

**SANTA FE COUNTY
INVESTMENT COMMITTEE MINUTES
NOVEMBER 19, 2009**

Meeting called to order @ 2:07 pm

Committee Members in Attendance:

Victor A. Montoya, County Treasurer
Lowell Gilbert, Private Sector Member
Teresa Martinez, Finance Director
Ted Apodaca, Assistant County Attorney

Committee Members Absent:

Mike Anaya, County Commissioner
Roman Abeyta, County Manager

A motion to approve the October 15, 2009 Minutes was made by Teresa Martinez, seconded by Ted Apodaca, motion carried unanimously.

A motion to approve the November 19, 2009 Agenda was made by Ted Apodaca, seconded by Teresa Martinez, motion carried unanimously.

Treasurer Montoya began the meeting with the first item on the Agenda which was the custody bank request for proposals (RFP), expected date for release is mid November. He stated it was not ready and was in the process of being reviewed by our Purchasing Department, he will inform the committee when the review process is complete.

Treasurer Montoya stated we received a letter from First Data, who is the company which processes our credit card payments, stating they would continue to work hard for us and would like us to continue keeping their services once First Community Bank is purchased by Great Western Bank. Treasurer Montoya informed the committee he was very concerned with the context of the letter because he had not heard from anyone at First Community Bank they would be sold to another Bank. He also stated he called Angie Baca, Vice President of First Community Bank to get the facts from her directly, he left her a message and would inform the committee of the outcome of the phone call as soon as he talked to her.

Treasurer Montoya also informed the committee he had received phone calls and visits to our office from officers of Bank of America. They are very interested in possibly becoming our custody bank and were trying to get information about our RFP. Treasurer Montoya has not spoken to the officers of the Bank personally but our Chief Deputy Treasurer Brian Baca has, Treasurer Montoya informed the committee he did not think it would be a good idea to give out information to ANY bank at this time because the RFP was not out for everyone else who would be interested in becoming our custody bank. He also stated there was an article in the Wall Street Journal labeled "TARP Can't Save Some Banks" which specifically mentions Bank of America. The article explains how there have been mounting questions as to how the \$700 billion TARP program was run. It continues to read the Treasury Department's special inspector general overseeing TARP has criticized the agency for using terms like "healthy" and "viable" to describe the financial institutions to which aid would be steered. It also states that information was misleading, critics claim, because federal officials knew giant banks such as Bank of America Corporation and Citigroup Inc. weren't healthy when they received huge capital injections.

Treasurer Montoya proceeded with the next item on the Agenda, the investment activity since our last committee meeting on October 15, 2009. We purchased and settled on the following government agencies (bond):

- a. Los Alamos National Bank CD #0030489184 for \$2,033,502.70 with a yield of 1.85% for 12 months.
- b. Los Alamos National Bank CD #0030489185 for \$3,050,254.04 with a yield of 1.85% for 12 months.
- c. Los Alamos National Bank CD #0111883851 for \$1,473,017.36 with a yield of 1.85% for 12 months.
- d. Los Alamos National Bank Set up Universal Savings Account #00116706520 for \$12,673,914.38 with a yield of 1.00% for the GRT 2009 Water Rights Capital Outlay.

RECORDED 02/03/2010

- e. The distribution for October 2009 property tax collections was \$521,391.27 which will be made on November 20, 2009. The County's share for October is \$242,320.17. The maintenance report that shows we have collected \$127,649,556.12 as of October 31, 2009. The County Treasurer's Office property tax collection rate is 95.64% through October 31, 2009.
- f. When comparing the year-to-date collection rate October 31, 2009 over October 31, 2008, we are down -.47%; but in dollars we are \$10,671,790.91 ahead of last year's collections.
- g. The next item is a copy of the County's Investment portfolio as of November 19, 2009 which stands at approximately \$211,823,133.08. The portfolio in October was \$195,272,109.65 million, an increase of \$16,551,023.43. Since October 15th three bonds and ten CD's matured or were called with a value of \$5,870,975.56.

Treasurer Montoya then discussed with the committee the County's portfolio report as of November 18, 2009, he asked the committee to turn to page 4 of the November 19, 2009 Agenda. Treasurer Montoya stated the items highlighted in the brick color were items which were closed or called. The item highlighted in yellow was an account which had a rate change; he stated the change in rate happened arbitrarily because the account was held at a bank which went bankrupt forcing the FDIC to change the rate. He then asked the committee to turn to page 5 of the Agenda which lists all the accounts held at Los Alamos National Bank totaling \$115,767,816.99, the brick highlighted items were CD's which matured; the three CD's were renegotiated unfortunately the two CD's listed on top of the report were yielding 3.30% and currently set to earn 1.85%. Treasurer Montoya then asked the committee to turn to page 6 of the Agenda listing the three government agency bonds; again the brick highlighted items are items which were called. He indicated he would be looking to reinvest in government bonds after the holidays but was holding back until he knew how much money we would need for the Buckman Diversion Project and the Canyon Ranch Project.

Teresa Martinez, Finance Director stated they will need \$6 million dollars in about a month or two for the Buckman Diversion Project, and \$7 million for the Canyon Ranch Project which will be finalized within the next 3 to 4 weeks. Once those disbursements have been processed, she will be able to let the Treasurer know the timeline we are looking at to determine how much money there will be available for investments.

Treasurer Montoya then moved on to the next page of the Agenda which was page 7 listing the LGIP accounts, he stated there is a balance of \$6,890,635.20 and is intending on depleting the account to zero and placing the money at Los Alamos National Bank.

Treasurer then proceeded with the next item on the agenda, the State Treasurer's Local Government Investment Pool yields for the past six months:

- a. October 2009 Current Yield ___ 0.203%.
- b. September 2009 Current Yield ___ 0.244%.
- c. August 2009 Current Yield ___ 0.295%.
- d. July 2009 Current Yield ___ 0.30%.
- e. June 2009 Current Yield ___ 0.276%.
- f. May 2009 Current Yield ___ 0.26%.

Treasurer Montoya stated the Pool invests in short term periods of 50-60 days or less, brokers and money managers continue projecting fed funds rates to remain static between 0.0% and 0.25%. A year ago the fed funds rate was 1.85%.

He informed the committee the State Treasurers Executive Summary of Investment Activity for the LGIP in October 31, 2009 was included in this month's agenda. The November report was not available as of today's meeting. Highlights of the October report are as follows:

- a. The market value of the LGIP increased 3.6% from \$880 million in September to \$912 million in October
- b. The net yield at the LGIP for August was .25% minus 5.0 basis point administrative fee.
- c. As reported in May, the STO suspended its loss amortization plan and created a Reserve Contingency Fund of its own. On October 2, we received notice the State Treasurer reduced the LGIP Reserve Contingency Fund by \$406,220.49. The revised LGIP Reserve Contingency Fund is now at \$1.75 million of Santa Fe County's funds (No Change Reported for Item C).

Treasurer Montoya stated the LGIP divested itself of all money market funds, and liquidity needs are now met by laddered Treasury bills and notes; commercial paper; CD's; corporate bonds and collateralized bank deposits.

A copy of the October 2009 STO report is attached with more detail for your information,

Treasurer Montoya again included a chart from Morgan Keegan which provides an update on inverted yield curve and where the maximum short term yields are on U.S. Treasuries as of November 18, 2009.

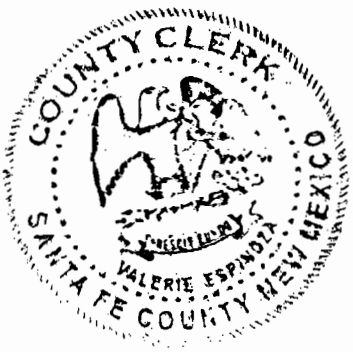
The next meeting was scheduled for December 17, 2009 at 2:00 pm.

Meeting adjourned at 2:25 pm.

Victor A. Montoya
Victor A. Montoya, Committee Chair

ATTEST:

Valerie Espinoza
Valerie Espinoza
County Clerk



COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss INVESTMENT COMMITTEE
PAGES: 3
I Hereby Certify That This Instrument Was Filed for
Record On The 3RD Day Of February, 2010 at 12:35:29 PM
And Was Duly Recorded as Instrument # 1590150
Of The Records Of Santa Fe County
Witness My Hand And Seal Of Office
Deputy Marcella Valerie Espinoza
County Clerk, Santa Fe, NM

SFC CLERK RECORDED 02/03/2010