

**GEAP Plus**  
**TARGET MATURITY PORTFOLIOS**  
**INVESTMENT POLICY GUIDELINES**  
**FY 2024 - 2025**

**Objectives**

The Georgia Extended Asset Pool Plus (GEAP Plus) is a series of Target Maturity Portfolios (TMPs) that are part of the LGIP Trust for eligible public entities within the state of Georgia. GEAP Plus TMPs invest in both low-risk government and credit securities. The Office of the State Treasurer (OST) has overall responsibility for managing the LGIP offering and has engaged an outside manager to sub-advice GEAP Plus investments. GEAP Plus is an investment vehicle available to invest cash for investment periods of three months to five years.

**Risk Tolerance:** GEAP Plus has a very low tolerance for risk. GEAP Plus participants earn a higher yield than a similar maturity Treasury through investments with up to 35% in low-risk credit instruments. GEAP Plus offers certainty of income for investors with a longer investment time horizon with an emphasis on principal preservation and income. Each GEAP Plus TMP will be run as a buy-and-hold portfolio and will have a targeted yield at inception. It is assumed that all securities will be held to maturity and redeemed at par.

**Constraints**

**Credit:** Allocation to credit instruments will be limited based on the maturity of each TMP. Portfolios with a maturity of 12 months or less may invest up to 35% in credit instruments. Portfolios with a maturity longer than 12 months will be limited to credit instruments of no more than 25%. Credit limits for any TMP maybe adjusted by OST written confirmation.

**Maturity:** The maturity or termination date of any GEAP Plus TMP can be no longer than five (5) years. The final cash flow for securities in any GEAP Plus TMP shall be no longer than the maturity or termination date of the specific GEAP Plus TMP, unless permission is granted by OST. Multiple GEAP TMPs may be offered with maturity dates of January, April, July, or October. Other maturity dates may be established based upon written instruction from OST.

**Liquidity:** GEAP Plus TMPs will have liquidity constraints. Specifically, participant deposits may only be made upon the initial subscription/offering of the portfolios while redemption of proceeds will only occur upon maturity and termination of each portfolio.

**Laws and Regulations:** GEAP Plus TMPs are created pursuant to O.C.G.A. 36-83-2 and 36-83-8. Authorized investments for portfolio assets shall be limited to those set forth in O.C.G.A. 50-5A-7, 50-17-2 and 50-17-63.

**Reporting:** Monthly reports are available for each participant which includes a participant's account balance and distributed yield. Quarterly reports provide a description of the investment holdings, market value, and other information for each security and are published on the OST website. Annual reporting will be available to all participants after fiscal year end close each year.

**Authorized Investments:** *All investments must adhere to the "credit quality" requirements prescribed by the current OST Investment Policy adopted by the State Depository Board and credit limits prescribed by the current OST Counterparty Risk Assessment Model.*

## **1. Authorized Investments**

Listed below are specific guidelines for authorized investments. The Investment Advisor will adhere to issuer and counterparty restrictions as provided by OST. The Investment Advisor must request approval to purchase an issuer on the restricted list subject to approval by the OST.

- a. Repurchase agreements that meet the requirements of O.C.G.A. 50-17-2.
- b. Georgia Fund 1
- c. Deposits including Certificates of Deposits (CDs) secured by the multibank pledging pool with approved state depositories.
  - i. Collateralized by Federal Home Loan Bank Letters of Credit (LOC), or
  - ii. 110% collateralized or as otherwise permitted by the state depository board, or
  - iii. Secured through the Georgia multibank pledging pool program (Secure Deposit Program); or
  - iv. Fully insured by the FDIC
  - v. CDs are not to exceed five years.
- d. U.S. Treasury Obligations
  - i. Treasury Bills
  - ii. Treasury Notes
  - iii. Treasury Bonds
  - iv. Treasury Inflation-Protected Securities (TIPS)
- e. Obligations issued by the following Government Sponsored Enterprises (GSEs)
  - i. Federal Farm Credit Bank (FFCB)
  - ii. Federal Home Loan Bank (FHLB)
  - iii. Federal Home Loan Mortgage Corporation (FHLMC)
  - iv. Federal National Mortgage Association (FNMA)
  - v. Government National Mortgage Association (GNMA)
- f. Types of GSE Securities
  - i. Discount Notes
  - ii. Fixed Rate Notes
- g. Obligations issued by the International Bank for Reconstruction and Development (IBRD) or the International Finance Corporation (IFC). Obligations issued, assumed, or guaranteed by the IBRD or the IFC must be rated A or higher by a nationally recognized rating agency.

- h. Commercial paper issued by domestic corporations rated no lower than P-1 by Moody's and A-1 by S&P.
- i. Negotiable Certificates of Deposit with domestic financial institutions rated a minimum of A-2 or higher by S&P or P-2 or higher by Moody's for CDs with maturities less than one year, or A3/A- or higher by Moody's or S&P for maturities longer than one year and that meet the requirements of O.C.G.A. 50-17-63.
- j. Corporate primary debt obligations of domestic corporations rated a minimum of A3/A- or higher by Moody's or S&P and that meet the requirements of O.C.G.A. 50-17-6.
- k. Asset-backed securities. Pursuant to O.C.G.A. 50-5A-7(b), asset-backed securities rated AAA, having broad liquidity reflecting at least \$350 million of outstanding issuance and issued by an underlying credit rated A3/A- or higher by Moody's or S&P.
- l. In the event of a downgrade that renders an obligation ineligible, the advisor shall sell the obligation as soon as possible, but not more than 90 days thereafter, and only after receiving written authorization by the State Treasurer. This period may be extended only with the express written consent of the Treasurer.
- m. Such other investments authorized pursuant to OST's investment policy and guidelines and approved in writing by OST.

## **2. Exceptions**

- a. In the event a question arises as to whether a type of security is eligible for investment, the manager shall present an analysis and recommendation to OST and shall not invest in that type of security unless express written permission from the Treasurer has been received.

## **3. Concentration**

The following concentration limits apply to each individual GEAP TMP:

- a. GEAP is limited to a maximum 25% concentration level for secured certificates of deposits unless otherwise approved by OST.

The following concentration limits apply to the GEAP Plus program in its entirety and is not applicable to individual TMPs:

- a. U.S. treasuries, government agency securities, secured certificates of deposits, treasury/agency repo, and government money market funds shall have no issuer limit. The maximum issuer limit of any credit security (i.e., commercial paper, single issuer asset backed commercial paper, negotiated CDs, corporate bonds, asset back securities, commercial mortgage-backed securities, and municipal securities) is \$15MM if included on the Investment Advisor's approved list.
- b. The Investment Advisor can purchase amounts higher than the \$15MM issuer limit only if approved by OST. OST assessment for any potential higher limits will be based on the OST Counterparty Risk Assessment Model and other fundamental analysis as necessary.