

TORRANCE COUNTY

RESOLUTION NO. 2025 - 29

A RESOLUTION REPEALING AND REPLACING RESOLUTION 2025-05 AND ADOPTING THE TORRANCE COUNTY INVESTMENT AND DEPOSIT POLICY

WHEREAS, Section 6-10-8 of the Public Money Act NMSA 1978 states that Boards of County Commissioners in each County within the State of New Mexico shall constitute a County Board of Finance, and as such, subject to the limitations of the Act, the County Board of Finance shall provide supervision over the determination for the qualifications and selection of banks, savings and loan associations, and credit unions which receive public monies; and

WHEREAS, on August 14, 2019, the Board of County Commissioners of Torrance County ("BCC") approved Resolution No. 2019-46, adopting the Torrance County Investment Policy ("Investment Policy"); and

WHEREAS, the Investment Policy establishes the authority of the BCC, acting in its capacity as the County Board of Finance, to set policy for the management of all County investments and to ensure that such policy is carried out; and

WHEREAS, on January 22, 2025, the Board of County Commissions of Torrance County adopted Resolution No. 2025-05, amending the Investment Policy to reestablish the membership of the Torrance County Investment Committee ("Investment Committee"); and

WHEREAS, the Investment Committee met of June 24, 2025, to evaluate the County's current Investment Policy; and

WHEREAS, the Investment Committee in conjunction with the County's Financial Advisor have recommended a revised Investment Policy for Torrance County to further protect public funds, to invest and deposit public funds in a manner that ensures safety and maximizes investment income, and to establish a clear understanding between the County and any portfolio manager, financial institution and/or investment advisory utilized by the County.

NOW, THEREFORE BE IT RESOLVED by the Board of County Commissioners, the governing body of the County of Torrance, New Mexico, pursuant to the provisions of the

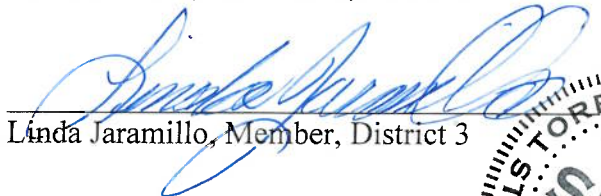
Public Money Act, that the Board hereby repeals and replaces Resolution No. 2025-05 and adopts Exhibit A to this Resolution as the Torrance County Investment and Deposit Policy.

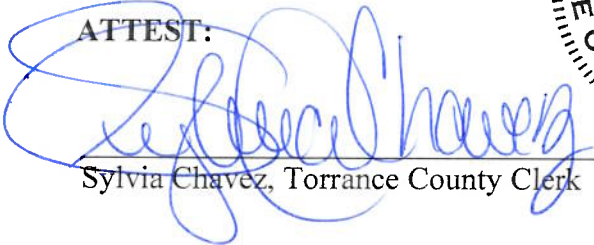
PASSED, APPROVED, AND ADOPTED THIS 13 DAY OF August, 2025.

BOARD OF COUNTY COMMISSIONERS OF TORRANCE COUNTY:


Ryan Schwebach, Chair, District 2


Kevin McCall, Vice Chair, District 1


Linda Jaramillo, Member, District 3

ATTEST:

Sylvia Chavez, Torrance County Clerk



8/13/2025
Date

APPROVED AS TO FORM:


Michael Garcia, Torrance County Attorney

EXHIBIT A



REVISED INVESTMENT AND DEPOSIT POLICY OF TORRANCE COUNTY Effective August 13, 2025

INTRODUCTION:

This Investment and Deposit Policy ("Policy") applies to all financial assets of Torrance County, New Mexico ("County") including, but not limited to, the assets of the County's:

General Funds
Special Revenue and PILOT Funds
Capital Projects Funds
Bond and Loan Proceeds
Debt Service and Debt Service Reserve Funds

1) 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 and that maximizes investment income after providing for safety and liquidity. It also serves to establish a clear understanding between the County and any portfolio manager, financial institution and/or investment advisor 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 the County to be fully invested (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 purposes.

- 2) **OBJECTIVE:** The primary objectives, in priority order, of the County's investment and deposit activities shall be:

SAFETY: Safety of principal is the foremost objective of the investment and deposit program. Investments and deposits 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 investments and deposits 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 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 AND DEPOSITS: 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 risk constraints and the cash flow characteristics of the portfolios.

- 3) **DELEGATION OF AUTHORITY:**

The Board of County Commissioners ("Board"), acting in its capacity as the County Board of Finance ("BOF") pursuant to §6-10-8, NMSA 2018, shall have authority to set policy for management of all County investments and deposits and ensure that such Policy is carried out.

The County Treasurer ("Treasurer"), with the advice and consent of the BOF charged with the supervision and control of the respective funds, has ultimate authority over the investment and deposit of public funds as outlined in the Policy. The 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 pursuant to §4-38-1 and § 6-10-10-F NMSA 2018. The Treasurer shall designate in writing an employee of the Treasurer's office to act on the Treasurer's behalf in the absence of the Treasurer.

- 4) **PRUDENT PERSON RULE:**

The prudence which is to be used by the Treasurer investing and depositing County funds shall be used in accordance with the provisions of §6-8-10, NMSA 2018 which states "Investments shall be made with judgement 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."

5) ETHICS AND CONFLICT OF INTEREST:

All BOF members, the County Manager and the 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 and deposit decisions on behalf of the County (§6-10-40 and 6-10-53 NMSA 2018) and the New Mexico Constitution Article VII, Section 4.

6) CASH MANAGEMENT:

The Board, County Manager, County Finance Director 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), cash disbursements (expenditures) and interest earned or estimated to be earned on overnight investments and deposits. The Board shall notify the 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 Treasurer shall take into consideration these projected cash needs of the County when setting investment and deposit maturity dates. It shall be the duty of the Treasurer to provide adequate security for funds received, receipt and disbursement reports and accounting of all cash and cash management activities.

7) BANKS SELECTION:

Public money may be deposited by the Treasurer, with the advice and consent of the BOF charged with the supervision and control of the respective funds, with banks, savings banks and credit unions having their main or manned branch offices within the geographical boundaries of the County or as otherwise located that benefits the County, which have qualified as public depositories by reason of insurance of the account by an agency of the United States such as the Federal Deposit Insurance Corporation ("FDIC") or National Credit Union Share Insurance Fund ("NCUSIF"), or by depositing collateral security of United States Treasury or agency securities as provided herein, letters of credit from the Federal Home Loan Bank or by giving bonds as provided by law (Section 6-10-36C, NMSA 1978).

8) MINIMUM INTEREST RATE:

The interest rate to be paid on time deposits shall not be less than the rate of interest on United States treasury bills or notes of the same maturity on the day of deposit (§6-10-36E, NMSA, 2018). Additionally, the County will diversify the use of investment and deposit instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities.

9) COLLATERALIZATION:

The following guidelines shall be utilized to ascertain the level of collateral required from each financial institution on deposits on amounts greater than federal insurance such as FDIC or NCUSIF coverage. These ratios are in agreement with those set by the State Board of Finance for the State of New Mexico. The County 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.

Should the institution's ratios result in a different collateral requirement for any of the ratios, the higher collateral level will be required.

Determination of the collateral level must be determined every six months, in April and October, if the County chooses to reduce the collateral requirement to under 102%. Each financial institution shall submit a current Statement of Financial Condition and a completed Risk Assessment Ratio Form to the Treasurer.

Ratios	50%	75%	102%
Primary Capital Assets	Above 6.0%	5.0% - 6.0%	Less than 5.0%
Net Operating Income	Above .60%	.51% - .61%	Less than .51%
Total Average Assets			
Non-Performing Loans	Under 35.0%	35.0% - 49.9%	Above 49.9%
Primary Capital			

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 for the lesser of the term of the deposit or time for cancellation of such payment or performance bond.

All banks, savings banks and credit unions in which the County's funds in excess of federal insurance amounts 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. (§6-10-18a NMSA 2018).

10) INVESTMENTS AND DEPOSITS:

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 deposited in interest bearing deposits with banks, savings banks and credit unions within the geographical boundaries of the County. All funds available for time deposit with local banks, savings banks and credit unions must be equitably distributed according to the net worth of each institution in accordance with §6-10- 36 NMSA 2018. 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 calendar year.

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 shall be obtained by the Treasurer. The Treasurer, in consultation with the Investment Committee, may allow any bank declining to receive distribution of future funds at the Treasurer's 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, including the following approved investments and deposits:

- A. Certificates of Deposits with federal or state-chartered banks, savings banks or credit unions, to be collateralized by United States Treasury or agency securities whose daily closing price ("mark-to- market") 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 FDIC or NCUSIF does not insure;
- B. Shares of a diversified investment company registered pursuant to the federal Investment Company Act of 1940 that invests in fixed-income securities or debt instruments that passively match or track the components of a broad-market, fixed-income-securities market index; provided that the investment company or manager has total assets under management of at least one hundred million dollars (\$100,000,000) and provided that the BOF of the county or municipality may allow reasonable administrative and investment expenses to be paid directly from the income or assets of these investments; is registered with the United States securities and exchange commission; complies with the diversification, quality and maturity requirements of Rule 2a-7, or any successor rule, of the United States securities and exchange commission applicable to money market mutual funds; and assesses no fees pursuant to Rule 12b-1, or any successor rule, of the United States securities and exchange commission, no sales load on the purchase of shares and no contingent deferred sales charge or other similar charges, however designated, provided that the County shall not, at any time, own more than five percent of a money market mutual fund's assets.

- C. Bonds or negotiable securities of the United States, the state or a county, municipality or school district that has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and that has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding and that have a maturity date that does not exceed ten years from the date of purchase;
- D. Short term investments with the Local Government Investment Pool as per §6-1 0- 1.1 NMSA 2018. Also see §6-1 0-1 0 and 6-10-44, NMSA 2018;
- E. Securities that are issued and backed by the full faith and credit of the United States government or issued by its agencies or instrumentalities, including securities issued by federal home loan banks, the federal home loan mortgage corporation, the federal national mortgage association, the federal farm credit banks funding corporation, the federal agricultural mortgage corporation or the government national mortgage association and that have a maturity date that does not exceed ten years from the date of purchase; or "United States government sponsored enterprises" includes federal home loan banks, the federal home loan mortgage corporation, the federal national mortgage association, the federal farm credit banks funding corporation, the federal agricultural mortgage corporation and the government national mortgage association;
- F. Contracts with banks, savings banks or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be fully secured by obligations of the United States or the securities of its agencies, instrumentalities or United States government sponsored enterprises having a market value of at least one hundred two percent (102%) of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment (§ 6.10.10.H NMSA 2018); brokered certificates of deposit, certificate of deposit account placement services and federally insured cash accounts.

All investments set forth in A-F above must have readily ascertainable market value and be easily marketable.

In the event that any State Statutes are legally changed or modified 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 BOF.

11) SCHEDULING OF INVESTMENT AND DEPOSIT MATURITIES:

Investment and deposit maturities shall be scheduled to coincide with projected cash flow needs, taking into account expenditures (payroll, debt-retirement payments, Capital Improvements Program disbursements, etc.) as well as considering anticipated revenue (property taxes, payment in lieu of taxes, etc.) utilizing the Cash Management program developed by the Treasurer, with the advice and consent of the BOF. The Treasurer shall provide the BOF with current schedules on a quarterly basis for their review and approval.

12) SECURITIES INVESTMENT SELECTION CRITERIA AND ASSET ALLOCATION:

- A. 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.
- B. The maximum maturity or duration of the securities purchased for an account shall not be greater than ten (10) years. The maximum maturity or duration of time deposits for an account shall not be greater than three (3) years. The Treasurer may require any portfolio to have a lower maturity or duration.
- C. The maturity schedule of the securities and deposit portfolios must take into account and reflect future cash needs and the goal of maximizing investment returns after providing for safety and liquidity.
- D. The weighted duration of the securities portfolios should not exceed three (3) years unless there is prior review by the 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 (5) percent. In the case of Mortgage-Backed Securities, (MBS) the average life of the MBS pools should not exceed seven (7) years.
- E. The Treasurer shall give a verbal and written report at least quarterly to the BOF regarding the current investment selection criteria and asset allocation.

15) DIVERSIFICATION

The County will diversify their investments and deposits by security type and institution. The County will diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities.

16)SAFEKEEPING OF SECURITIES:

All investment securities owned by the County or held as collateral under this Policy 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 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 Treasurer shall prepare and provide the BOF the Safekeeping Report at least quarterly.

17)INTERNAL CONTROLS:

The Treasurer shall document and maintain a system of internal controls for the making of deposits and investments of County funds. The internal controls and compliance thereof shall be reviewed by independent auditors on an annual basis. The Treasurer shall review the systems of controls at least quarterly to ensure such controls are effective and that the County is complying with such controls.

18)INTERNAL REPORTS:

The Investment Report shall be compiled by the Treasurer monthly and published along with the Treasurer's Monthly Financial Statement. The Treasurer shall have daily access to reports from safekeeping institutions showing daily mark-to-market valuations of investments and deposits in local banks, savings banks and credit unions.

19)PERFORMANCE STANDARDS:

The investment portfolios shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

Market Yield (Benchmark): The investment strategy of the County is active. Given this strategy, the basis used by the BOF to determine whether market returns are being achieved shall be the Barclay's Intermediate Term Government Index or other appropriate indices as designated by the BOF.

20)SECURITIES COMMUNICATIONS AND REPORTS:

Any investment advisor and/or professional fund manager actively doing business with the County must submit to the Treasurer, County Manager and

Finance Director 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. They shall also submit or cause to be submitted by a third-party custodian, within seven (7) business days at the end of each month, a report showing account balances, transactions, market valuations and similar information. 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 BOF shall be submitted to and received by the Treasurer at least five (5) business days prior to any meetings with the BOF, unless otherwise approved in writing or unless waived in writing by the Treasurer.

21)INVESTMENT ADVISOR:

The County may retain an Investment advisor under a contract approved by the Board, if said advisor: (i.) is licensed to perform such services in the State of New Mexico, is a Registered Investment Advisor ("RIA") or Investment Advisor Representative of an RIA, (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 BOF at least quarterly; and (ix) agrees to be bound by the dictates of this Policy. Such meetings shall address the investment advisor's views on developments within the national/local economies, the securities and interest rate markets and the potential affects of these developments on investment and deposit strategy, portfolio maturities, potential amendments to this Policy and other fiscal matters. The investment advisor's performance shall be evaluated based on the lessor of a 3-5 year time period or a complete market cycle. A copy of this Policy shall be given to the investment advisor by the County.

22)PROFESSIONAL FUND MANAGER:

The Treasurer, with advice and consent of the BOF, may retain one or more professional fund manager(s), under a contract or other agreement approved by the Board, if said manager: (i.) is licensed to perform such services in the State of New Mexico and as an RIA under the Investment Advisor's Act of 1940, as

amended, (ii.) has had at least seven years experience in managing investments approved herein for other governments and fiduciary institutions and has at least \$1,000,000,000 under management for investment disciplines similar to this Policy; (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 fund manager or manager assigned to the County within 30 days of each change; (vi.) 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; (vii.) agrees to meet personally with the Commission at least annually; and (ix) agrees to be bound by the dictates of this Policy. Such meetings shall address the professional fund manager's views on developments within the national economies, the securities and interest rate markets and the potential effects of these developments on investment strategy, portfolio maturities and other fiscal matters. Manager's rate of return shall be measured against their peer and passive indices and their performance shall be evaluated based on the lesser of a 3–5-year time period or a complete market cycle. A copy of this Policy shall be given to the professional fund manager hired by the County

23)INVESTMENT COMMITTEE:

There is hereby established an Investment Committee ("Investment Committee") comprised of the Treasurer (as Chair), County Manager, County Finance Director, the Chief Deputy County Treasurer and one (1) member of the public ("Community Member") who shall be appointed by the Board. The County Attorney shall also be considered an ex-officio member of the Investment Committee. The Board shall determine the minimum qualifying criteria for the Community Members and establish the provisions for appointment, reappointment and replacement. The Investment Committee shall make recommendations regarding amendments to this Policy and related matters to the Treasurer for approval (§ 6.10.10.E NMSA 2018). Meetings shall be determined by the Chair of the Committee.

24AMENDMENTS:

This Policy may be revised and/or amended by the BOF, as appropriate, but shall be reviewed no less than every two (2) years. It shall be the obligation of the Treasurer to bring such amendments, if any, to the BOF and obtain the approval of their majority before such changes and amendments take effect.