



WASHOE COUNTY

"Dedicated To Excellence in Public Service"

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CM/ACM _____
Comptroller _____
DA _____
Risk Mgt. _____
HR N/A _____
Other _____

STAFF REPORT

BOARD MEETING DATE: August 23rd, 2016

DATE: August 3, 2016
TO: Board of County Commissioners
FROM: Tammi Davis, Washoe County Treasurer
SUBJECT: Approve an Interlocal Depository Agreement between Washoe County and the Nevada State Treasurer for the investment of funds in the Local Government Pooled Investment Fund (no fiscal impact); and if approved, authorize Chairman to execute and Washoe County Treasurer to serve as administrator of Agreement. (All Commission Districts).

SUMMARY

The Washoe County Investment Committee recommends the Board of County Commissioners approve an Interlocal Depository Agreement with the Nevada State Treasurer to enable participation in the State of Nevada Local Government Pooled Investment Fund (the Fund).

Strategic Objective supported by this item:
Stewardship of our community

PREVIOUS ACTION

7/26/2016 Washoe County Investment Committee discussed Group A – Liquidity Options. Liquidity options have been limited for several years due to the ongoing low interest rate environment. Recently, the Fund has been offering attractive yields compared to the county’s existing options. Following discussion, the Committee voted unanimously to add the Fund (also referred to as LGIP) to the Washoe County Investment Management Plan as an Approved Investment Instrument, with maximum aggregate position in the Fund limited to:

25% of Fund assets and
20% of Washoe County total portfolio.

The unanimous vote included direction for Washoe County Treasurer to pursue and serve as administrator of an Interlocal Depository Agreement between Washoe County and the Nevada State Treasurer which would enable the county to participate in the Fund.

Washoe County Treasurer has worked with legal counsel to negotiate the attached agreement with the State Treasurer, and now submits it for Board of County Commissioner approval.

BACKGROUND

- The Fund is established pursuant to NRS 355.167.
- Statute provides that any local government may deposit its money with the State Treasurer for credit in the Fund for purposes of investment.
- Stated objectives/priorities of the Fund are the same as Washoe County Investment Policy – Safety, Liquidity, Return on Investment.
- The Fund is limited to investment types that comply with authorized investments of local government monies pursuant to NRS 355.170 and 355.171.
- If deemed necessary, agreement may be terminated by either party upon thirty (30) days written notice or upon the enactment of any federal or state statute, rule or regulation, inconsistent therewith.

FISCAL IMPACT

As with similar authorized investments, the cost of participating in the Fund is deducted from earnings prior to their distribution, resulting in net earnings for the investment. Decisions regarding when to use the Fund as an investment option will be made by the Washoe County Treasurer based on net earnings, resulting in no direct cost for participation. No Fiscal Impact.

RECOMMENDATION

Approve an Interlocal Depository Agreement between Washoe County and the Nevada State Treasurer for the investment of funds in the Local Government Pooled Investment Fund (no fiscal impact); and if approved, authorize Chairman to execute and Washoe County Treasurer to serve as administrator of Agreement.

POSSIBLE MOTION

Should the Board agree with the Committee's recommendation, a possible motion would be: "move to approve an Interlocal Depository Agreement between Washoe County and the Nevada State Treasurer for the investment of funds in the Local Government Pooled Investment Fund (no fiscal impact), authorize Chairman to execute and Washoe County Treasurer to serve as administrator of Agreement."

DEPOSITORY AGREEMENT — LGIP

This DEPOSITORY AGREEMENT (Agreement) is made and entered into by and between the Nevada State Treasurer (Treasurer) and Washoe County (Local Government), a local government as defined in NRS 354.474.

WHEREAS, by agreement and pursuant to NRS 355.167, Local Government proposes to deposit monies with the Treasurer to be pooled with monies of other local governments for investment in the Local Government Pooled Investment Fund (the Fund); and

WHEREAS, Local Government and the Treasurer desire to enter into an agreement to set forth the terms and conditions upon which said monies are deposited;

NOW THEREFORE, in consideration of the mutual covenants and conditions herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed between the parties hereto as follows:

1. This Agreement cancels and supersedes, as of the date hereof, any previous agreement, whether oral or written, between the Treasurer and Local Government regarding the Fund administered by the Treasurer.
2. Local Government agrees to deposit monies with the Treasurer for investment in the Fund, accompanied by an "Investment Pool Deposit Slip" form to be provided by the Treasurer to Local Government. Local Government shall specify in said form the period of time the money is expected to be available for investment.
3. Local Government is entitled to make partial withdrawals of its monies out of the Fund provided Local Government delivers to Treasurer written notice and specific instructions regarding said withdrawal. Treasurer shall comply therewith at the first reasonable opportunity presented by the markets and in consideration of the type of investments used in the Fund.

4. Local Government agrees to advise the Treasurer, in writing, prior to the expiration of the investment period specified in the Investment Pool Deposit Slip, if Local Government does not elect to extend the time period for deposit. If Local Government fails to advise the Treasurer in writing of its election to withdraw monies deposited prior to the expiration of the investment period, the monies deposited are automatically rolled over for successive periods. If Local Government chooses to withdraw its money on deposit prior to the expiration of the investment period, and if the Treasurer is required to sell or liquidate invested securities because of Local Government's request for early withdrawal, then Local Government's deposit will be charged for any penalty or loss of interest incurred by the Fund as a result of the early withdrawal.

5. This Agreement shall be subject to: (a) modification, upon the written agreement of the parties or (b) termination, by the Treasurer or Local Government upon thirty (30) days written notice, or upon the enactment of any federal or state statute, rule or regulation which is inconsistent herewith.

6. The Treasurer agrees to deposit in the Fund monies received from Local Government, and the Treasurer agrees to invest monies in the Fund in:

- (a) securities which have been authorized as investments for a local government by any provision of Nevada Revised Statutes or any special law; or
- (b) time certificates of deposit in the manner provided in NRS 356.015,

and in accordance with the Fund's Investment Policy.

7. The Treasurer agrees to deposit, for credit to the Fund, all interest received on money in the Fund.

8. Local Government agrees to pay as a charge against its deposit in the Fund,

reasonable charges assessed by the Treasurer for reimbursement of the expenses which the Treasurer incurs in administering the Fund.

9. The Treasurer agrees that at the end of each month of each fiscal year, he will:

(a) Compute the proportion of total deposits in the Fund during the month which were attributable to Local Government based on the average cash balance in the fund for the month;

(b) Apply that proportion to the total amount of interest received during the month on invested money of the Fund; and

(c) Contact Local Government by telephone to request written instructions from Local Government whether to pay to Local Government or reinvest its proportionate share of the interest, as computed pursuant to paragraphs (a) and (b) herein, less the proportionate amount of the charge for the expenses of administration.

10. The Treasurer agrees to inform Local Government, no later than one business day, of any proposed modifications to the Fund's Investment Policy, including but not limited to, modifications to the securities lending policy in section XIX of that document.

11. Local Government agrees to advise the Treasurer, in writing, of the identity of the person(s) who are authorized to provide the Treasurer written instructions or written notice as required by this Agreement, and Local Government agrees to provide the Treasurer with specimen signature(s) of these authorized person(s). The Treasurer shall not incur any liability with respect to any

action taken in reliance upon any written instruction or written notice which the Treasurer shall, in good faith, believe to be genuine and to have been signed by the duly authorized person(s).

12. Except as otherwise specifically provided for by this Agreement, all notices and other communications between the Treasurer and Local Government shall be in writing. Requests to modify the Agreement or notices to terminate the Agreement shall be either hand delivered or mailed by first class mail with postage prepaid. Other notices set forth in sections 3, 4, 9, 10, and 11 may be emailed or faxed as follows:

(a) If to the Treasurer: Daniel Schwartz, State Treasurer, or his successor in office 101 North Carson Street, Suite 4, Carson City, Nevada 89701; fax 775-684-5781; email OstInvest@nevadatreasurer.gov or

(b) If to Local Government: Tammi Davis, Washoe County Treasurer, or her successor in office at P.O. Box 30039 Reno, Nevada, 89520; fax 775.328.2500; email TreasTeam@washoecounty.us

Either party may change the address or authorized person(s) to which notices or communication shall be given or received by notifying the other party in writing as provided in this section. Notice or other communication is deemed delivered: (a) if hand delivered, when received by the receiving party's authorized representative; (b) if mailed, three (3) business days after deposit in the United States mail; or if emailed or faxed, when sent to the receiving party's authorized representative.

13. Local Government shall neither assign, transfer nor delegate any rights, obligations or duties under this Agreement without the prior written consent of the Treasurer. Subject to the foregoing, this Agreement shall be binding and inure to the

benefit of the parties and their respective successors and assigns.

14. It is the express intent of the parties that each be responsible for its own acts or failures to act, which result in damages of whatever kind or nature to the other party. Each party agrees, to the extent permitted by law pursuant to NRS Chapter 41, to indemnify and hold harmless the other party, and its respective employees, agents and servants from and against any and all claims, liabilities, losses or other expenses (including attorney fees) which arise out of the party's, employees', agents' or servants' negligent or willful acts related to the subject matter of this Agreement, and with respect to employees, agents or servants, in the course and scope of such employment, agency or servant status. The indemnified party must provide the indemnifying party with prompt written notice of any pending action or claim. The indemnified party may participate in the defense at its expense.

15. References in this Agreement to the Treasurer shall mean Daniel Schwartz, as long as he shall be State Treasurer, and thereafter shall mean the subsequent state treasurer of the State of Nevada.

16. This Agreement shall be governed by, construed and interpreted according to the laws of the State of Nevada. The parties consent to the personal jurisdiction of any state or federal court of competent jurisdiction located in Washoe County, and the exclusive venue of any action, proceeding or counterclaim arising out of or in connection with this Agreement shall be Washoe County, Nevada. Nothing herein shall be construed as waiver by the State of Nevada of immunity under the Eleventh Amendment of the United States Constitution.

17. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under Nevada law; provided, however, if any provision of this Agreement shall be held to be prohibited or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition's invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

18. This Agreement constitutes the entire Agreement between the parties. No express or implied waiver by either party shall constitute a waiver of any provision of this Agreement. No modification or waiver of any provision of this Agreement and no consent by any party to a departure here from shall be effective, unless and until such shall be in writing and duly executed by the Treasurer and Local Government.

IN WITNESS WHEREOF, the Treasurer, in his official capacity, has signed this Agreement and Local Government has caused this Agreement to be executed by its duly authorized officer,

STATE OF NEVADA

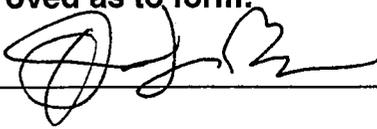
By: _____

DANIEL SCHWARTZ

Nevada State Treasurer

Date: _____

Approved as to form:

By:  _____

ADAM PAUL LAXALT

Attorney General

Date: 8/12/16 _____

WASHOE COUNTY

By: _____

Kitty K. Jung, Chair

Washoe County Commission

Date: _____

Attest:

By: _____

Nancy Parent

Washoe County Clerk