



CITY OF FERNLEY

CITY COUNCIL AGENDA REPORT

Meeting Date: June 17, 2020

REPORT TO:	Mayor and City Council
REPORT THRU:	Daphne Hooper, City Manager
REPORT FROM:	Denise Lewis, City Treasurer
REVIEWED BY:	Daphne Hooper, City Manager
REVIEWED BY:	Brent Kolvet, Deputy City Attorney

FINANCIAL IMPACT: Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>	CURRENTLY BUDGETED: Yes: <input type="checkbox"/> No: <input type="checkbox"/>	FUND/ACCOUNT: N/A
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ACTION REQUESTED: Consent Ordinance Resolution Motion Receive/File

AGENDA ITEM: Staff Report (For Possible Action): Discussion and Possible Action to retain Atlanta Capital as the City's investment advisory firm; to terminate the City's NVEST account with the State of Nevada; to give authorization to the City manager and finance director to choose a custodial bank; to give authorization to the Mayor to sign investment management and custodial services agreements once approved by the City manager and finance director to be brought back to City Council for ratification.

*The City participates in the State's Nevada Enhanced Savings Term (NVEST) program and has done so since October 2005.
*The State offers the option to select from four different investment advisory firms that the City may work with under the program. The City has utilized the services of Atlanta Capital since Nov 2007.
*For FY 21, the State went out to bid and Atlanta capital is no longer an option.

Recommended Motion:
"I move to...." "retain Atlanta Capital as the City's investment advisory firm; terminate the City's NVEST account with the State of Nevada; give authorization to the City manager and finance director to choose a custodial bank; give authorization to the Mayor to sign investment management and custodial services agreements once approved by the City manager and finance director to be brought back to City Council for ratification."

Business Impact (per NRS Chapter 237):

A Business Impact Statement is Attached.

A Business Impact Statement is not required because this is not a rule (term excludes vehicles by which legislative powers are exercised under NRS Chapters 271, 278, 278A, or 278B).

See attached report for background, analysis, alternatives.

ALTERNATIVES: Not retain Atlanta Capital; stay in NVEST; choose another firm.

BACKGROUND:

The City has utilized the State of Nevada's NVEST program as a tool for investing City funds since October 2005. The State provides the option to choose from four different investment advisory firms to provide investment services and they contract with Bank of New York for custodial services. The City has used the investment services of Atlanta Capital since November 2007 and given the relationship City staff has with them and the personalized service staff has received, staff recommends retaining Atlanta Capital.

Through March 31, 2020, the City currently pays the State treasurer a fee of 2 basis points; custodial fees of approximately \$800 per quarter; and investment advisory fees of approximately \$5,000 per quarter. The amount of the fees depends on the balance in the investment account, which at the end of March was approximately \$15 million.

The State recently went out to bid for investment advisory firms and for FY 2021 Atlanta Capital will not be an option for the City to choose through the State program.

The City has some options:

1) Stay with NVEST/State and pick one of their new managers below; custodian (BNY) stays the same

- Gov't Portfolio Advisors
- Morgan Stanley
- Federated
- Chandler Investment Services

2) Stay with Atlanta Capital and choose a new custodian; terminate account with State

- The City would have its own contracts with Atlanta Capital and a custodian bank
- Atlanta Capital has reduced their fees
- There will be no State administrative fees
- There will be a fee for a custodian to hold the City's money

3) Choose another firm altogether.

LEGAL IMPLICATIONS: NRS Chapter 355.170-355.175

FINANCIAL IMPLICATIONS: Changes in fees depending on which option and which firm is chosen.

ATTACHMENTS:

Presentation