

**SANTA FE COUNTY
INVESTMENT COMMITTEE MEETING MINUTES
OCTOBER 21, 2010**

Meeting called to order @ 2:04 pm

Committee Members in Attendance:

Victor Montoya, County Treasurer
Teresa Martinez, Finance Director
Rachel Brown, County Attorney
Harry Montoya, County Commissioner
Lowell Gilbert, Private Sector

Committee Members Absent:

Katherine Miller, County Manager

A motion to approve the September 16, 2010 Minutes was made by Teresa Martinez seconded by Rachel Brown.

A motion to approve the October 21, 2010 Agenda was made by Rachel Brown seconded by Lowell Gilbert.

Treasurer Montoya began the meeting with the first item on the Agenda which was the investment activity since our last investment committee meeting on September 16, 2010; we purchased and settled on the following government agencies (bonds) and CD's.

- a. Charter Bank opened a \$250,000.00 CD with a yield of 1.26% for 18 months; interest to be paid monthly.
- b. Del Norte Credit Union opened a \$250,000.00 CD with a yield of 1.30% for 18 months; interest to be paid monthly.
- c. New Mexico Bank & Trust opened a \$248,000.00 CD with a yield of .75% for 18 months; interest to be paid quarterly.

He stated the CD investment was in response to Commissioner Montoya's request to invest locally.

Government Agencies purchased in October:

- d. Mutual Securities, Fannie Mae Bond CUSIP #3136FPHC4 in the amount of \$1,500,000.00 settled September 24, 2010 with a rate of 1.50%.
- e. Mutual Securities, Fannie Mae Bond CUSIP #313FPHC4 in the amount of \$849,000.00 settled September 24, 2010 with a rate of 1.50%.
- f. Mutual Securities, Fannie Mae Bond CUSIP #3136FPPK7 in the amount of \$1,150,000.00 settled October 15, 2010 with a rate of 1.50%.

SFC CLERK RECORDED 10/23/2010

- g. Morgan Keegan, Fannie Mae Bond CUSIP #3136FPJP3 in the amount of \$925,000.00 with a rate of 2.00%.

Treasurer Montoya moved on to the next item on the Agenda which was the property tax collections and distribution report; he informed the committee that distributions in the amount of \$1,173,641.04 collected for September 2010 property taxes will be made on October 20, 2010. The County's share for September 2010 collections is \$549,615.73. The maintenance report shows we have collected \$135,547,010.43 through September 30, 2010; through the eleventh month of 2009 tax collections. The tax collection rate through September was 95.31%.

Treasurer Montoya informed the committee that the year-to-date collection rate on September 30, 2010 over September 30, 2009 shows we are down .09%; but in dollars we are \$8,205,995.76 ahead of last year's collections.

Treasurer Montoya moved on to the next item on the Agenda which was the County's Investment Portfolio as of September 30, 2010, he asked the committee to turn to page 4 of the Agenda, where the Treasurer's Report begins. He stated that all the items highlighted in yellow are items which are new accounts; the items highlighted in purple were called. He then asked the committee to turn to page 5 of the agenda which shows all the accounts with Los Alamos National Bank in the amount of \$138,959,852.69; the GRT Judicial Revenue Bond items highlighted in blue were CD's that closed and placed in the one item highlighted in yellow which is a savings account. Treasurer Montoya stated that he had not made any other investments because he was waiting for the cash analysis report from finance.

Treasurer Montoya moved on to page 6 of the report which shows the investments with L.F. Financial, Mutual Securities and Morgan Keegan; the items highlighted in yellow are new bonds mentioned in the beginning of the Agenda as new investment activity since our last meeting. The items highlighted in purple are items which matured, for a total of \$4,231,644.45.

Finally, the last page of the report indicates how much money we had at the LGIP on October 31, 2010. The Current LGIP Balance on that date \$1,645,224.41; the Pool Contingency Reserve Fund was \$271,864.21 and the Contingency Reserve Released amount was \$84,198.81. He stated that the amount that the County could lose is \$271,864.21; approximately \$200,517.91 is bond money.

Lowell Gilbert asked Treasurer Montoya when we could write-off the amount of our loss and if any other entities have filed sued against the State Treasurer's Office. Also, are any of the funds earmarked for legal fees?

Treasurer Montoya stated that most of the money at the Pool is bond money and added that the investments at the state are not collateralized; and that the lawsuit filed against The Reserve Primary Fund had been settled.

Teresa Martinez, Finance Director stated that we "County" did not have the authority to write-off the loss. She indicated she would get together with the auditors to find out what we can classify as a loss.

Commissioner Montoya asked who filed the suit.

Treasurer Montoya stated that the Attorney General filed the suit on behalf of the State Treasurer; he informed the committee that when the state LGIP distributed the reimbursement, the amount listed on the report was what had been distributed to date, however there could be a final distribution but we have no idea when and if it will occur.

Treasurer Montoya concluded his report on the portfolio with the following summary: deducting the called bonds and matured CD's in the amount of \$4,331,644.45; and adding the investments made for September and the cash balance at First Community Bank in the amount of \$247,978.18 and the accounts at Los Alamos National Bank in the amount of \$10,197,420.70; the grand total of all investments and cash balances as of September 30, 2010 is \$204,118,278.81 excluding outstanding obligations.

Treasurer Montoya then reported (according to the State Treasurer's website) the October meeting was based on September 2010 investment activity. The report Executive Summary and agenda was dated September 30, 2010, copies of the STO LGIP portfolio were attached for the committee's information. The STO September 30, 2010 interest on Investments showed \$182,347.00, with an average yield of 0.291% for the month. The LGIP portfolio was \$794 million up from \$779 million in August an increase of \$15 million. He asked the committee to turn to page 9 of the Agenda where it states that the same period 2 years ago the LGIP held \$1.4 billion so it is almost half of what was there; he stated that it may have been because of what happened in the primary reserve. He referred to page 4 of the Agenda; he indicated that the Pool Contingency Reserve Fund balance in the amount of \$271,864.21 is the amount that we potentially could lose at the end of the fiscal year. He added, he didn't know if we will be receiving any more money or if we will be losing any more money but we might know more by the end of December, he stated he would try to get something in writing. The Contingency Reserve Fund isn't just bond money some of it is general fund money if we do not get any additional distributions then his concern would be, how we would place the loss in our books. He stated that anything marked GOB might have to be made up from the general fund.

Treasurer Montoya provided a chart from Morgan Keegan Fixed Income Research "Daily Market Update" to the committee for their review which was listed as page 8 of the Agenda. He asked the committee to refer to the upper left hand corner which shows where the treasury yield curve is. He noted that the information for a 2 year under "term" shows what the current curve is and what the previous close was a week ago, a month ago and a year ago. He stated a year ago it was .92% for a treasury bill, now we are earning .36% and indicated it was less before. The problem he said, was that when we invest in treasury bills we are locked in for the term, it's not like a callable bond where you invest for a certain term and the investment can be called at any given time after the call date.

Next on the Agenda was the transition from First Community Bank to Los Alamos National Bank. Treasurer Montoya stated that the transition was substantially completed. The cash balance at First Community Bank as of October 19, 2010 was \$129,693.92. He also stated that the treasurer's office needed to have the finance department give us a list of outstanding checks

for the following accounts to transfer the cash balances to LANB by the end of month of October.

<u>NAME OF ACCOUNT</u>	<u>ACCOUNT BALANCE</u>
Inmate Trust Account	\$ 6,484.60
Juvenile Trust Fund	\$ 3,001.92
Operations Account	\$120,207.40

Treasurer Montoya stated that we were in the 4th month of transition and there has not been any activity in the inmate account since September 23, 2010.

Teresa Martinez stated since the inmate account balance derives from checks given to inmates after they have left the jail. Her fear is in the event they try to cash a check after the account is closed and show up at the bank to cash it, they would not be able to which could cause problems. Additionally, she was under the impression that the transition period would be 6 months.

Treasurer Montoya believes the sooner we close out the accounts at First Community the better for the County. He asked Teresa Martinez if we could reissue the checks written out of First Community Bank, for all of the outstanding checks, from Los Alamos National Bank.

Teresa Martinez stated her office would reissue those checks.

Finally, the last item on the Agenda was the collection efforts of Adam Bailey and Gloria Apodaca. Treasurer Montoya stated that Adam has collected \$2,367,836.99 from June 21, 2010 to October 8, 2010 and Gloria has collected \$325,106.95 from August 2, 2010 to October 15, 2010; and added their collection efforts have really paid off. He indicated that Adam and Gloria were very concerned about their employment status; and added he was also concerned wanted to know if these positions are going to be approved through June 30, 2011. He asked the committee to advise him as to their continued employment as soon as possible to alleviate their concerns.

All members in the committee concurred that they have done an excellent job in their collection efforts and they would stay on in the treasurer's office until end of fiscal year, which would be June 30, 2011.

Treasurer Montoya then discussed the investment issues with LANB. He stated the bank called him to inform him we had too much money per their regulators at Los Alamos National Bank. So what the bank opted was for us to use Charles Schwabb, with their investment division at Los Alamos National Bank. One of the positive things with regards to that is that we would not pay any safekeeping fees if we invested with Charles Schwabb. The issue for the Treasurer has been that when a bond matures the money comes in to the Charles Schwabb account. That money is then invested in a government money market. Los Alamos National Bank has told Treasurer Montoya, they might have mortgage backed securities, or some other type of security not authorized by the County's Investment Policy he can't invest in. Treasurer Montoya then asked

Los Alamos National Bank what other accounts he can place the money in; they told him he could invest the funds in a Treasury bill money market. His concern is a disclaimer to the prospectus where it states that as all investments carry risks. The Treasurer informed the Committee, if the treasury market goes under (t-bills that are guaranteed by the full faith and credit of the federal government) the country would be in bad shape. The question Treasurer Montoya asked was can we use The Government Money Market collateralized by (mortgage backed securities) or The Treasury Money Market issued by the federal government as collateralization for the money held temporarily at Charles Schwab.

Treasurer Montoya stated his intent was to temporarily hold the funds in a money market while we look for another replacement investment; *if we do not purchase a replacement bond within a one week period, then he would transfer* the funds to Los Alamos National Bank, again, that was his original thought. However, last week he asked Charles Schwab to transfer the money to us. The money that's there will be transferred back to purchase the bond(s). The bond inventory stays in our account at Charles Schwab. The Treasurer will be transferring funds from bonds called to LANB as quickly as possible until he and legal get together to find out the legalities of investing in government money markets

Treasurer Montoya then moved on to the final item on the Agenda which was the continued need of cash flow analysis for the Treasurer's office to ladder investments of cash tied to the need for funds by the County.

Teresa Martinez, Finance Director, informed the committee that Patricio Guerrortiz, Utilities Director, Joseph Gutierrez, Community Services Director and Robert Martinez, Transportation Manager will be meeting on a regular basis on the 10th of every month. She stated that she would be able to provide a working graph from their meeting of the 10th of November.

The last item on the agenda was the proposed schedule for the next meeting which would be November 18, 2010 @ 2:00 pm.

Meeting adjourned at 2:43 pm.

Victor A. Montoya
Victor A. Montoya, Chair

ATTEST

Valerie Espinoza
Valerie Espinoza, County Clerk



COUNTY OF SANTA FE) INVESTMENT COMMITTEE M
STATE OF NEW MEXICO) ss PAGES: 5

I Hereby Certify That This Instrument Was Filed for Record On The 23RD Day Of November, 2010 at 11:33:36 AM And Was Duly Recorded as Instrument # 1617805 Of The Records Of Santa Fe County

Witness My Hand And Seal Of Office
Valerie Espinoza
Deputy County Clerk, Santa Fe, NM