

# **SANDOVAL TREASURER'S INVESTMENT COMMITTEE (STIC)**

REGULAR MEETING MINUTES  
Sandoval County Administration Building  
October 17, 2013

## **1. CALL TO ORDER**

Meeting was called to order at 4:31 PM.

**Present:** Laura M. Montoya, County Treasurer  
Phillip Rios, County Manager  
Larry Polanis, STO Treasury Controller  
Joe "Skip" Kruzich, Community Member  
Linda Montoya Roseborough, Chief Investments Officer, Office of the State Treasurer  
Mario Martinez, Community Member

Judi Walker, STO Deputy Treasurer  
Trish Greene, STO Accounting Supervisor  
Rob Burpo, Financial Advisor, LPL First Financial  
Paul Dickson, Vice President-Portfolio Manager, NMBT Wealth Management  
Stephen Montoya, New Mexico Bank & Trust

**Not Present:** Don Chapman, Commissioner

## **2. INTRODUCTIONS AND ANNOUNCEMENTS**

Treasurer Montoya introduced Stephen Montoya and Judi Walker.

## **3. APPROVAL OF AGENDA**

Motion to approve the October 17, 2013 agenda by Roseborough; Second by Polanis; All in favor; Motion carries.

## **4. APPROVAL OF MINUTES**

Motion to approve the July 18, 2013 Regular Meeting Minutes by Polanis; Second by Roseborough; All in Favor; Motion carries.

Motion to approve the July 24, 2013 Working Group Minutes by Polanis; Second by Martinez; All in Favor; Motion carries.

## **5. DISCUSSION OF POSITIVE PAY—Presentation by Mr. Stephen Montoya, NMBT**

Treasurer Montoya asked Stephen Montoya to explain what Positive Pay is and how it will benefit the County. Positive Pay has been approved by the County Manager and will help prevent check fraud. Roseborough asked if there is a limit in place which will require a manual intervention or approval. Stephen Montoya indicated that anything not matching the file will be flagged. Checks cashed in the teller line at the bank still carry some risk for fraud as there is no mechanism in place to catch potential fraud. Positive Pay is on the Board of Finance agenda to discuss the benefits of implementing it in the county.

## INVESTMENT POLICY – LAURA M. MONTOYA

There were several sections discussed in the current investment policy draft which include:

- ✚ “The public monies of the County are placed under the supervision of the Treasurer and investment decisions are the responsibility of the Treasurer, subject to the advice and consent of the (county commission acting as the) Board of Finance, in accordance with Federal and State law.” The county manager agrees that the state law says that deposits and safekeeping are under the supervision of the Treasurer but does not agree with the remainder and will ask the county commissioners to not insert that paragraph in the investment policy. “It’s a wording issue but certainly if you just left it at deposits and safekeeping of the public monies under the supervision of the treasurer, we would not have a problem with that.” Roseborough commented, “The Treasurer’s office is responsible for all the monies and the investments of those monies and there is still that dual oversight by the Board of Finance of the State”.
- ✚ The phrase in the 2<sup>nd</sup> full paragraph on Page 2 “[The County Manager, with direction from] the board of Finance, shall notify the County Treasurer on a regular basis of county expenditures and of any large expenditure anticipated so that cash liquidity can be planned according to the cash management report and county expenditures.” The Treasurer stated that the wording “county manager, with direction from” was added for clarity being that it is the county manager who does the communication on behalf of the Board. The county manager disagreed with the wording and would prefer to keep it the same because staff works for the Board of County Commissioners.
- ✚ Burpo recommended changing Section V. **DEFINITIONS: D. “Dealers”** – from *his* to *their*. He also recommended that detailed descriptions for C. **“Brokers”**, E. **“Financial Advisor”**, H. **“Portfolio Manager”** and I. **“Professional Fund Manager”** be removed and replaced with the phrase *as further defined herein in Section IX –A and –B*.
- ✚ It was asked if the commission may appoint a committee member. The Treasurer explained that she had spoken to the Chairman and he did not like the Commission submitting a person to serve on the committee and preferred the Treasurer to select the two community members. Discussion regarding voting and non-voting members. Rios stated that the committee is for advice and not voting to set policy. The Treasurer agreed that it is advice but prefers a vote to take place and only by members who do not have a direct benefit from the vote.
- ✚ Section VII. **INVESTMENT CONTROLS: C. Collateral Policy** paragraph after Required Types of Collateral, Burpo explained that there is an insurance company which states in its policies that it can, with 30 days notice, revoke its surety bond. Although these are not issued in New Mexico, the issue is that if a CD is rescinded there needs to be coverage. Roseborough asked about putting a limit of \$250K. Burpo explained that this is only for coverage in excess of the insured amount. **D. Permissible Investments, g) Shares of Pooled Investment Funds, Scheduling of Investment Maturities –**

discussion of years of maturity based on current environment. There is a cash flow available of 3/12<sup>th</sup> in the General Fund and 1/12<sup>th</sup> in the Road Fund.

- ✚ **IX. PROFESSIONAL SERVICES/RESPONSIBILITIES: A. Financial Advisor** - There was discussion about the title Financial Advisor/Portfolio Manager. Sandoval County has a different situation in that it has a Financial Advisor who also indirectly manages the portfolio. The policy needs to state clearly the types of professional services the County has. Polanis suggested adding language which would define an advisor with conditional restraints that the Treasurer may retain the services of a financial advisor who may not act as principal and may not deal directly with investment activities but may oversee activities of fund managers as an agent for the Treasurer. Burpo stated that only licensed professionals may deal with investments. He will research additional language from FINRA. Roseborough stated that usually the responsibilities are not broken down in the policy but rather in the contract for services. Detail is not included in the current policy or in other Class A County policies. Rios asked if the detail belongs in the policy or should be used in an RFP instead. Roseborough will draft language and send to Burpo for review who will then send to Treasurer Montoya. Also discussed under this section was **D. Investment Brokers e)** language about managed assets of at least \$100,000,000 be include and updating the wording.

- ✚ **Section VIII. INVESTMENT REPORTING: E.** Rios suggested rewording the paragraph to read – *The Treasurer will request on a quarterly basis an expenditure forecast to aid the Treasurer in meeting the short and long-term cash needs of Sandoval County and reporting this information to the County Board of Finance and the Investment Committee. The Finance Department will provide the forecast within two weeks of request.*

Treasurer Montoya reviewed criteria she would like to start using on any changes in investments/strategy within the portfolio under the County. This also included expectations in regard to the Board of Finance Meetings.

## 6. NEW BUSINESS

## 7. ADJOURN

Motion was made to adjourn at 5:25pm by Polanis; Second by Roseborough; All in Favor; Motion Carried.