

**BOARD OF COUNTY COMMISSIONERS
RESOLUTION NO. R-21-19**

**A RESOLUTION APPROVING THE GRANT COUNTY INVESTMENT POLICY AND
REPEALING ALL FORMER COUNTY INVESTMENT POLICIES**

WHEREAS, under NMSA 1978, Section 6-10-8, the Board of County Commissioners (BOCC) constitutes the County Board of Finance "and as such shall, subject to the limitations of [NMSA 1978, Sections 6-10-1 through 6-10-63], have supervision over the determination of the qualifications and selection of banks, savings and loan associations and credit unions, whose deposits are insured by an agency on the United States, to receive the public money" of the County; and

WHEREAS, under Sections 6-10-10-8, the County Treasurer has supervision of the deposit and safekeeping of the public money of the County and, by and with the advice and consent of the County Board of Finance, shall designate banks, savings, and loan association and credit unions, whose deposits are insured by an agency of the United States, to receive on deposit all moneys entrusted in the Treasurer's Care; and

WHEREAS, The Advisory Investment Committee be appointed with the specific purpose and responsibility of monitoring for compliance and evaluate the effectiveness of the investment policy; and

WHEREAS, the County Board of Finance desires to adopt the attached Investment Policy to provide its advice and consent to the County Treasurer whenever the Treasurer deposits, invests, or handles County public money in accordance with the policy; and

WHEREAS, the County Treasurer has approved the attached Investment Policy.

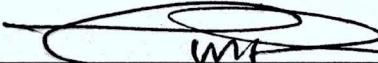
NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners (BOCC), that the attached Investment Policy is hereby adopted.

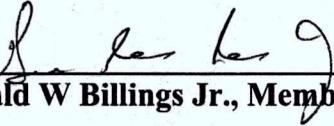
BE IT FURTHERED RESOLVED that all prior Investment Policies of the Board of County Commissioners are hereby repealed.

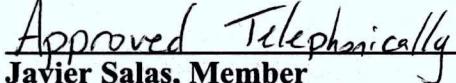
PASSED, APPROVED, AND ADOPTED THIS 8th DAY OF April, 2021.

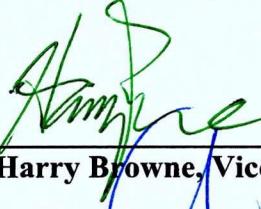
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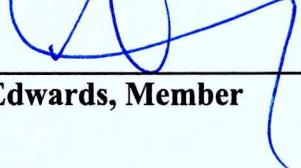
BOARD OF COUNTY COMMISSIONERS GRANT COUNTY, NEW MEXICO:


Chris M. Ponce, Chairman


Gerald W Billings Jr., Member


Approved Telephonically
Javier Salas, Member


Harry Browne, Vice Chair


Alicia Edwards, Member

[SEAL]

Attest:


Marisa Castrillo, Clerk





BOARD OF COUNTY
COMMISSIONERS
GRANT COUNTY INVESTMENT POLICY
RESOLUTION NO. R-21-19

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Section I: Purpose & Scope

The purpose of this investment policy is for the Board of County Commissioners (hereby referred to as "BOCC") and the County Treasurer to clarify guidelines and objectives for Grant County regarding investment practices for the County's public monies.

This policy also serves to establish a clear understanding among all financial* professionals and/or institutions, the Advisory Investment Committee (hereby referred to as AIC) and the County, with respect to the guidelines and limitations, including but not limited to collateralization of public monies, in making its investment decisions.

The guidance formulated in this policy is to be observed by the administration; management and entities involved in any aspect of the investments made by the Grant County Treasurer and shall apply to all monetary assets of Grant County.

*Financial institutions choosing to opt out of receiving public monies shall be documented.

Section II: Investment Authority & Delegation of Authority

A. Investment Authority

Neither County Treasurer nor the County Board of Finance has sole policy making authority over county investments; County Treasurer also designated as the County's Investment Officer and determines how to deposit and invest County funds. The Investment Officer shall be responsible for all investment transactions and shall implement and maintain the system of controls outlined in the policy in order to regulate investment activities. The Chief Deputy Treasurer will be designated to act on the Treasurers behalf in the absence of the Treasurer.

B. County Board of Finance NMSA 1978 § 6-10-8 (1987)

Board of County Commissioners shall, *ex officio* and without additional compensation, constitutes the County Board of Finance. The County Clerk shall, *ex officio* and without additional compensation, act as clerk of the Board of Finance.

Section III: Advisory Investment Committee (AIC)

A. Members

An AIC shall be established consisting of the following, serving in their respective capacity as follows:

1. County Treasurer, Chairman/Chairwoman
2. Deputy Treasurer, Vice-Chairman/Chairwoman
3. County Manager
4. County Finance Director

B. Meetings

1. The Investment Committee shall meet at least quarterly and/or as requested by the County Treasurer or County Commission.
2. All meetings of the Investment Committee shall be in compliance with the Open Meetings Act, NMSA 1978 Section 10-15-1 *et. seq.* It is hereby declared that seventy-two (72) hours' notice for any meeting of the AIC, with the agenda published on the County's web site and emailed to all newspapers of general circulation in the County, is adequate notice. Any member of the AIC may request a meeting.
3. All members shall abide by the terms of the Government Conduct Act NMSA 1978 Section 10-16-1 *et. Seq.*
4. The County Treasurer shall maintain a record of the AIC meetings.

C. Duties

1. The committee shall review a listing of *all* future projects/expenditures provided by the County Manager or Finance Director in order for the Committee to determine the liquidity requirements.
2. The Committee shall review and evaluate previous investment activity, review the current status of all funds held by the County, discuss present and future cash requirements and maturing investments and discuss investment strategy with the County Treasurer based on investment guidelines and objectives of this Policy.
3. The Committee, along with independent concurrence from the Treasurer, will periodically review the County's Investment Policy and investments and the Committee Chair shall make recommendations to the Board of County Commissioners regarding amendments and/or modifications to the Investment Policy.
4. All members of the Committee have the duty to become familiar with applicable laws and regulations regarding investment of public funds and to review the county's investments.
5. Any action made by the AIC shall be presented to the BOCC at its next regular meeting.

Section IV: Investments

A. Investment Guidelines

The County Treasurer determines how and where to deposit and invest County funds. The AIC is in place to review and forecast the investment portfolio's performance with said policy. Funds shall be invested in compliance with the provisions of the State of New Mexico State Statutes, Department of Finance and Administration, Local Government Division rules, regulations of the State of New Mexico and resolutions approved by the majority of the BOCC. Investments of any tax-exempt borrowing proceeds and any related debt service funds shall comply with the arbitrage restrictions and with all applicable Internal Revenue Codes. Due to market complexity, expertise of Brokerage services may also be solicited. Said policy shall also serve to ensure compliance stipulated with specific funding sources that are not eligible for interest earnings. In order to provide the greatest safety and protection for the County's investments, public monies shall be invested with emphasis on the following listed priorities:

1).Safety 2).Liquidity 3).Yield

B. County Funds

County funds (not all inclusive) are:

- Special Revenue/Debt Service Funds
- General Funds
- Reserve Funds
- Trust and Agency Funds
- Project Funds (excluding unallowable interest bearing monies)
- All newly created County funds, unless specifically exempted by resolution, allowable

by State Statute and approved by majority of the County Commissioners.

The investment of any funds held for security or bond by the BOCC for vendors and/or contractors of Grant County are the management responsibility of the BOCC and will not be included with this policy.

Section V: Investment Objectives

A. Safety

Safety of principal is the foremost objective of the investment program. Investments of the County 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.

B. Liquidity

Funds shall be made available to meet all anticipated County obligations and a prudent reserve shall be kept available to meet unanticipated cash requirements. Availability has two aspects;

- liquidity-ability to change an investment into its cash equivalent on short notice at its prevailing market value
- cash flow-the process of scheduling cash flow so investments mature and are converted into cash in tandem with the County's anticipated cash requirements.

Should an emergency situation arise (i.e. potential market crashes, emergency situations that require immediate resolution so as to not jeopardize the safety of the County's citizens) that requires an immediate decision to liquidate time and/or demand deposits, it is understood that all precautions and efforts to first secure principal amount of public monies may be done without prior AIC or "BOCC" approval but must advise all interested parties as soon as feasible.

C. Yield

Investment of public monies shall earn the optimum return income from County funds commensurate with the objectives of safety and availability of the principal invested.

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Although, return on investment is important, safety and liquidity objectives must be considered priorities.

Section VI: Investment Guidelines

All sinking funds or money remaining unexpended from the proceeds of any issue of bonds or negotiable securities which by law are entrusted to the care and custody of the Treasurer, and all money not immediately necessary for public use, may be invested in securities or interest bearing deposits with banks, savings banks and credit unions within the geographical boundaries of the County. All funds available for investment with local banks, savings banks and credit unions must be equitably distributed according to NMSA (1978) § 6-10-36C, which requires that the “deposits shall be in the proportion that each bank's or savings and loan association's deposits bears to the total deposits of all banks and savings and loan associations that have their main office or staffed branch office within the geographical boundaries of the governmental unit and that desire a deposit of public money pursuant to this section.” If any bank, savings bank or credit union within the geographical boundaries of the County declines to accept any part of their pro-rata share of County Funds, a written notice of such denial shall be requested by the Investment Officer. The Investment Officer may allow any bank declining to receive distribution of future funds at his/her discretion.

The funds may be funded by the following securities authorized by the laws of the State of New Mexico including the following approved investments:

1. Certificates of Deposit, to be collateralized as set forth hereinafter. (“Approved Bank Collateral”). NMSA (1978) § 10-6-31.
2. Treasury Bills, Treasury Bonds, and Treasury Notes that are issued and backed by full faith and credit of the United States. NMSA (1978) § 6-10-10F(1)-(2).
3. Bonds or negotiable securities of the State of New Mexico or any County Municipality or School Districts of the State of New Mexico, in accordance with NMSA (1978) § 6-10-10F(1).
4. Short term investments with the Local Government Investment Pool.
5. Securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States, the federal home loan mortgage association, the federal national mortgage association, the federal farm credit bank, federal home loan banks or the student loan marketing association or that are backed by the full faith and credit of the United States government. Derivative investments and amortizing mortgage obligations are not approved for any accounts. NMSA (1978) § 6-10-10F(2).
6. All investments set forth in 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 as appropriate for investment by the County then this policy shall be amended to include those securities as appropriate.
8. Federally insured obligations, including brokered certificates of deposit, certificate of deposit account registry service and federally insured cash accounts.

A. Scheduling of Investment Maturities

Investment maturities for cash balances shall be scheduled to coincide with projected cash flow needs, taking into account expenditures (payroll, debt-retirement payments, Capital Improvements Program disbursement) 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 maturities with cash flow needs. Such maturities may be either by fund or in aggregate, depending on market conditions, professional advice, proposed financings or other matters that could have a positive or negative impact on rates of return.

B. Asset Collateral Allocation

- Cash and cash equivalents may include Treasury bills, certificates of deposit due within 12 months, and money market funds that invest in U.S. Government and its agencies' securities. The purpose of these funds is to provide income, liquidity and preservation of the funds' principal value.
- The maximum maturity of the securities purchased for an account cannot be greater than five (5) years. Securities with a longer maturity may be purchased provided that the average weighted maturity of the entire portfolio is less than three years.
- The maturity schedule of the portfolio must take into account and reflect future cash needs and the goal of maximizing investment returns.

C. Bank Collateral

Grant County will require collateral of one hundred and two percent (102%) on deposits or investments on amounts greater than the FDIC coverage. Approved collateral is set forth herein, "Approved Bank Collateral." If a bank is unable to meet the collateral levels required, the County Treasurer shall cease to make deposits and shall make withdrawals of deposits in the order in which they would otherwise mature down to an amount which can be collateralized at the appropriate level. The withdrawals of County deposits shall not be subject to the assessment of a penalty for early withdrawal, except to the extent required to be imposed by *Federal law* and in the event only the minimum penalty required to be imposed shall be imposed by the bank.

BE IT FURTHER RESOLVED that all banks and savings banks in which the County of Grant funds in excess of \$250,000.00 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 (1978) § 6-10-18a.

Section VII. Standards of Prudence

All participants in the investment process shall act responsibly and always in accordance with the law, and shall hold in the highest regard their responsibilities to the citizens and taxpayers of Grant County in their respective roles as custodians of the public trust. Officers engaged in investment administration shall act in accordance with the "prudent person" standard and in a fashion consistent with the "prudent investor" rule, which states:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons 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".

Section VIII: Safekeeping & Custody

Securities will be held by a financial institution designated by or accepted by the County Treasurer as primary agent to serve as a third- party custodian on the County's behalf. The primary agent shall issue a safekeeping receipt to the County listing the specific instrument, rate, maturity, location and all other pertinent information. All securities shall be properly designated as an asset of the County and no withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the Treasurer as authorized herein, or by the Treasurer's designee/s. Any and all releases of custodial securities shall be approved by the County Treasurer or his/her designee with the understanding that if such releases are to be replaced by additional securities, due to increase or decrease in investments and/or deposits, the newly issued securities shall meet the same standards as outlined in said Policy.

The County shall execute third party custodial agreements with its banks or other custodial agents, which are chartered by the United States government or the State of New Mexico. Such agreements shall include letters of authority from the County, details as to responsibilities of each party, notification of security purchases, sales, delivery, safekeeping, transaction costs and procedures in case of wire failure or other unforeseen mishaps, and the liability of each party.

All securities held for the Grant County public monies shall be held free and clear of any lien and either used solely to collateralize said invested public monies or financial institution shall disclose percentage being used to collateralize said invested public monies. All transactions will be conducted in compliance with Section 6-10-10 (K) (2019) NMSA 1978, which requires contemporaneous transfer and same day settlement. On a monthly basis, the custodian will provide reports, which will list all transactions that occurred during the month, and all securities held for the county at month-end including the book and market value of holdings.

Section IX: Ethics & Conflicts of Interest

Officers, employees, elected, appointed officials and committee members serving in any capacity involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which may impair their ability to make impartial investment decisions. Same shall disclose to the County, in writing, any material financial interests in financial institutions that conduct business within Grant County's jurisdiction, and they shall further disclose any large personal financial/investment positions that are or could be construed as being related to the performance of the County's portfolio. (NMSA (1978) 6-10-53 and New Mexico Constitution Article VIII, Section 4.)

Section X: Cash Management

The Manager's Office and the Treasurer's Office 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 (revenues) and cash disbursements (expenditures). The Manager's Office shall notify the County Treasurer on a regular basis of county expenditures and

of any large expenditures 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 maturity dates.

Section XI: Reporting Policies

Any investment broker or financial advisor actively doing business with the County must submit to the Investment Officer on both a quarterly and 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 gain 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 ten (10) business days prior to any meeting with the Commission unless otherwise approved in writing unless waived in writing by the Investment Officer.

Section XII: Internal Controls

The Treasurer has established a system of internal controls designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated market changes, conflicts of interest, or imprudent actions by employees and officers of the Grant County Treasurer's Office. Controls, not all inclusive, include; clear delegation of authority, separation of transaction and accounting authority, daily balancing and reporting within budgeted allocations, written confirmation requirements, and use of third party custodians. These controls shall be reviewed annually by the Investment Committee no later than 30 days after the completion of the annual audit performed by an independent auditor.

Section XIII: Portfolio Performance

The County's investment portfolio shall be designed and managed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and shall remain diversified with staggering maturity dates on time investments to allow for liquidity requirements.

Section XIV: Implementation

The Investment Policy shall be amended and made part of said Policy to allow for changes in:

- State Law or any other regulatory requirements governing investments
- Terms or guidelines within said Policy that may be deemed to be invalid or unenforceable

The Investment Policy may be amended and made part of said Policy to allow for changes being recommended by County Treasurer, the AIC, the "BOCC", State Treasurer, Department of Finance, or the State Investment Council, so long as they are not temporary and if it is deemed in the best interest of the County by same. Any and all amendments to said policy shall be reviewed by County Attorney.

Any Investment Officer and designee/s, acting in accordance with the Investment Policy and exercising due diligence shall be bonded and shall not be held personally responsible nor liable for an individual security's risk or market price changes of a particular security, provided that deviations from expectations are timely noted and appropriate action is taken to control and

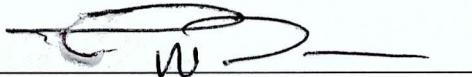
prevent further adverse effects one Grant County Commissioner together with the County Treasurer has the signature authority to approve then redemption of the investment and the temporary deposit on behalf of the entire Board. During absence of the County Treasurer, the Deputy Treasurer shall serve as an authorized designee for investment decisions – excluding signatory authority. If certain contents of said Policy are deemed invalid, the remaining contents shall remain in force.

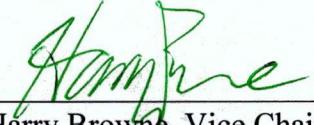
XVI: Distribution of Policy

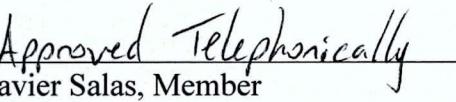
Copies of this policy shall be provided to all committee members, Board of Finance (entire County Commission), approved Depository Institutions, Department of Finance and Internal Auditors (upon request) at no cost.

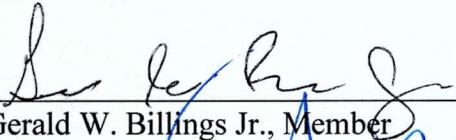
BE IT FURTHER RESOLVED, that the Board of County Commissioners of Grant County do hereby: APPROVED, ADOPTED, AND PASSED on this 8th day of April, 2021.

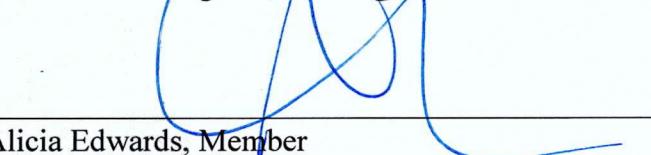
BOARD OF COUNTY COMMISSIONERS


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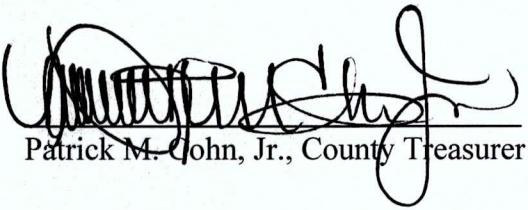

Gerald W. Billings Jr., Member


Alicia Edwards, Member

ATTEST:


Marisa Castrillo, County Clerk

[SEAL]


Patrick M. John, Jr., County Treasurer

