

WASHOE COUNTY INVESTMENT COMMITTEE

MINUTES OF MEETING

MONDAY, JULY 29, 2024
2:00 PM

PRESENT: Clara Andriola, Commissioner
Justin Taylor, Treasurer
Eric P. Brown, County Manager (via Zoom)
Abbe Yacoben, Chief Financial Officer
Cathy Hill, Comptroller

STAFF: Trenton Ross, Legal Counsel, Washoe County District Attorney's Office
Marissa Kuckhoff, Administrative Assistant I, Washoe County Treasurer's Office
Casey McDonald, Office Assistant, Washoe County Treasurer's Office (Via Zoom)

BUCKHEAD: Matt Boden, Fixed Income Portfolio Manager, Buckhead Capital Management, LLC

OTHER: Robert Andrews, Accounting Manager, Washoe County Comptroller's Department (Via Zoom)
Debra Crowley, Senior Financial Analyst, Truckee River Flood Management (via Zoom)
Asta Dominguez, Senior Accountant, Washoe County Comptroller's Department (Via Zoom)
Alexander Robarge, Senior Accountant, Washoe County Comptroller's Department (Via Zoom)
Alex Pike

The Washoe County Investment Committee met in the Comptroller's Conference Room of the Washoe County Administration Complex, located at 1001 East Ninth St., Reno, Nevada. Treasurer Justin Taylor called the meeting to order and Marissa Kuckhoff, Administrative Assistant I, called the roll. It was established that quorum was present, and the Committee conducted the following business.

AGENDA ITEM 2 – PUBLIC COMMENTS [NON-ACTION ITEM]

Agenda Subject: "Comments heard under this item will be limited to three minutes per person and may pertain to matters both on and off the Committee's agenda."

Treasurer Taylor called for any public comment and there was none.

AGENDA ITEM 3 – MINUTES [FOR POSSIBLE ACTION]

Agenda Subject: "Possible approval of minutes for the Washoe County Investment Committee's April 22, 2024, meeting. Board members may identify any additions or corrections to the draft minutes as transcribed."

Treasurer Taylor introduced this agenda item, called for any corrections, and there were none. Comptroller Cathy Hill moved to approve the minutes and Treasurer Taylor seconded. The motion passed unanimously.

AGENDA ITEM 4 – INVESTMENT SERVICES AGREEMENT – PRESENTATION AND POSSIBLE ACTION TO ACCEPT AND ACKNOWLEDGE STAFF'S RECOMMENDATION TO AWARD AGREEMENT TO BUCKHEAD CAPITAL MANAGEMENT FOR A TERM OF 4 YEARS IN AN ESTIMATED ANNUAL AMOUNT [\$531,000] PER YEAR; INTRODUCTION BY BUCKHEAD. [FOR POSSIBLE ACTION]

Agenda Subject: "RFP# 05TO-S2659 Investment Management Services has concluded with a resulting recommendation to award to Buckhead Capital Management. Presentation by Matt Boden, Fixed Income Portfolio Manager of Buckhead. Treasurer will move forward to finalize proposed contract for term of 4 years

with optional extensions, estimated annual cost of \$531,000. Possible action to accept and acknowledge the Request for Proposal process results to select Buckhead as the vendor for Washoe County's Investment Management Services."

Treasurer Taylor introduced this agenda item and explained that the Washoe County Treasurer's Office participated in a joint Request for Proposals (RFP) issued by the State of Nevada for Investment Management Services. Some of the information remains confidential. Treasurer Taylor explained that the reasons for this decision were that Washoe County's contract for investment management services was set to expire in July 2025, and in the past, more vendors have responded to the State's RFP than to the County's RFPs. This potentially could provide more options. Further, by joining in the State's RFP, the county was able to utilize other local government agencies with subject matter expertise to serve on the evaluation panel, as other agencies also joined this RFP.

The RFP was structured so that vendors could submit proposals on the individual portfolios and the responses were scored based on those individual portfolios. Some firms scored higher on some portfolios than others. There were seventeen firms that responded to the State's RFP. Of the seventeen firms, seven submitted responses for Washoe County's portfolio. The County's current vendor responded but was not the top-scoring firm for the portfolio.

There were several areas of scoring for this RFP. The technical proposal, which was the qualitative portion, was scored by a five-member panel with the Washoe County Chief Deputy Treasurer being one of those members. Other members of the panel were from the State of Nevada, City of Reno, Washoe County School District, and the Public Utilities Commission. The Technical Proposal scored was based on their experience in performance of comparable engagements; the firm background, expertise, and availability of key personnel; administration, Compliance, and Reporting.

There were two quantitative portions of the vendor responses. Those were each scored by two separate two person panels. The quantitative areas of the RFP are investment performance provided and similarity to mandate and cost. Vendor proposals were also reviewed for financial stability and received a Pass/Fail grade. While we have the option to joinder with the State's contract, it was determined to be in the County's best interest to have its own contract with the top scoring vendor for the portfolio.

The plan is for the current vendor to continue managing Washoe County's portfolio until the end of the quarter, September 30, 2024, and the new vendor take over October 1, 2024. This provides time to obtain approval by the Board of County Commissioners and provide for a smooth transition. Comptroller Cathy Hill confirmed with Treasurer Taylor that the County's contract would be going through the County's Purchasing Division.

Treasurer Taylor introduced Matt Boden to the committee and Boden gave a presentation on Buckhead Capital Management.

BCM FIXED INCOME

Portfolio Management Team

Matt Boden, CFA

Matt serves as a Portfolio Manager for Fixed Income Portfolios. Prior to joining BCM, he was Portfolio Manager with StableRiver Capital Management, where he was responsible for managing \$2 billion in fixed income assets for institutional clients. Prior to StableRiver, he worked for both ValuBond Securities and JP Morgan. Matt received a B.S. in MSIS from Penn State and an M.B.A. in Finance from Georgia State University. He is a CFA

charterholder, a member of the CFA Institute, and the CFA Atlanta Society of Financial Analysts. He is also an Associate Member of the Georgia Government Finance Officers Association.

Rick Nelson

Rick serves as a Portfolio Manager for Fixed Income Portfolios. Prior to joining BCM, he was the CEO/CIO for StableRiver Capital Management, a fixed income boutique with \$9 billion in assets under management. Prior to StableRiver, Rick was a Senior Vice President of Fixed Income at Wachovia Asset Management. Rick earned a B.S. degree in Business Management from St. Francis College and his MBA in Finance from Mercer University. He is also an Associate Member of the Georgia Government Finance Officers Association.

Chad Stephens

Chad is a Portfolio Manager for Fixed Income portfolios. Prior to joining BCM in 2016, he spent 15 years with StableRiver Capital Management where he specialized in securitized products on a fixed-income team that managed over \$9 billion for institutional clients and mutual funds. Prior to joining StableRiver (owned by SunTrust Bank until June 2014), Chad worked for Wachovia Securities in fixed-income trading for seven years. He began his career with South Carolina National Bank as a credit analyst after graduating in 1989 from the College of Charleston with a Bachelor of Science in Business.

Kathy Stratton

Kathy serves as a Portfolio Manager for Fixed Income portfolios. Prior to joining BCM, she was a Partner and Portfolio Manager with Invesco, specializing in fixed income, equity and balanced fund management for institutional clients. Kathy began her career with the Bank Investment Securities Division of Bank of America and has more than twenty-five years of investment experience. She holds a B.S. in Psychology from Vanderbilt University. Kathy is a CFA charterholder, a member of the CFA Institute, and a member of the CFA Atlanta Society. She is also an Associate Member of the Georgia Government Finance Officers Association.

Brett Snavelly, CPA

Brett serves as a Research Analyst for Fixed Income portfolios. Prior to joining BCM, Brett spent over 13 years at Nardella & Taylor, a full-service CPA firm. Most recently, in his role as a Senior Manager at Nardella & Taylor, he was a leader of the field examination teams, responsible for performing collateral audits and business analysis for asset-based loans. Brett earned a B.S. degree in Accounting from Providence College and a Masters in Finance from University of Southern New Hampshire. Brett is a Certified Public Accountant.

Comptroller Hill asked Boden how many government entities Buckhead works with overall and Boden reported that government entities make up about 90% of their business, with more than half of that in Nevada. Boden stated that they are located in Georgia. Comptroller Hill asked if they have an office in Nevada and Boden said they do not. Boden explained that there is a small group, including himself, that will manage the portfolio and there is always direct contact and access.

What Differentiates BCM Fixed Income?

The experience of our team, a strict adherence to our disciplined process, and our unmatched commitment to client service distinguish BCM Fixed Income from our peers.

Experience:

- Our portfolio managers average over 30 years of investment experience.
- Team members have managed portfolios together for nearly two decades.
- We have successfully managed our clients' accounts through all phases of the interest rate and economic cycles.

Disciplined Process:

- The core of our investment process has remained constant for over 30 years.
- We maintain strict risk control measures in each phase of our process.

Independent:

- Asset management is our only business. BCM Fixed Income is independent from a bank or other financial services company.

Client Service:

- Delivering solid investment performance is essential to our role as a manager, but it is through our commitment to providing the highest level of client service that we build long-lasting relationships.

BCM Fixed Income's History in Nevada

BCM Fixed Income's team has extensive experience managing assets for public sector clients throughout Nevada. Rick Nelson and Matt Boden have been working with public funds in the State since 1998 and 2004, respectively.

BCM Fixed Income currently serves the following public sector clients in Nevada:

Nevada State Treasurer's Office	Churchill County
Elko County	Humboldt County
Washoe County School District	Carson City
Lyon County School District	City of Winnemucca
Humboldt General Hospital	

Over 90% of BCM Fixed Income's assets under management are for healthcare and governmental entities. Our team especially appreciates working with public sector clients and understands the unique nature of managing portfolios in a public forum.

BCM Fixed Income has experience managing general funds, pre-paid tuition programs, bond proceeds accounts, and operating/cash management funds for a variety of public sector clients.

Fixed Income Products

Liquidity & Cash Management Fixed Income

- High Quality with focus on yield advantage
- Ultra Short-term Maturity Structure in order to meet client cash flow needs
- Benchmark – Client directed, such as Bloomberg 1 Month US Treasury Index

Short Duration Fixed Income

- High Quality with focus on yield advantage
- Short-term Maturity Structure in order to meet client cash flow needs
- Benchmark – Client directed, such as Bloomberg 1-3 Government/Credit Index

Total Return Fixed Income

- High Quality, Total Return
- Intermediate or Core Fixed Income
- Benchmark – Client directed, such as Bloomberg Intermediate G/C, Aggregate, or Government/Credit Index

Customized Fixed Income Solutions

- Customized Combinations of Taxable and/or Municipal Debt
- Benchmark - Customized to Client Allocation/Portfolio Considerations
- Portfolio Considerations, including but not limited to: Risk Tolerance, Time Horizon, Liquidity Needs, Income Requirements, State Statutes & Restrictions, where applicable, Tax Situations, and ESG Restrictions (Per client direction)

Fixed Income Philosophy

Maintain a diversified, high-quality portfolio, with a measured and controlled level of risk and a consistently high level of income.

Emphasize quality and liquidity in individual security selection.

Utilize a strategy which seeks to optimize price appreciation and capture consistently high levels of interest income.

Customize solutions to meet the unique needs of our clients.

Fixed Income Process

Duration, curve, security selection, sector.

Multi-faceted process focuses on each of the four components of fixed income portfolio construction.

Disciplined approach to control risk in each phase of the process.

Generate superior risk-adjusted returns over time.

Economic Factors for 2024

Higher Rates / Faster Growth

Consumer Wealth Effect

Increased Supply of Debt

Lack of Buyers for Government Debt

Technology / AI Led Growth Boom

Fiscal Stimulus

Nearshoring and Onshoring of Supply Chain

Declining Money Supply and QT

Energy Prices

Easing Financial Conditions

Reacceleration of Inflation

Lower Rates / Slower Growth

Labor Market Normalizing

Increased Debt Service Costs

“Higher for Longer”

CRE and Bank Risk

Data Reliability

Slowing Growth Outside of the US

Sustainable Productivity Gains

Geopolitical Risks (Global Elections)

Historical Trends / Leading Economic Indicators

Consumer Credit Fundamentals

Fixed Income Process: Duration & Curve

Duration position driven by current inflation-adjusted yields compared to historical levels, viewed in the context of current market conditions and expectations for rates moving forward. Portfolio duration is adjusted based on our outlook, in conjunction with client guidelines and internal risk management policies.

Primary factors include: Macro Economic Forecasts, Inflation Expectations, Global Rates, Technical Factors, and Fed Policy Outlook.

Fixed Income Performance.

Protect your principal. Generate liquidity. Returns.

Comptroller Hill asked Boden about the flexibility of reporting and Boden replied that they will be able to meet that need and that they are using Clearwater Analytics.

Chief Financial Officer Abbe Jacoben asked Treasurer Taylor if the committee needed to wait on the State before issuing a contract and Treasurer Taylor explained that because the County is entering into their own contract separate from the State, they will not need to wait.

Chief Financial Officer Jacoben made a motion to approve the proposal from Buckhead Capital received during the RFP process and begin negotiations. Treasurer Taylor seconded the motion, and it passed unanimously.

AGENDA ITEM 5 – COMMITTEE MEMBER COMMENTS [NON-ACTION ITEM]

Agenda Subject: “This item is limited to announcements or issues proposed for future agendas and/or workshops.”

Treasurer Taylor called for any committee member’s comments. Commissioner Andriola asked if it would come back to the committee and Treasurer Taylor answered that it will go to the Board of County Commissioners.

AGENDA ITEM 6 – PUBLIC COMMENTS [NON-ACTION ITEM]

Agenda Subject: “Comments heard under this item will be limited to three minutes per person and may pertain to matters both on and off the Committee’s agenda.”

Treasurer Taylor called for public comment and there was none.

AGENDA ITEM 7 – ADJOURNMENT [NON-ACTION ITEM]

Treasurer Taylor adjourned the meeting.

Attachments to Minutes



Agenda Item 3 -
2024 04 22 Minutes



Agenda Item 5 -
Washoe Co Inv Com



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