The State Treasurer's Office requires a minimum 24 hour notice prior to withdrawals. Interest earned will be credited to each account on the last day of the month, unless the participant is requesting that the account be closed. Withdrawals from closed accounts include all interest earned through the day of withdrawal.

The participant must contact the State Treasurer's Office with the total amount of money to be withdrawn, date of withdrawal, and wire instructions including the bank name, bank routing number, and account number for proper transfer of funds.

A completed Funds Deposit/Withdrawal Request Form (Exhibit C) for each transaction must be submitted to the State Treasurer's Office before any withdrawal can be executed. It may be faxed to the Accounting Manager at (803) 734-2234. Withdrawals to third parties such as paying agents or securities dealers are generally discouraged.

Section V. Closing an Account

A participant must provide written notification to the State Treasurer's Office in order to withdraw all funds and close an account. This notification must include instructions for a wire, depending on the transaction amount, for the balance in the account plus interest through the day of withdrawal and must be signed by a duly authorized official. A courtesy call is given to the participant when the account is closed to let them know the total amount of the final withdrawal. The final statement will be mailed at the time of closure (no further statements will be mailed for closed accounts).

Section VI. Investments and Interest Earnings

The State Treasurer sells participation units in LGIP to political subdivisions of the State. Funds deposited into LGIP by legally qualified entities are used to purchase investment securities as follows:

A. U.S. Government Securities (direct obligations)

B. Federal Agency Securities
C. Repurchase Agreements secured by U.S. Government Securities and/or Federal Agency Securities
D. A1/P1 Commercial Paper (Moody's/S&P highest rating)

These securities are delivered to a third party financial institution for safekeeping in the name of the South Carolina State Treasurer for the purpose of having LGIP classified risk category "A" of GASB #3. Funds belonging to any entity that are on deposit with LGIP represent participation units in a portfolio comprised of the above referenced securities.

It is the policy of the State Treasurer's Office that no derivatives of U.S. Government Securities (A) or Federal Agency Securities (B) or A1/P1 Commercial Paper (D) are purchased by or for the S.C. Local Government Investment Pool.

It is the policy of the State Treasurer's Office that the weighted average maturity (WAM) of the LGIP portfolio not exceed 60 days.

A daily interest rate for entity accounts is determined based on the average yield of securities in the LGIP portfolio on a given day net the administrative charge.

Interest earnings are computed daily and credited to the participant's account on the last day of each month.

For information only, an average of the daily interest rates for the month is provided on the LGIP Monthly Activity Statement.

Section VII. Administrative Fees

The State Treasurer's Office charges a minimal administrative fee to cover basic expenses incurred in the operation and management of LGIP, and provide for LGIP reserves. This fee currently is 1/20 of 1% and is reviewed quarterly and adjusted so as to maintain an adequate reserve balance. The fee is calculated prior to allocating interest to participants' accounts.

Section VIII. Monthly Statements

By the 7th working day of the month, the State Treasurer's Office will mail a monthly statement on each account to each participant showing all account transactions, year to date summary, and credited earnings for the prior month. The statement will also provide an average net earnings rate for the month. To maintain the accuracy of these records, it is important that each participant reconcile the monthly statement with its records and its local bank accounts. Any difference should be immediately reported to the State Treasurer's Office by contacting the LGIP Accounting Manager at (803) 734-2661. If you are a registered IPAS user, you will not receive a statement in the mail.

Section IX. Fixed Rate Option Procedures

Occasionally, a local government has funds available which are not needed for near term expenditures. Under such circumstances, the State Treasurer's Office can provide a fixed rate option for a fixed term on such funds instead of variable daily rates. A local government which is already a participant in the LGIP may request an additional account for the purpose of establishing a fixed rate. A letter of agreement is signed by the State Treasurer's Office indicating the fixed rate and term as determined by the State Treasurer based on a drawdown schedule submitted by the participant.

A local government interested in this option not already authorized to participate in the LGIP must first obtain the consent of its governing body in order to participate in this investment program (Exhibit A) provides a sample Resolution of Consent and complete an Application Form (Exhibit B).

Section X. General Information

The State Treasurer reserves the right to modify these procedures as necessary to maintain the efficient operation of LGIP. By making application to participate in LGIP, the local governments agree to abide by the terms and conditions as established by the State Treasurer in this manual and subsequent amendments thereto.

The participant agrees immediately to notify the State Treasurer's Office in the event an overpayment is made to the participant's account. Repayment of any overpayment by the participant is mandatory and must be made on the day the error is discovered, if possible, and in no event may it be later than the next business day.

The State Treasurer's Office assumes no liability for failure by a local bank to accurately execute transactions.

Information requests regarding a participant's particular account should be directed to:

Karen Rinehart
Accounting Manager
State Treasurer's Office
Post Office Box 11778
Columbia, S.C. 29211
(803) 734-2661

Information requests concerning the LGIP should be directed to:

Mike Hambrick
Assistant State Treasurer
State Treasurer's Office
Post Office Box 11778
Columbia, S.C. 29211
(803) 734-2678