

SANTA FE COUNTY INVESTMENT COMMITTEE MEETING MINUTES NOVEMBER 18, 2010

Meeting called to order @ 2:00 pm.

Committee Members in Attendance:

Victor Montoya, County Treasurer
Teresa Martinez, Finance Director
Penny Ellis-Green, Asst. County Manager
Stephen Ross, Attorney

Committee Members Absent:

Harry Montoya, County Commissioner
Lowell Gilbert, Private Sector

A motion to approve the October 21, 2010 Minutes was made by Teresa Martinez, seconded by Stephen Ross.

A motion to approve the November 18, 2010 Agenda was made by Stephen Ross seconded by Teresa Martinez.

Treasurer Montoya began the meeting with the first item on the Agenda which was the investment activity since our last investment committee meeting on October 21, 2010; we purchased and settled on the following government agencies (bonds) and CD's.

- a. Mutual Securities, Fannie Mae Bond CUSIP #3134G1XD1 in the amount of \$750,000.00 settled October 28, 2010 with a rate of 1.15%.
- b. Mutual Securities, Fannie Mae Bond CUSIP #3136FPRS8 in the amount of \$750,000.00 settled October 29, 2010 with a rate of 1.12%.
- c. LF Financial, Federal Home Loan Bank Bond CUSIP #313371E28 in the amount of \$999,750.00 settled October 25, 2010 with a rate of 1.05%.
- d. Morgan Keegan, Federal Farm Bond CUSIP #31331JX57 in the amount of \$1,000,000.00 settled October 28, 2010 with a rate of 1.54%.
- e. Charles Schwabb & Co., Federal Farm Bond CUSIP #31331JS38 in the amount of \$999,500.00 settled October 21, 2010 with a rate of 1.85%.

Treasurer Montoya informed the committee when we purchase a bond at a discount the investment is at full value, i.e. a purchase at 99.5 is worth 100%.

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Treasurer Montoya moved on to the next item on the Agenda which was the property tax collections and distributions report; he informed the committee that distributions in the amount of \$1,160,481.38 collected for October 2010 property taxes will be made on November 20, 2010. The County's share for October 2010 collections is \$502,020.94. The maintenance report shows we have collected \$135,951,435.29 through October 31, 2010; through the twelfth month of 2009 tax collections. The tax collection rate through October 2010 is 95.62%.

Treasurer Montoya informed the committee that the year-to-date collection rate on October 31, 2010 over October 31, 2009 shows we are down .016%; but in dollars we are \$8,301,879.17 ahead of last year's collections.

Treasurer Montoya moved to the next item on the Agenda which was the County's Investment Portfolio as of November 18, 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 new accounts; the items highlighted in purple were called.

On page 5 of the agenda shows all the accounts with Los Alamos National Bank which are all safekeeping accounts primarily Certificates of Deposit and Savings Accounts in the amount of \$138,930,467.96; the items highlighted in blue matured and balances transferred to items highlighted in yellow. In general the yields at the bank are very poor. He indicated that he and Brian met with the bank to discuss our investment accounts; they were informed by federal regulators that the bank was over capitalized and holding too much money. The bank in turn told us we had to transfer as much money from their bank as quickly as possible by transferring it to a new custodian Charles Schwab. All our funds are still collateralized at a 102% and no longer have to pay FDIC insurance on the transferred funds to Charles Schwab.

Treasurer Montoya informed the committee he met with Steve Ross County Attorney to find out how we could approve a government money market for US Treasuries. Steve Ross drafted language to amend the Investment Policy to allow the Treasurer to invest in a government money market secured by US Treasuries for short periods of time when an investment matures with Charles Schwab.

Treasurer Montoya moved on to page 6 of the report which shows the investments with L.F. Financial, Mutual Securities, Inc. 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.

SEC. CLERK RECORDED 03/04/2011

Finally, the last page of the report indicates how much money was invested at the LGIP on October 31, 2010; Treasurer Montoya said we are earning .23% at the Pool. However the money at the LGIP is not collateralized yet the County can keep the money at the Pool without it being collateralized. The Current LGIP Balance on that date \$1,645,579.73; the Pool Contingency Reserve Fund was \$271,864.21 of which about \$200,000.00 is bond money which may have to be replaced from general fund money. Finally, the Contingency Reserve Released amount was \$84,198.81.

Treasurer Montoya concluded his report on the portfolio with the following summary; deducting the called bonds and matured CD's in the amount of \$2,000,000.00; and adding the investments made for October in the amount of \$37,525.00, our grand total of investments as of October 31, 2010 is \$193,389,223.94; the cash balance at First Community Bank in the amount of \$128,133.06 together with the cash balance at Los Alamos National Bank in the amount of \$5,355,021.79 the grand total of all investments & cash balance as of October 31, 2010 is \$198,744,245.73.

Treasurer Montoya then reported (according to the State Treasurer's website) the November 2010 state treasurer's meeting was based on October 2010 investment activity. The New Mexico State Treasurer's Executive Summary of Investment Activity Report was dated October 31, 2010; copies of the STO LGIP portfolio are attached for the committee's information. The STO October 31, 2010 interest on Investments showed \$179,436.00, on a balance of \$778 million; the 30 day net yield was 0.23% for the month.

Treasurer Montoya moved on to the next item of the Agenda; he provided a chart from Morgan Keegan 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 yield on a 3 month T-Bill is 0.13%, on a 6 month it is 0.18%, on a 2 year it is 0.50% and a 5 year it is 1.46%, he stated that in order to get a yield of 4.32% we would have to invest for 30 years and the County would not be able to go out that far. He informed the committee that if we needed to withdraw our money in a hurry, short term treasury bills would be the best investment.

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 November 16, 2010 was \$125,783.91. 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 balance to LANB by the end of the month.

Account Balances: Treasurer's Account	\$ 42,646.26
Inmate Trust Fund	\$ 6,484.60
Juvenile Trust Fund	\$ 3,001.92
Warrant Account	\$ <u>73,451.13</u>

Total \$125,783.91

Treasurer Montoya also reported to the committee that all the checks in the Treasurer's Account as well as the Inmate Trust Fund will be voided and will be reissued through the Los Alamos National Bank account. Also, he would like the checks written under the warrant account be voided as well, he informed the committee that not only are the checks stale dated but there are checks written to previous employees who have never cashed their check.

Finance Director Teresa Martinez stated that there was one past employee who has indicated they did not need the money so the checks probably will not be cashed. The finance department continues to mail past employees a certified letter on an annual basis reminding them that their checks have not been cashed and to try to make every effort to get the check(s) cashed.

Finally, the last item on the Agenda was the collection efforts of Adam Bailey and Gloria Apodaca. As of November 12, 2010, Adam Bailey has collected a total of \$3,026,477.95 on delinquent accounts. Gloria Apodaca began collecting in August 2010, as of November 15, 2010 the total amount she collected was \$423,964.85. Both employees are collecting well over \$40,000.00 per month.

Treasurer Montoya then discussed the investment issues with Los Alamos National Bank and Charles Schwab. Treasurer Montoya informed the Committee the Bank cannot afford to pay 50 basis points on our investments. Treasurer Montoya requested the Bank extend the 50 basis points to the end of November. Starting December 1st, they will probably drop the yields down to 10 basis points or less.

Treasurer Montoya then informed the committee that Becky Meyer is supposed to reconcile our accounts not to communicate or to negotiate with the bank on the yields for investments; and she does not have authorization to be negotiating with the bank. Finance Director Teresa Martinez indicated that if there was communication between the treasurer's office and her she would have not contacted the bank, since she does reconcile the accounts she needed to know some information in reference to reconciling. Treasurer Montoya feels if he cannot provide the information that Ms. Meyers needs he will contact the bank to obtain the required information she needs. The Treasurer's office should be receiving a copy of the treasurer's report that goes to DFA on a monthly basis and has not been receiving it. He also stated his office was primarily the office that was responsible for producing the report. Finance Director Teresa Martinez asked Treasurer Montoya if his office is ready to take on the responsibility of taking it over again? Treasurer Montoya stated he was not but would like a courtesy copy of the DFA report monthly. Finance Director Teresa Martinez stated she would get Treasurer Montoya a courtesy copy.

Treasurer Montoya moved on to the last item on the Agenda "the cash flow analysis" for the Treasurer's Office; the analysis would provide the Treasurer with the County's cash flow needs and allow him to tie investments of excess cash to the need for funds by the County and hopefully some better yields on the County's funds. He stated this was the fourth month he has asked for this analysis and has not received it.

Finance Director Teresa Martinez reminded Treasurer Montoya that per their conversation, he would be receiving the cash flow analysis on December 10, 2010.

NO DEM RECORDED 03/04/2011

Finally, Treasurer Montoya requested the December 2010 be cancelled because of the holidays. The committee agreed to cancel the meeting for December.

The next meeting was scheduled for January 20, 2011 @ 2:00 pm.

Meeting adjourned at 2:35 pm.



ATTEST

Valerie Espinoza
Valerie Espinoza
County Clerk

Victor A. Montoya
Victor A. Montoya, County Treasurer



COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss
INVESTMENT COMMITTEE
PAGES: 5
I Hereby Certify That This Instrument Was Filed for
Record On The 4TH Day Of March, 2011 at 03:38:13 PM
And Was Duly Recorded as Instrument # 1628689
Of The Records Of Santa Fe County

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

SFC CLERK RECORDED 03/04/2011