

SANDOVAL TREASURER'S INVESTMENT COMMITTEE (STIC)

REGULAR MEETING MINUTES

Sandoval County Administration Building

July 18, 2013

1. CALL TO ORDER

Meeting was called to order at 4:31 PM.

Present: Laura M. Montoya, County Treasurer
Larry Polanis, Treasury Controller
Joe "Skip" Kruzich, Community Member
Cassandra Herrera, Finance Director, Sandoval County
Linda Montoya Roseborough, Chief Investment Officer, Office of the State Treasurer
~~Rob Burpo, Investment Advisor, LPL First Financial~~
Paul Dickson, Vice President-Portfolio Manager, NMBT Wealth Management
Josie Romero, Tax Researcher
Trish Greene, STO Accounting Supervisor

Not Present: Don Chapman, Sandoval County Commissioner (present at 5:20pm)
Mario Martinez, Community Member

2. INTRODUCTIONS AND ANNOUNCEMENTS

Treasurer Montoya stated that the meeting must be over by 5:25PM in order to attend the County Commission Meeting without being late. She stated that there is a possibility that all items on the agenda wouldn't be addressed during this meeting. She placed emphasis on discussing the Investment Policy. She then asked everyone to introduce themselves since we had some new members at the meeting.

3. APPROVAL OF AGENDA

Motion to approve the July 18, 2013 agenda by Burpo; Seconded by Polanis; All in Favor; Motion carries.

4. APPROVAL OF MINUTES

Corrections: Correct spelling of Paul Dickson's name; correct spelling of "jump" bond to read "junk" bond. Motion to approve the April 18, 2013 minutes, as amended by Polanis; Seconded by Kruzich; All in Favor; Motion carries.

5. INVESTMENT POLICY--LAURA M. MONTOYA

Treasurer Montoya stated that she put the policy into a format that matched statutory regulations. The highlighted parts are new. No changes to Section 1, Section 2 or Section 3. A "Sandoval Treasurer's Investment Policy Summary" was given to all members present stating what the changes were that had been made. The committee reviewed the policy by sections.

Recommended changes and Discussion are as follows:

Section IV: Burpo questioned the phrase “*yield due to statute*”. He was unable to find the statutory comment which says it has to be yield. Discussion followed on whether to use Yield, Return, Rate of Return, or Return on Investment.

- ✚ It was decided to change *Yield* to *Return* on page 1, line 2 Scope of the Investment Policy and also change Section 6B Definition of *Safety, Liquidity* and *Yield*, top of page 3. However, on page 3, 1st paragraph 2nd and 3rd lines, the definition of Rate of Return shall be changed to read – **“Total of interest earned and the net capital gains and losses both realized and unrealized less transaction costs.”**

Page 2, 3rd paragraph which reads in part, “The County Manager with direction from the Board of Finance shall notify the County Treasurer on a regular basis...” caused discussion on the appropriateness of using the word shall. Treasurer Montoya indicated that she is not willing to remove or change the word shall and that is not a current change in the policy but wording from the current policy. Several committee members agreed that based on the fiscal responsibilities, it is necessary for that to be a primary function to invest appropriately.

Section VI-B, 2nd paragraph is highlighted as new material. The wording is from the Treasurer’s Standards of Investments.

- ✚ Section VI-C regarding the Sandoval County Investment Committee is new material. Treasurer Montoya stated that new members will be added at which point she reviewed both the voting and non-voting members. It was suggested that the wording be changed to include “**primary banking institution**” after “financial service provider”.
- ✚ Section VI-C- c.) iv. – Recommended change to insert “**at least**” after “consist of” and before “a majority.”

Section VII Investment Control:

- ✚ Section C. Collateral Policy- Statute requires at least 50% collateral. Treasurer Montoya pointed out that changing the minimum to 75% could get 25 basis points from New Mexico Bank & Trust. Currently the County is at 20 basis points. Montoya Roseborough stated that the State of New Mexico requires monthly risk assessment for banks and set to standard from 50% to 103% collateral. Burpo asked if there was a separate section for approved or permitted collateral as listed in the 2008 Policy. Treasurer Montoya responded that there wasn’t. Discussion followed and it was decided to change the wording to: **“Should the financial institutions use a payment or performance bond as provided by law, the maturity of the deposit so collateralized shall be for the less of the term or time of cancellation set forth in the bond.”** Polanis asked what would be considered allowable collateral and what would the pros and cons of those allowable sources of collateral.

Treasurer Montoya noted that the time was 5:23 PM and stated since there was still a great deal of the policy left to review, would the committee be willing to meet very soon to finish discussing the policy. She asked to meet next week, at 4:00 PM on Wednesday, July 24th for a working group. The committee members agreed.

6. ADJOURN

Motion was made to adjourn at 5:27pm by Burpo; Seconded by Polanis; All in Favor; Motion carried.