

STAFF REPORT

Date: October 11, 2017

To: Mayor and City Council

Thru: Sabra Newby, City Manager

Subject: **B.2. Staff Report (For Possible Action): Approval of Investment Advisory Services Agreement with Government Portfolio Advisors, LLC for Investment Advisory services for an estimated annual amount of \$64,000. (General Fund)**

From: Jill Olsen, Interim Finance Director

Summary: Government Portfolio Advisors, LLC (GPA) has been providing investment advisory services to the City on a regular basis. Due to recent passage of several regulatory changes that emphasize fiduciary duties, financial providers are changing their services from a brokerage delivery model to an investment advisory model. Registered investment advisors are regulated by the Securities and Exchange Commission (SEC) and must deliver their services as a fiduciary acting on their client's best interest at all times. This contract provides more transparency in disclosing the compensation received for the services. Staff recommends approval of the agreement.

Discussion: Historically, public entities received financial services from investment brokers which are regulated by the Financial Industry Regulatory Authority (FINRA). As indicated above, investment brokers are moving to an investment advisory service model regulated by the SEC. GPA will be the City's Registered Investment Advisor (RIA). As an RIA, advisors are required to be fully transparent with respect to compensation and to disclose all compensation received in providing financial services. The fiduciary and compensation transparency distinctions are significant, so the change is a positive one for the City.

The contract will be for one year with automatic annual renewals. The contract may be terminated at any time with 90 days written notice. The attachments referenced in the contract are on file with the City Clerk. GPA has provided excellent service to the City for many years, understands the City's Investment Policy, and assists staff with adhering to every aspect. GPA was recently awarded a contract by the Reno Tahoe Airport Authority as a result of a Request for Proposals process. They also provide services in Nevada to the City of Elko and the Nevada State Investment Department.

Financial Implications: Funds are included in the Fiscal Year (FY) 17/18 budget for payment of these services.

Legal Implications: Legal review completed for compliance with City procedures and Nevada Law.

Recommendation: Staff recommends approval of the Advisory Services Agreement with Government Portfolio Advisors, LLC and authorization for the City Manager to sign the agreement.

Proposed Motion: I move to approve staff recommendation.

Attachments:

- INVESTMENT ADVISORY SERVICES AGREEMENT 10.11.17 Final (DOC)