



RESOLUTION NUMBER: 2015-73

Revised Board of Finance Investment and Deposit Policy

THIS MATTER having come before the Board of County Commissioners of Roosevelt County on this 15th day of December, 2015 at its regular duly called meeting; and

WHEREAS, at said meeting, the Board of County Commissioners of Roosevelt County was presented with amendments to its existing Investment Policy (previously approved November 7, 2014); and

WHEREAS, the Board of County Commissioners of Roosevelt County determine that it is in the best interest of Roosevelt County to amend its Investment Policy.

BE IT HEREBY RESOLVED that effective upon the passing of this resolution, the Investment and Deposit Policy shall be modified to read as follows:

This resolution establishes a policy for the prudent investment and deposit of County Funds.

INTRODUCTIONS: This Investment and Deposit Policy applies to all financial assets of Roosevelt County including, but not limited to: General Funds, Special Revenue Funds, Capital Projects Funds, Bond Proceeds, Enterprise Funds, Debt Service and Debt Service Reserve Funds, and Agency Funds, which are entrusted to the care and custody of the Treasurer.

SCOPE OF POLICY: The goal of this policy is to protect public funds and to invest and deposit County funds in a manner that insures the safety of the investment that provides for adequate liquidity, and proper maturities that maximizes investment income after providing for safety and liquidity. It also serves to establish a clear understanding between the County and any investment broker, portfolio manager, financial institution and/or financial advisor and/or professional fund manager utilized by the County as to the guidelines, limitations and directions that the County has determined appropriate for accounts under its purview.

It is the policy of Roosevelt County to be fully invested one hundred percent (100%) of available cash less float and compensating balances) at all times. The County will use projected monthly cash receipts and outlays as a tool for maximizing available cash for investment and deposit purposes.

OBJECTIVE: The primary objectives, in priority order, of the County of Roosevelt's investment activities shall be:



SAFETY: Safety of principal is the foremost objective of the investment program. Investments and deposits of the County of Roosevelt shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

LIQUIDITY: The County's investment and deposit portfolios will remain sufficiently liquid to enable the County of Roosevelt to meet all operating requirements which might be reasonably anticipated. Future use of funds shall be criteria in determining maturities for any investment or deposit.

RETURN ON INVESTMENTS: The County's investment and deposit portfolios shall be designed with the objective of attaining at least a market rate of return throughout budgetary and economic cycles, taking into account the County's investment risk constraints and cash flow characteristics of the portfolios.

DELEGATION OF AUTHORITY: The Board of County Commissioners acting in its capacity as the County's Board of Finance pursuant to 6-10-8 NMSA 1978 shall have authority to set policy for management of all County investments and deposits and insure that such policy is carried out..

The County Treasurer has ultimate authority over the investment and deposit of public funds as outlined in the policy. The County Treasurer shall be responsible for all investment and deposit transactions and shall implement and maintain the system of controls outlined in the Policy in order to regulate investment and deposit activities.

PRUDENT PERSON RULE: The prudence which is to be used by the County Treasurer and/or Investment Officer investing County funds shall be used in accordance with provisions of Section 6-8-10 NMSA 1978 which states, "Investments and deposits shall be made with judgement and care; under circumstances than prevailing, which men of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived."

ETHICS AND CONFLICT OF INTEREST: All Board of Finance members, the County Manager and Treasurer shall refrain from personal business activity that could conflict with the proper execution of the County's investment and deposit program or which could affect or impair their ability to make impartial investment decisions on behalf of the County (Sections 6-10-40 and 6-10-53 NMSA 1978 and the New Mexico Constitution, Article VIII, Section 4).

CASH MANAGEMENT: The County Manager and the County Treasurer shall jointly prepare and maintain an ongoing cash management program. This program will involve the preparation of a regular report that includes projections for cash receipts and cash disbursements. The



County Manager 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 County Treasurer shall take into consideration these projected cash needs of the County when setting investment and deposit maturity dates.

INVESTMENTS AND DEPOSITS: All sinking funds or money remaining unexpended from the proceeds of any issue of bonds or negotiable securities which by laws are entrusted to the case and custody of the Treasurer, and all money not immediately necessary for public use, may be invested in securities or deposited in interest bearing accounts with banks, savings banks or Credit Unions within the geographical boundaries of the County. All funds available for time deposit with local banks, savings banks or Credit Unions shall be equitably distributed according to the net worth of each institution in accordance with State Statute 6-10-36, NMSA 1978 and the New Mexico State Constitution. For purposes of calculation, the county shall use the total deposits as reported to federal agencies by the local banks, savings banks, and credit unions as of March 31 of each year.

If any bank, savings bank or Credit Union within the geographical boundaries of the County decline to accept any part of their pro rata share of County Funds, a written notice of such shall be obtained by the County Treasurer and or Investment Officer. The Treasurer and or Investment Officer, with consultation of the Investment Committee, may allow any bank declining the receive distribution of future funds at his/her discretion.

The funds that are declined shall be considered excess, as well as funds subject to the New Mexico Constitution Article VIII, Section 4 and may be invested and deposited in those financial instruments authorized by the laws of the State of New Mexico. Then Investments could be made outside the geographical boundaries of the county. The funds that are declined shall be considered excess and may be invested in those securities authorized by the laws of the State of New Mexico including the following approved investments:

1. Certificates of Deposits with federal or state chartered banks, credit unions or savings banks, to be collateralized by United States Treasury or agency securities whose daily closing price("market-to-market")is_ is equal to or greater than that portion of the Certificate of Deposit and interest thereon, and/or Municipal Bonds issued by New Mexico entities at par, for those amounts_ that the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund(NCUSIF) or other federal insurance does not insure.
2. United States Treasury Bills, United States Treasury Bonds, and United States Treasury Notes.
3. Bonds or negotiable securities of the State of New Mexico or any County, Municipality or School District.
4. Short term investments with the Local Government Investment Pool as per Section 6-10-1.1,NMSA 1978. Also se Sections 6-10-10 and 6-10-44, NMSA 1978.



5. Securities that are issued by the United States government or by its agencies or by instrumentalities and that are either direct obligations of the United States, the federal home loan mortgage association, federal national mortgage association, the federal farm credit bank or are backed by the full faith and credit of the United States government. Derivative investments are not “direct obligations” and hence, are not approved for any accounts.
6. All investments set forth in one through five (1-5) above must have readily ascertainable market value and be easily marketable.
7. In the event the State Statutes are legally changed to allow other Securities or financial instruments as appropriate for investment and deposit by the County then this policy may be amended to include those securities or financial instruments as appropriate with the approval of the Board of Finance.

MINIMUM INTEREST RATE: The interest rate to be paid on time deposits shall not be less than the rate fixed the State Board of Finance under Section 6-10-30,NMSA 1978 ,but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills or notes for the same maturity on the day of deposit (Section 6-10-30,NMSA, 1978 comp).The County will diversify use of investment instruments to avoid incurring unreasonable inherent risks in over investing in specific instruments, individual financial institutions or maturities.

SCHEDULING OF INVESTMENT AND DEPOSIT MATURITIES: Investment and deposit maturities for cash balance shall be scheduled to coincide with projected cash flow needs, taking into account expenditures (payroll, debt-retirement payments Capital Improvements Program disbursements) as well as considering anticipated revenue (property taxes, payment in lieu of taxes, etc.) utilizing the Cash Management program developed by the Investment Officer.

The County will create a program that will match investment and deposit funds with maturities. Such maturities may be either by fund or in aggregate, depending on market conditions, professional advice, and other proposed financings or other matters that could have a positive or negative impact on rates of return.

INVESTMENT SELECTION CRITERIA AND ASSET ALLOCATION:

1. Cash and cash equivalents may include Treasury bills, notes or bonds, certificates of deposit due within twelve (12) months, and money market funds that invest in securities of the U.S. Government and its agencies. The purpose of these funds is to provide income, liquidity and preservation of the funds' principal value.
2. The maximum maturity or duration of the securities purchased for an account cannot be greater than eight (8) years. The average weighted maturity of the entire portfolio shall be less than five (5) years.

3. The maturity schedule of the portfolio and deposits must take into account and reflect future cash needs and the goal of maximizing investment returns after providing for safety and liquidity.
4. The weighted duration of the portfolio should never exceed five (5) years unless there is prior review by the County Treasurer. Duration is defined as the weighted average time to full recovery of principal and interest payments. Duration provides a summary statistic of the average maturity of the portfolio; second, it is an essential tool in immunizing a portfolio from interest rate risk. Finally, duration can be used to estimate the interest rate sensitivity of a portfolio. For example, if the portfolio has a duration of five (5) years, and if yields decline by one percent, the portfolio market value could rise in value by approximately five percent (5%).

BE IT FURTHER RESOLVED: That Public money placed in interest bearing deposits in banks, savings banks or Credit Unions shall be equitably distributed among all banks and savings banks or Credit Unions having their main manned branch offices within the County in accordance with State Statute. The determination of each institution's pro rata allocation of County funds shall be checked quarterly, based on written (most recent) "Call Report" provided by each financial institution.

A refusal by a financial institution to accept County funds at the prevailing public fund interest rate (in no case shall the rate of interest be less than one hundred percent of the asked price on United States Treasury Bills of the same maturity on the day of deposit) would permit the County Treasurer to declare that institution allocation as being "excess" within the definition of State Statute.

COLLATERALIZATION: The County will require collateral at one hundred and three percent (103%) on deposits or investments on amounts greater than the FDIC, NCUSIF, or other federal agency coverage and reserves the right to set the level of collateral required based on criteria other than the ratios below. Written justification for the variance shall be kept on file in the Treasurer's Office. Approval collateral shall be any investment or deposit set forth in "Investment two through five (2-5)" herein, letters of credit from the Federal Home Loan Bank or by giving bonds as provided by law. (See Section 6-10-36C, NMSA 1978) However, said collateral must have a daily closing price ("mark-to-market") that is equal to or greater than the FDIC uninsured amount of the Certificate of Deposit subject to the collateral percentage requirements set forth herein ("Bank Classification"). Should the financial institution use a payment or performance bond, if provided by law, then the amount of collateralization shall be equal to the amount of the principal and accrued interest not otherwise covered by federal insurance. The maturity of deposits so collateralized shall be before the lesser of the term of or time for cancellation of such payment or performance bond.

All banks and savings banks in which the County funds in excess of the amount insured by a federal agency are deposited will be required to enter into a Collateral Security Agreement which



shall be mutually agreed upon by the Treasurer and the financial institution (NMSA 1994, 6-1018a).

SAFEKEEPING OF SECURITIES: All investment securities other than local financial institution Certificates of Deposit purchased by the County shall be held in third-party safekeeping by an institution acceptable to the County. The safekeeping institution shall issue a safekeeping receipt or other evidence (i.e. book entry notice) to the County listing the specific instrument, rate, amount, maturity date, instrument number, term and other pertinent information. Any financial institution holding securities for the benefit of the County shall be required to provide insurance sufficient to cover one hundred percent (100%) said securities in the event that the financial institution fails financially and is unable to meet obligations to securities clients. Insurance such as Securities Investor Protection Corporation (SIPC) and private insurance shall be acceptable. The Investment Officer shall prepare the Safekeeping Report monthly. Statements from a custodian of any securities held on behalf of the County shall be accepted as a safekeeping receipt.

INTERNAL CONTROLS: The County Treasurer and/or Investment Officer shall document and maintain a system of internal controls for the making of investments and deposits of County funds. The County Treasurer shall review the systems of controls periodically to insure such controls are effective and that the County is complying with such controls.

INTERNAL REPORTS: An investment report shall be compiled by the County Treasurer's office monthly and published along with the Treasurer's Monthly Financial Report. The Investment Officer shall have daily access to reports from safekeeping institutions showing daily mark-to-market valuations of investments other than those local banks and savings banks certificates of deposit.

COMMUNICATIONS AND REPORTS: Any financial advisor and/or professional fund manager actively doing business with the County must submit to the Treasurer on, but not less than, both a quarterly, and fiscal annual basis, investment reports showing total amount invested, cost basis and market value of each security, amount invested in each type of security, maturity schedule of the portfolio, yield and cash flow analysis of the portfolio, and the time weighted return for each reporting period. Any transaction that occurred during the reporting period should be shown as well as any realized gains or losses. All exhibits and written material that will be used for presentation to the Treasurer and Commission shall be submitted to and received by the Treasurer at least five (5) business days prior to any meetings with the Commission, unless otherwise approved in writing or unless waived in writing by the Investment Officer.

FINANCIAL ADVISOR: The County may retain a financial advisor under a contract Approved by the Commission, if said advisor (i.) is licensed to perform such services in the State of New Mexico, is an RIA or Investment Advisor Representative of an RIA and has at least a Series 7 securities license with no adverse actions indicated on the U-4,(ii.) has had at least



seven years' experience in managing and/or advising investments approved herein for other governments and fiduciary institutions, (iii.) has liability and fiduciary insurance coverage, (iv.) agrees to the communications requirements herein; (v.) agrees to advise the County in writing of any significant changes in the investment philosophy, management style, ownership, organizational structure financial condition or senior personnel staffing of the firm or manager assigned to the County within 30 days of each change; (vi.) does not have a proprietary interest in any professional fund manager utilized by the County, (vii.) is compensated only on a fee (agent only) basis and does not receive commissions, mark-ups or other compensation on securities purchased for the County; (viii.) agrees to meet personally with the Treasurer and the Board of Finance at least quarterly; and (ix.) agrees to be bound by the dictates of this Policy. Such meetings shall address the financial advisor's views on developments within the national/local economies, the securities markets and the potential effects of these developments on investment strategy, portfolio maturities, potential amendments to this Policy and other fiscal matters. The financial advisor's performance shall be evaluated based on the lesser of a three to five (3-5) year time period or a complete market cycle. A copy of this Policy shall be given to the financial advisor by the County. The Investment Officer reserves the right to request monthly meetings.

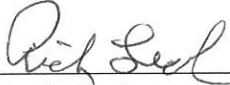
INVESTMENT BROKERS: All transactions are to be governed by negotiation on a "best realized price" (best net price) basis. As electronic trading is the recognized source for obtaining the best realized price, all brokerage transactions shall be conducted on a nationally accredited electronic trading platform and be subject to the best realized price condition.


BE IT FURTHER RESOLVED that this policy may be revised as appropriate. It shall be the obligation of the Treasurer to bring such amendments to the Board of Finance and obtain the approval of their majority before such changes and amendments take effect.




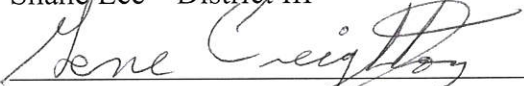
PASSED, ADOPTED AND APPROVED this 15th day of December, 2015.


**BODY OF COUNTY COMMISSIONERS
ROOSEVELT COUNTY, NEW MEXICO**

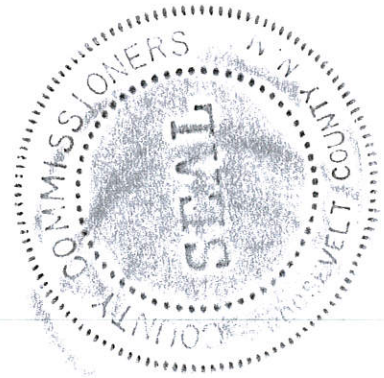

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Gene Creighton – District IV


Paul Grider – District V




Layle Sanchez, Treasurer


DeAun Searl, County Clerk



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