

STATE OF TENNESSEE



DAVID H. LILLARD, JR.
STATE TREASURER

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MEMORANDUM

To: All participants of the State Pooled Investment Fund (SPIF) and
Local Government Investment Pool (LGIP)

From: David H. Lillard, Jr.
State Treasurer

Re: Administrative Fees

Date: December 21, 2015

I am pleased to announce that effective January 1, 2016, the administrative fee for the SPIF / LGIP will be lowered from 5 basis points (0.05%) to 4 basis points (0.04%). The administrative fee is applied as a reduction to the **gross** interest rate earned monthly, resulting in the **net** interest that is credited to each account. Each year, the administrative fees are evaluated to determine if they are sufficient to cover the expenses associated with managing the fund. The balance of the entire fund has grown and likewise, the amount of administrative fees collected has also increased. Even though interest rates have started to increase slightly, the rate set at the December 16, 2015 Federal Reserve meeting is still only a range of 25 basis points to 50 basis points. The reduction in administrative fees is the latest effort in Treasury's goal of providing the most cost-effective investment option that seeks to protect principal and provide the liquidity to meet the needs of all participants in the State Pooled Investment Fund and the Local Government Investment Pool.