



Meeting Date: 4/18/2018
Agenda Item: # _____

Mission Statement

To provide our growing dynamic community excellent municipal services to make Fernley a great place to live, work, and play. Together, we enhance the desirability, safety, friendliness, aesthetics and quality of life in our city.

CITY OF FERNLEY CITY COUNCIL MEETING STAFF REPORT

REPORT TO: Mayor & City Council
REPORT THRU: Daphne Hooper, City Manager
REPORT BY: **Denise Lewis, Finance Director**

AGENDA ITEM: **Presentation by Atlanta Capital Investment Managers regarding the City's NVEST (Nevada Enhanced Savings Term) investment account.**

ACTION REQUESTED: ___ Consent ___ Ordinance ___ Resolution ___ Motion **X** Receive/File

Key Points:

- 1) The City has an NVEST investment account with the State of Nevada, which is managed by Atlanta Capital Management Co.
- 2) The City has a LGIP investment account with the State of Nevada.
- 3) The City holds a general business checking account with Nevada State Bank.

POLICY REFERENCE

<i>Nevada Statutes:</i>	NRS Chapter 355
<i>Fernley Municipal Code:</i>	N/A
<i>Policies & Procedure Manual:</i>	N/A
<i>Community Assessment:</i>	N/A
<i>Other:</i>	N/A

SUPPORTING INFORMATION

NRS Chapter 355 (Investments and Loans by Local Governments) limits the types of securities that may be purchased and concentrations may also be limited in certain instances.

Investment Accounts

The State Treasurer is responsible for the investment of monies of the Local Government Investment Pool “LGIP” as well as the Nevada Enhanced Savings Term Program “NVEST” and any investment program that may be established by Nevada Revised Statutes. These are fixed income securities portfolios, which means they are investments that have specific and fixed interest rates and have a guaranteed return. They typically offer lower risk and lower returns than common stock and other similar investment vehicles.

The securities in these investment portfolios are comprised mainly of Government Money Market Funds, United States Treasury and agency obligations, commercial paper, negotiable certificates of deposit, time certificates of deposit, corporate debt instruments, municipal bonds, collateralized mortgage obligations (CMOs), mortgage-backed securities (MBS), asset-backed securities (ABS), and U.S. Small Business Administration Pools (SBAs).

NVEST: The City’s least liquid account. This account holds approximately 49% of the City’s monies. The NVEST program was set up by the State treasurer to provide a team of money managers who would then manage the money for local governments. Funds are not pooled with other agencies as with the LGIP. The treasurer evaluates the managers and provides review to include compliance and errors. Local governments are allowed to provide money managers with instructions relating to investments as allowed by law. Managers are required to report to the agency on a quarterly basis.

LGIP: The City’s second most liquid account. This account holds approximately 33% of the City’s monies. The purpose of the LGIP was to provide an alternative investment program to be utilized by local governments for the pooling of their public funds. In addition to providing local government participants a safe and convenient method of investment, the LGIP also offers the following benefits:

- A. No minimum or maximum size of accounts;
- B. Multiple accounts may be maintained for accounting purposes;
- C. No transaction size limitation for deposit or withdrawal of monies; and.
- D. No restrictions on length of time monies are deposited

Nevada Revised Statutes (NRS) 355.167 stipulates that the Local Government Pooled Investment Fund

(LGIP) is created as an agency fund to be administered by the State Treasurer. NRS 355.167 further stipulates that any local government, as defined in NRS 354.474, may deposit its money with the State Treasurer for credit to the fund for purposes of investment. The State Treasurer may adopt reasonable regulations to carry out the administration of the LGIP. NRS 355.045 requires that the State Board of Finance (Board) review and approve or disapprove the policies established by the State Treasurer for investment of the LGIP at least every four (4) months.

Checking Accounts

The City's most liquid funds are held with Wells Fargo in a general business checking account. This account holds approximately 18% of the City's monies. These monies are used for everyday operating purposes and are monitored for liquidity and investment purposes. This account has an earnings credit applied each month, which depending on the account balance may or may not cover the costs of service for the account.

The City currently uses the Balance-Based Method. With a balance-based method, balances are maintained in the accounts to earn enough earnings allowance, which then offsets qualifying bank service fees. Why use this strategy? The ECR is not too low compared to other investment options and the balance-based method covers the service fees incurred.

The alternative is the Fee-Based Method. With a fee-based method, low account balances are maintained, with the awareness that they will not earn much by way of an earnings allowance. Why use this strategy? The intent with this method is to forgo any potential earnings allowance and instead pay the service fees incurred. This method would be used when investments are providing higher returns.

ATTACHED INFORMATION

- Resolution #05-005: A Resolution Authorizing the Participation in the Nevada Local Government Pooled Long-Term Investment Program "NVEST"
- Atlanta Capital Slide Presentation