



New Mexico Local Government Investment Pool (LGIP)

NM Association of Government Accountants Conference

May 18th, 2022

The NM State Treasurer's Office (STO)



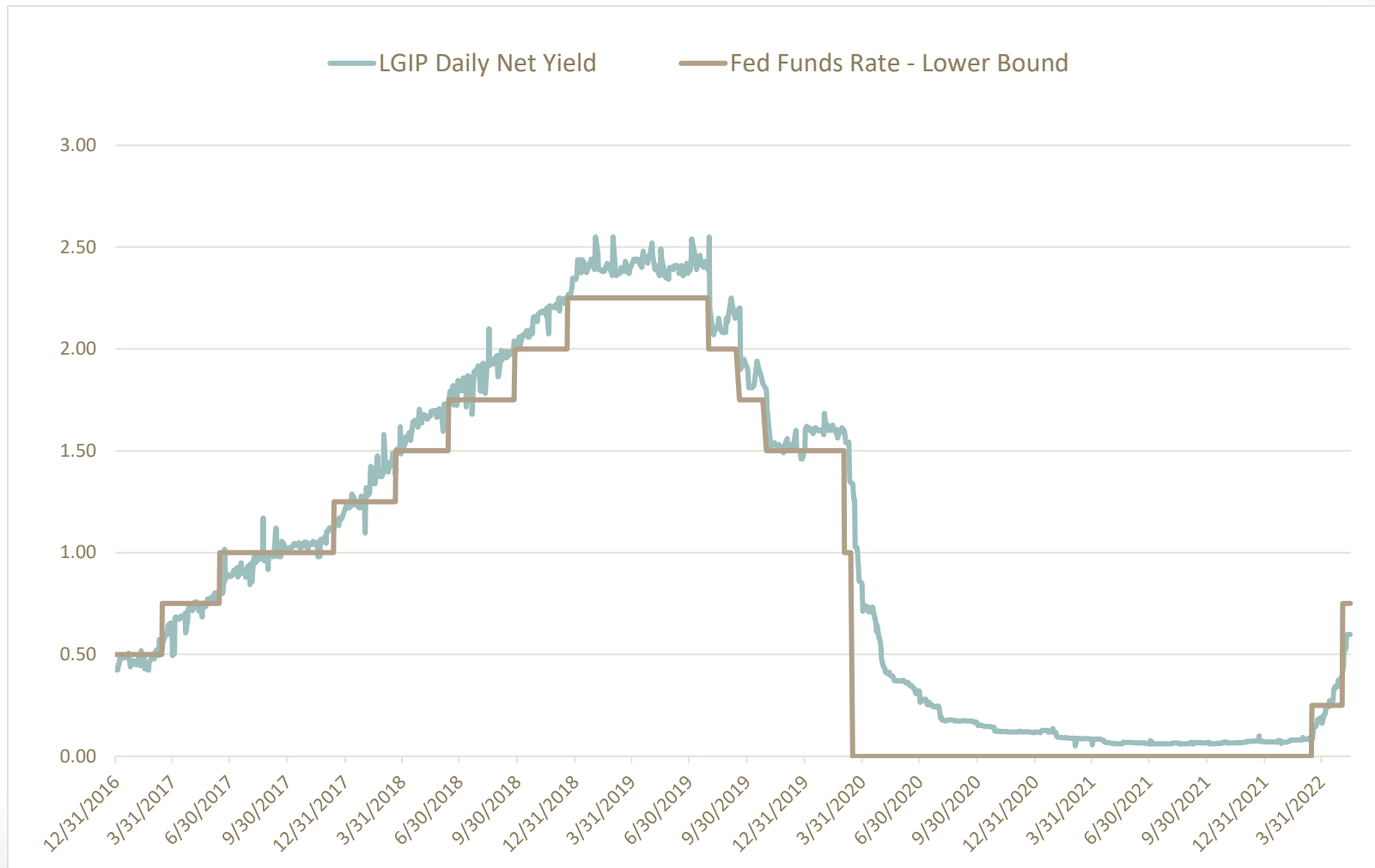
- What We Do
 - Active Investment Management
 - Over \$10.0 Billion in Total Assets Managed
 - **NM Local Government Investment Pool (LGIP)**
 - General Fund Investment Pool
 - Bond Proceeds Investment Pools
 - Severance Tax Bonding Fund
 - Repurchase Pool
 - Paying Agent for Outstanding Bond Issues
 - Collateral Manager



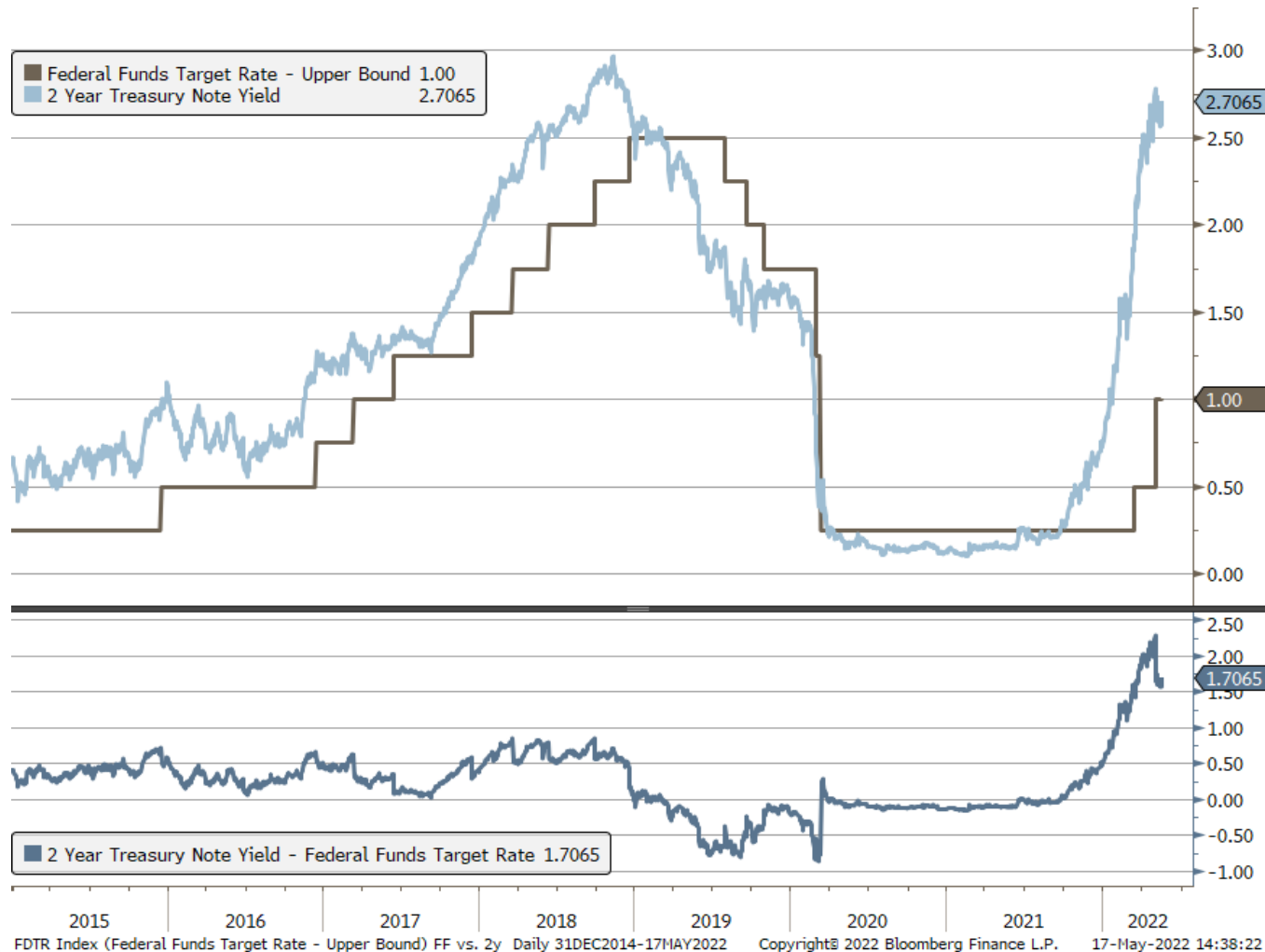
Market Overview

- **Current Federal Funds rate 0.75% - 1.00%**
 - Market is anticipating 5 Federal Funds rate increases:
 - 2x 0.50% and 3x 0.25% points = 2.50% to 2.75%
 - The Federal Reserve indicated 1.75% to 2.00% by year end 2022
- **Fed Ended Bond Purchases in March 2022**
 - Fed balance sheet reduction begins May 2022 in a predictable manner
 - Allow maturities and principal paydowns to run off
 - \$30 billion US Treasury and \$17.5 billion mortgages/month to start
- **Fed inflation target is 2% average over time**
 - Core PCE Deflator, the Fed's preferred measurement, is 5.2%
 - CPI is 8.3%/PPI is 11%
 - Fed realizes that inflation is not transitory
- **Unemployment rate has declined from the April 2020 high of 14.8%, currently 3.6%**
 - Robust labor market with wages rising
- **Q1 2022 GDP surprised to the downside, coming in at -1.4%**
- **Risk of Covid on economic growth?**
 - China shutdown
 - Supply chain pressures

LGIP Yield Tracks Federal Funds Rate



Market Pricing in Higher Fed Funds Rate



Data Source: Bloomberg



The LGIP Introduction

- Short-Term Investment Pool created by NM State Statute.
- Provides a voluntary investment alternative for local and quasi-governmental entities seeking a safe and liquid cash equivalent.
- A pooled fund with qualified and experienced investment management at the State Treasurer's Office.

LGIP – Investment Objectives



- Safety
 - Maintain Stable Net Asset Value
 - Put a Dollar In; Get a Dollar Out + Interest
 - Highest S&P AA*m* Rating – Statute Requires AA
- Liquidity
 - Cash Available within 24-48 Hours' Notice
- Yield
 - NOT at the expense of the two objectives above

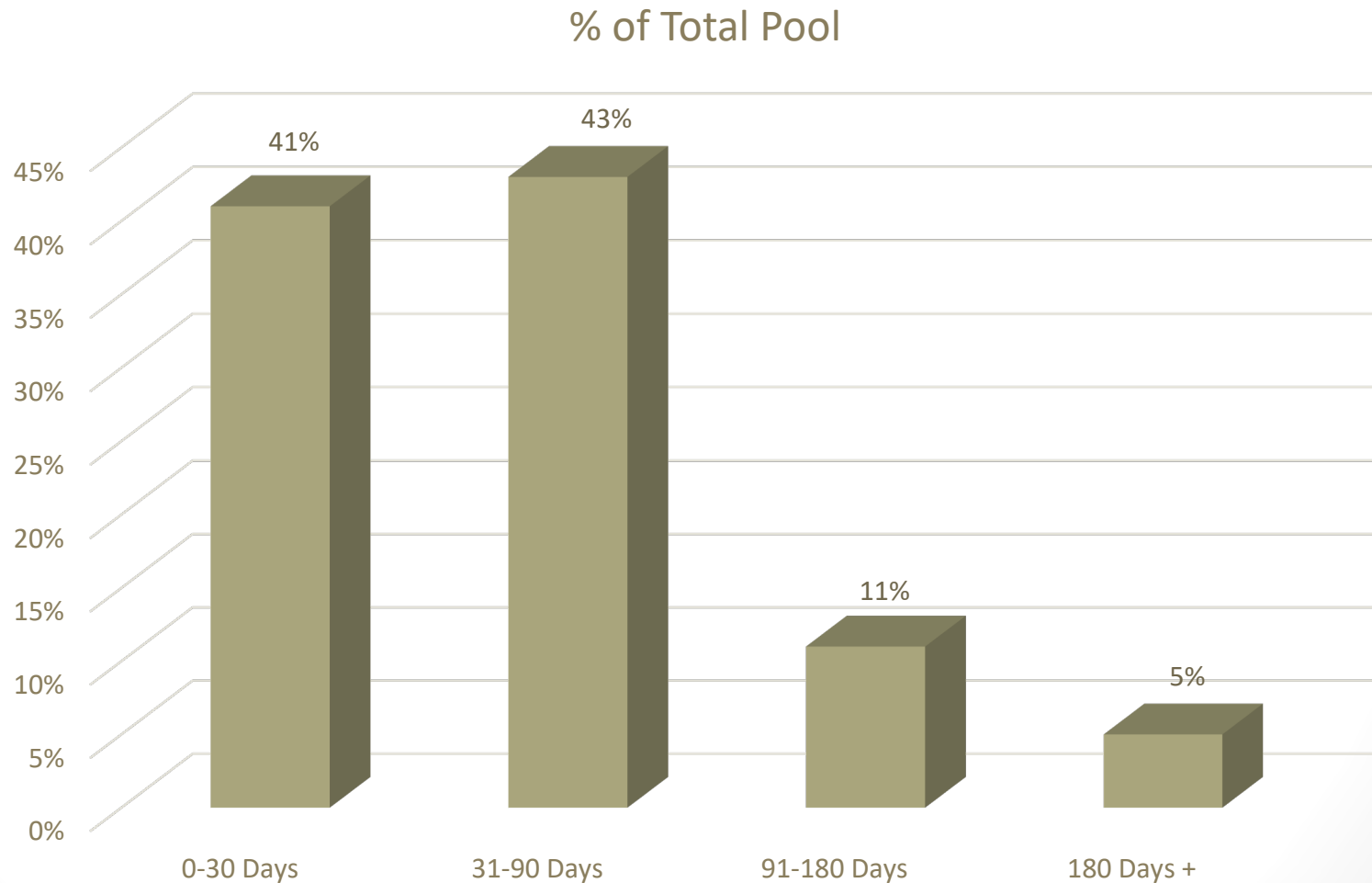


LGIP – Characteristics

- Safety
 - Short Portfolio Average Maturity – Maximum 60 Days
 - Treasury & Government Related Securities Only
 - Fully Collateralized Bank Deposits
 - Strong Governance – STIC, Board of Finance, Investment Advisor
- Liquidity
 - Daily Liquidity vs. “locked up” CD or Treasury Bill Alternatives
- Yield
 - Low Fees and Expenses
 - Attractive Yield vs. Privately Managed Money Market Funds
- Prime Money Market Mutual Fund Rules Don’t Apply:
 - No Floating NAV
 - No Liquidity Fee on Redemptions During Times of Stress
 - No Redemption Gates

LGIP Maturity Distribution

April 30th, 2022

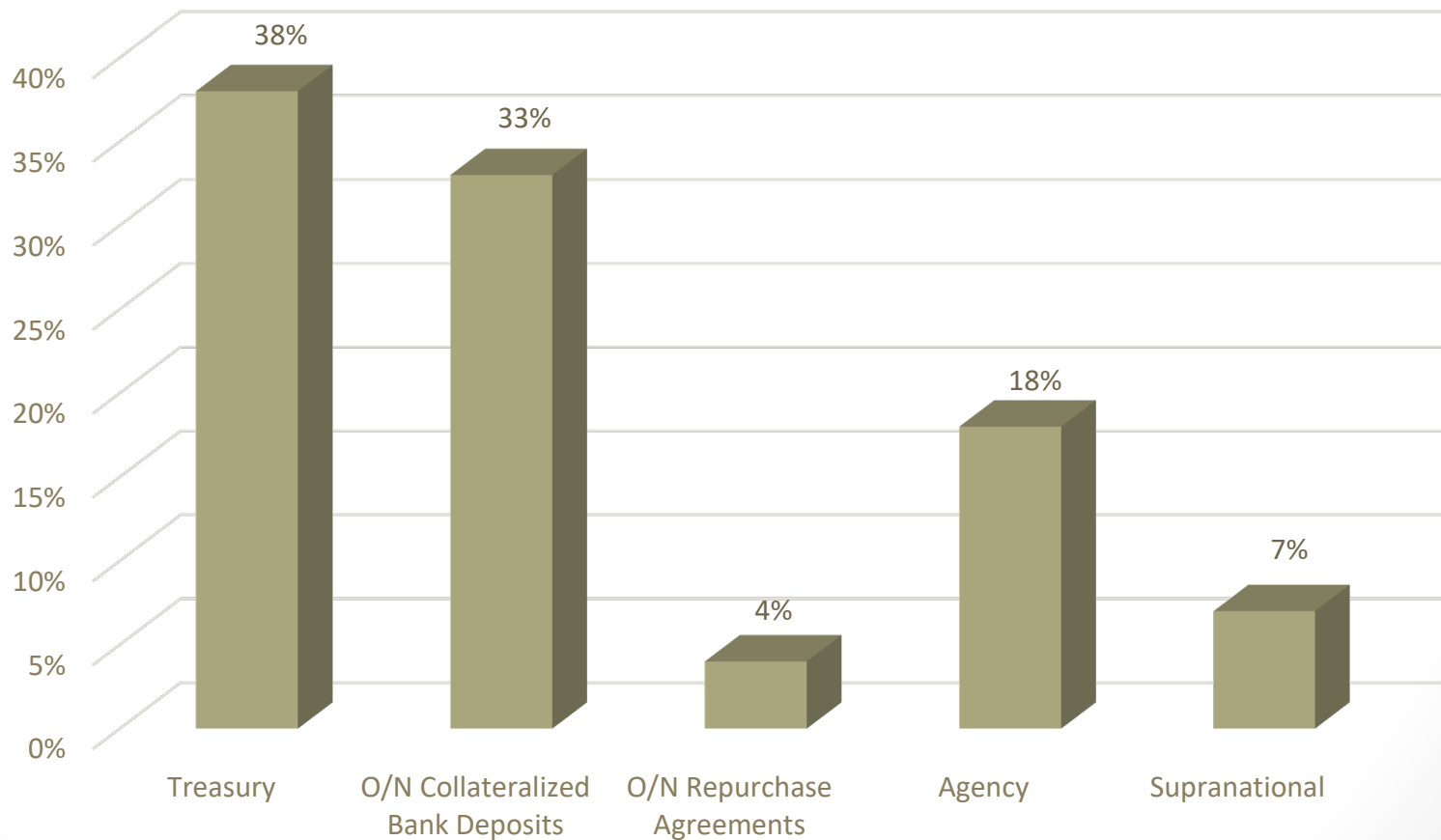


LGIP Sector Distribution

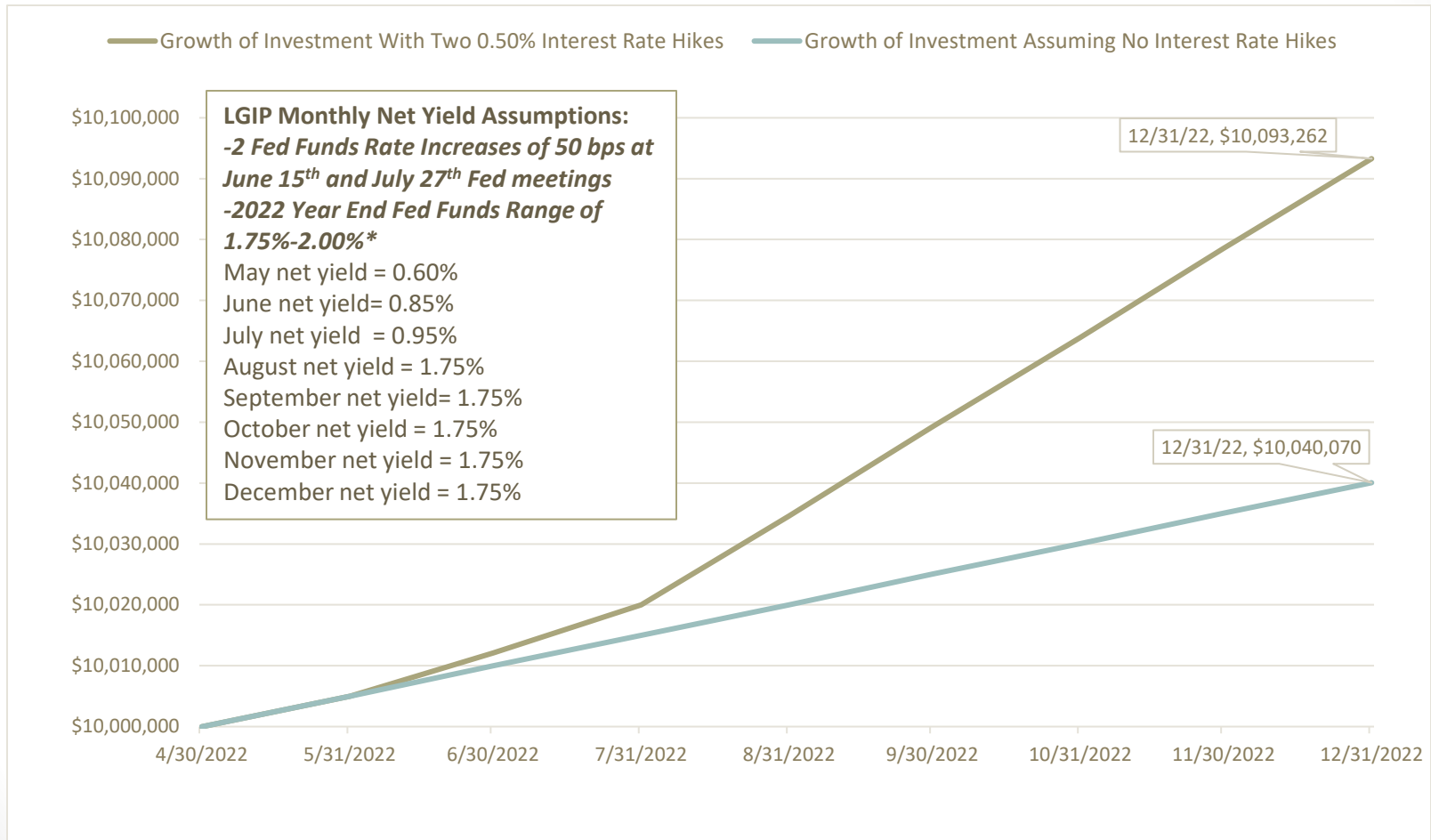
April 30th, 2022



% of Total Pool



Hypothetical Growth of \$10 Million Investment



Assumes investment made on 5/1/2022

* As of 3/16/22, median Fed members' projection for end of 2022 Fed Funds range = 1.75%-2.00%

NM LGIP Online Home Page



LGIP: Home

New Mexico State Treasurer's Office
Local Government Investment Pool

Logged on as **Rachael Kelleher**

- Home
- Deposit
- Withdrawal
- Interfund Transfer
- Reports
- Transactions
- Alerts ▾
- Account Maintenance
- Log Off
- Contact Information

Home

Notices

To pause a particular notice, place your mouse over it

02/14/19 12:56:00 PM
The system will be down for routine maintenance on Saturday, June 15.

▾ Rachael Kelleher, you have alerts...

Default Investment

change | refresh

Fund: 3002: Town of Winns
Position: 3643: LGIP UNITS (POOL)

Actual Balance:	\$69,701.99
Contributions Pending Settlement:	\$0.00 [0 items]
Withdrawals Pending Settlement:	\$0.00 [0 items]
Available Balance:	\$69,701.99

Transactions

Deposit Initiate a deposit into your specified investment pool account.	Withdrawal Initiate a withdrawal from your specified investment pool account.	Interfund Transfer Transfer cash between your investment pool accounts.
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Reports

Reports Generate and print reports.	Transactions View your transactions.	Alerts View and manage your alerts. You have alerts
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Administration

Account Maintenance Administer your user account.	Log Off Log off from the system.
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NM LGIP Online Deposit



LGIP: Deposit

New Mexico State Treasurer's Office
Local Government Investment Pool

Logged on as Rachael Kelleher

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Deposit

Select the investment that will receive the deposit:

Investment:

Fund: 3002: Town of Winsns
Position: 3643: LGIP UNITS (POOL)

Actual Balance:	\$69,701.99
Contributions Pending Settlement:	\$0.00 [0 items]
Withdrawals Pending Settlement:	\$0.00 [0 items]
Available Balance:	\$69,701.99

Select the payment method:

Payment Method:

Enter the effective date and the total amount of the deposit.
Deposits for 10/18/2019 are accepted up to 11:00AM EDT on 10/18/2019.

Effective Date:

Deposit Amount: [\geq \$10,000.00]

Transaction Description:

This transaction must be authorized before it will officially be submitted. Users permitted to authorize this transaction will be notified upon logging in.

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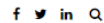
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STO Website



New Mexico State Treasurer's Office

Safety, Liquidity, Yield—In That Order



WELCOME - ABOUT - DIVISIONS - **LGIP** - REPORTS & RESOURCES - SPECIAL PROGRAMS - CONTACT

HOME > LOCAL GOVERNMENT INVESTMENT POOL (LGIP)

Local Government Investment Pool (LGIP)

Go to: [LGIP Participant Forms](#) | [S&P's LGIP Profile](#) | [About the LGIP](#) | [LGIP Newsletters](#) | [About LGIP Management](#) | [LGIP Brochure](#) | [LGIP GASB-40](#) | [LGIP Portfolio Summaries](#)

The New Mexico **Local Government Investment Pool (LGIP)** is a fund created by legislation to allow municipal, city, county, tribe, and quasi-governmental bodies to voluntarily remit money to the State Treasurer's Office to receive professional money management on a pooled basis. The sections below provide details about the LGIP, but please don't hesitate to contact us with questions. Email us at NMSTO.LGIP@state.nm.us or call us at (505) 955-1142.

LGIP Internet Participant Access System (IPAS)

The LGIP IPAS is at <https://nmlgip.nmsto.gov/ipas/login.ipas>.

Click here to download the [Participant Guide](#).

LGIP Participant Forms

[Account Close](#)

[Application](#)

[Certification of Authorized Persons](#)

[Internal Transfer Request Form](#)

[Resolution Sample](#)

[Transaction Request Form](#)

[Update Account Information](#)

[Participant Manual 6.24.2015](#)

ABLE New Mexico



Click above to go directly to the ABLE New Mexico website.

Daily Rates

U.S. Treasury Rates: August 27, 2021, as of 8:28 am MT

Indicative rates only. Past performance is no guarantee for future results. Your actual return is dependent on the amount and time that you are invested in the LGIP. This does not constitute an offer to buy or sell securities. Participation is subject to qualification.

The LGIP Team

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Disclaimer

- NM LGIP is not a registered Money Market Fund
- NM LGIP is not regulated by the SEC
- Past performance does *not* guarantee future results
- Risks:
 - Interest rate
 - Credit
 - Counterparty
 - Management
 - NAV not guaranteed
 - The Treasurer has the ability to take measures in order to protect the NAV of the Pool