



CITY OF FERNLEY

Investment Management and
Custodial Services



NEVADA ENHANCED SAVINGS TERM (NVEST)

NVEST is an investment program offered through the State.
The City has participated in this program since October 2005.
The City currently has \$35 million in assets in this account.

The State contracts with 4 different investment advisors for the City to choose from.
The State also contracts with a custodial bank to hold the investments; currently BNY.
The City works directly with the firm chosen that provides advice and investment strategies; and are authorized to trade on behalf of the City.

The City chose and has worked with Atlanta Capital since November 2007 and staff has built a very good relationship with this firm. The firm has provided very professional, personalized service and is always willing to help and answer questions in a very timely manner, which is important. Firm managers have decades of experience and they understand the needs of the City and Council. They have helped build investment strategies to meet those needs and those strategies have kept the City out of trouble during downturns in the economy. The firm has a very good understanding of NRS and investment and securities requirements. Simply put, they know the City's portfolio. ²



RECENT CHANGES TO NVEST

Time is of the essence. Staff has just recently been informed that the State went out to bid for NVEST services and unfortunately Atlanta Capital was not chosen as one of the four contracts.

Therefore, the City would no longer be able to utilize Atlanta Capital through the NVEST program. The City would have to choose one of the following firms by June 18th:

Gov't Portfolio Advisors
Chandler Investment Services
Federated
Morgan Stanley

What we know about these providers is what is included in the RFP's to the State. What we don't know is the type of service they will provide.



THE CITY HAS OPTIONS

The City treasurer has been reaching out to the State for information.

- The first question was about the possibility of keeping Atlanta Capital as the City's advisor and per the State, it will be allowed.
- The treasurer was provided with the RFPs of all contracts except for one that is not yet completed; and which include all financial information regarding costs.

OPTIONS

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



INVESTMENT MANAGER VS CUSTODIAL BANK

First, it's important to understand the differences...

Investment Manager/Financial Advisor/Investment Advisor:

A firm that is authorized to trade on behalf of the City and works with the City to develop investment strategies. Responsible for understanding NRS and policy regarding the types of investments that are allowable. The firm does not hold any money. (Currently, Atlanta Capital through NVEST).

Custodial Bank/Custodian:

The bank that actually holds the money/investments and is responsible for the reporting of transactions. They also handle/manage billing for costs to flow through the account. (Currently Bank of New York through NVEST).

COST INFORMATION BY CUSTODIAN BANK

	Wells Fargo		Zions Bank		US Bank
	Las Vegas, NV		Denver, CO		
Flat Rate	8,500		2,500		-
\$20 per transaction (purchases, sales, wires, posting of principal and interest on securities (currently have 70 paying P&I); 137 transaction over the year	-		2,740		-
	8,500		5,240		-

Per NRS 355.172: any securities purchased as an investment of money by or on behalf of a local government, as defined in [NRS 354.474](#), must remain in the possession of the county treasurer, the appropriate officer of that local government or a qualified bank or trust, throughout the period of the investment. Qualified bank or trust meaning a corporation, national **bank**, national **banking** association or a **trust** company, organized and doing business under the laws of any state or the United States of America.

****Note:** Cost information received as of 6/10/2020. Awaiting cost information from US Bank.

TOTAL COSTS
(Passed through investment account)

	(State Contract)	(State Contract)	(State Contract)	(State Contract)	(An outside firm)	(An outside firm)
	Government	Chandler	Federated	Morgan Stanley	Atlanta	Moreton
	Portfolio Advisors	Asset Management	Investment Counseling	Investment Bankers	Capital	Asset Management
	\$35M	\$35M	\$35M	\$35M	\$35M	\$35M
	7 basis points	7 basis points	10 basis points	?? Basis points	8 basis points	12.5 basis points
State Admin Fees						
2 basis points	7,000	7,000	7,000	-	-	-
Custodial Fees	3,600	3,600	3,600	-	8,500	-
Advisor Fees	24,500	24,500	35,000	-	31,500	43,750
Total Cost	35,100	35,100	45,600	-	40,000	43,750

*The City has not yet received information from the State regarding Morgan Stanley rates.

**The maximum custodial cost has been used in Atlanta Capital calculations.

***Custodial costs are included in Moreton's quote. They contract with Wells Fargo and US Bank. They also offered 1 year of a reduced rate down to 10 basis points. A cost of \$35K for the first year.

WHERE DOES ATLANTA CAPITAL FALL?

	(State Contract)	(State Contract)	(An outside firm)	(An outside firm)	(State Contract)
	Government	Chandler	Atlanta	Moreton	Federated
	Portfolio Advisors	Asset Management	Capital	Asset Management	Investment Counseling
	\$35M	\$35M	\$35M	\$35M	\$35M
	7 basis points	7 basis points	8 basis points	12.5 basis points	10 basis points
State Admin Fees					
2 basis points	7,000	7,000	-	-	7,000
Custodial Fees	3,600	3,600	8,500	-	3,600
Advisor Fees	24,500	24,500	31,500	43,750	35,000
Total Cost	35,100	35,100	40,000	43,750	45,600

RIGHT IN THE MIDDLE