

An Eastern State Local Government Investment Pool

A single professional client support team

Case Study

The Client An Eastern State maintains a \$17 billion dollar local government investment pool to manage short-term investments on behalf of State Agencies and political subdivisions.

The Challenge The State Fund has over 3,000 participant level accounts, segregated into two groups: State Agency Accounts and “non-State Agency” Accounts. The State services State Agency accounts, while the Transfer Agent services “Other than State” accounts.

Though the Fund maintained a relationship with the same financial service providers for nearly 20 years, managers wanted to move away from antiquated technology and were open to an opportunity to improve the offering to their internal clients while creating efficiencies and decreasing expenses to the fund.

The State Treasury required a portfolio accountant to provide unitized investment values while applying different expense ratios to assets in the pool. It also needed a provider with robust recordkeeping and servicing capabilities to support extremely heavy manual transaction and call volumes for direct participant accounts. Ultimately, the State Fund needed to realize both cost and operational efficiencies by consolidating service providers into a single point of contact, gaining increased reporting, transparency and accountability from its service provider.

The Solution In the RFP process, Citi was selected over the incumbent to provide Transfer Agency, Fund Accounting and Custody Services for the Fund. Citi’s superior technology solution, offering transparency into accounts and the overall process as well as customized reporting, was critical to the deal. Equally advantageous was Citi’s consolidated and integrated service model, unique in our marketplace. A single service team handles all daily operations of the Fund while providing detailed and timely reporting for management oversight.

Citi’s transition team of subject matter experts from each of the disciplines worked to replicate the critical client-facing materials to ensure that there would be very limited impact to the Fund’s participants. To accommodate the need to keep the State monies separated from the political subdivision monies, and to be able to apply different expense ratios as needed, Citi created a master feeder structure with two feeder funds tying into the overall pool. These funds were also segregated on the shareholder recordkeeping system for ease of reporting between the State and “Other than State” accounts.

To accommodate clients' trading needs, Citi developed customized reporting, produced at different points during the day. For the portfolio-level trading reports, these accounts were created and sent to the client via schedule from both the Fund Accounting and the Custody units. Citi also implemented a process to provide multiple checkpoints through the day to provide indications of transactional volumes and a final tie-out of all numbers at the close of the Fund. Direct online access was granted to participant accounts, allowing the Fund to better service agency accounts. In turn, online access for participants of the Fund has substantially reduced inquiries which would otherwise be fielded by the State's fund manager and staff.

The Result

The State recognizes that its Fund participants and taxpayers alike benefit from Citi's highly customized solution and award-winning shareholder service model. As a single consolidated service provider, Citi's internal efficiencies empower it to offer a very competitive bundled price for its client. Even more valuable, clients engage with a single professional client support team - a dedicated partner that communicates internally to anticipate and resolve issues expediently.