

## CLARK COUNTY, NEVADA -- INVESTMENT STRATEGIES

The County's three main objectives in managing the investment portfolio are to provide safety of principal, to ensure liquidity to meet operating requirements, and to generate a market rate of return on the investments. Using cash flow projections to match revenues with expenditures ensures prudent investment principles that will enable the County to soundly meet its financial obligations.

The County has five separate investment portfolios for which the Treasurer performs the investment transactions. They are as follows:

- **Clark County Investment Pool**- operating funds, bond funds, and capital project funds
- **Clark County Tax Receiver**- real property tax collections
- **Clark County Bond Funds**- various bond issue funds
- **McCarran Airport Bond Funds**- airport bond issue funds
- **Clark County Sanitation District**- separate legal entity's operating funds

**CLARK COUNTY INVESTMENT POOL-** The Investment Pool is segregated into four separate portfolios: Cash Management (CM), Intermediate Term (IT), Long Term (LT), and NVEST. CM, IT, and LT are managed internally and primarily invest in the short to intermediate segment of the market—overnight to five years (see page 8 for additional information). NVEST is a mortgaged-backed and asset-backed portfolio managed by Atlanta Capital, which is overseen by the Nevada state treasurer's office.

**CLARK COUNTY TAX RECEIVER-** The Treasurer collects property taxes for all local governmental entities and the State of Nevada. The balances in the Tax Receiver account are extremely seasonal in nature due to the statutory property tax collection schedule, with the highest balances occurring in the months of August, October, January, and March. Property tax allocations and interest earnings are disbursed to other local governmental entities on the 15<sup>th</sup> of each month. Monies are invested primarily in short-term securities and money market funds (MMFs) to match the scheduled cash flow requirements.

**CLARK COUNTY & McCARRAN AIRPORT BOND FUNDS-** Various bond construction, reserve, and debt service monies are invested according to bond covenants in short-term federal agency securities, MMFs, and Collateralized Investment Agreements to match semi-annual debt service payments and cash flow requirements.

**CLARK COUNTY WATER RECLAMATION DISTRICT-** The Treasurer performs the investment function for the Water Reclamation District, with the District recommending the types of investments and maturity schedules. The types of investments utilized for this portfolio are various federal agency securities and money market funds. The monies in this fund are short-term in nature and the District requests the Treasurer to keep a weighted average portfolio of approximately one year or less in maturity.

## **CLARK COUNTY, NEVADA INVESTMENT POOL DESCRIPTION**

**The Clark County Investment Pool is segregated into the following four different portfolios:**

**CASH MANAGEMENT PORTFOLIO:** The primary focus of this portfolio is to provide the day-to-day liquidity needs of the County. Therefore, the Cash Management portfolio mainly targets maturities from overnight to 13 months. The majority of investments are purchased and held to maturity. The most frequently used investment vehicles are commercial paper, federal agency notes, money market funds, and short-term corporate notes. The benchmark used to monitor the performance of this portfolio is a customized money market fund index.

**INTERMEDIATE TERM PORTFOLIO:** This portfolio is more active than the Cash Management portfolio as the Treasurer's staff takes advantage of market conditions to prudently maximize total return. The Intermediate Term portfolio mainly targets maturities from 1 year to 3 years. The most frequently used investment vehicles include U.S. Treasury notes, federal agency notes, and money market funds. The benchmark used to monitor the performance of this portfolio is the Merrill Lynch 1-3 Year Treasury and Agency Index.

**LONG TERM PORTFOLIO:** The Long Term portfolio is managed portfolio is similar to the Intermediate Term portfolio and mainly targets maturities from 1 year to 5 years. The most frequently used investment vehicles include U.S. Treasury notes, federal agency notes, corporate notes, and money market funds. The benchmark used to monitor the performance of this portfolio is the Merrill Lynch 1-5 Year Treasury, Agency, and Corporate (A-AAA rated) index.

**NVEST PORTFOLIO:** As mentioned previously, the NVEST portfolio is managed externally by Atlanta Capital and overseen by the Nevada state treasurer's office. The investments in this portfolio are primarily A-rated collateralized mortgaged obligations and AAA-rated asset backed securities. Similar to the Long Term portfolio, the benchmark used to monitor the performance of this portfolio is the Merrill Lynch 1-5 Year Treasury, Agency, and Corporate (A-AAA rated) index.