

New Mexico State Treasurer's Office,

STIC Committee Meeting

Meeting Minutes

Wednesday, April 14, 2010

I. Call to order

Madame Chair, Sheila Duffy called to order the meeting of the **NMSTO- STIC Committee** at **9:00 AM** on **April 14, 2010** in **NMSTO- Bob Barth Conference Room**.

II. Roll call

The following Committee Members (CM) was present:

Honorable Treasurer James B. Lewis

Sheila Duffy, Madame Chair

Paul Cassidy

Steve Bohlin

Alexis Lotero for Stephanie Schardin Clarke

Presenters

Arsenio Garduno, STO

Orlando A. Romero, STO

Scott Newman, STO

Eamon Cargo, STO

Deanne Woodring, Davidson & Company-via teleconference

Other Attendees

Kirene M. Bargas, STO

Clarence Smith, STO

Dan White

Mark Valdes, STO (During Collateral presentation)

III.

Approval of April 14, 2010 Agenda

Madame Chair, Sheila Duffy asked for a motion for approval of the April 14, 2010 Agenda. Motion was made by Madame Chair Sheila Duffy to remove item #9 until next STIC meeting. The agenda was 1st approved by CM Paul Cassidy and 2nd by Honorable Treasurer James B. Lewis.

No questions or comments were made of the Agenda.

No further discussion.

IV. Approval of minutes from March 10, 2010 meeting

Madame Chair, Sheila Duffy asked for a motion to approve the March 10, 2010 meeting minutes.

Kirene M. Bargas noted minor grammatical changes were suggested by Stephanie Schardin-Clarke via email, such changes will be incorporated in the file. The minutes were moved of approval pending changes by 1st motion Steve Bohlin and 2nd by Honorable Treasurer James B. Lewis.

No further discussion.

V. General Fund Investments, Scott Newman

The STIC binder General Fund contents were presented in its entirety.

Scott Newman asked for any questions or comments.

1. CM Paul Cassidy asked about CORE versus LIQUIDITY portions of the GF portfolio. He asked if there has been any study on the appropriate size of the LIQUIDITY pool.
 - a. Madame Chair responded that the LIQUIDITY portfolio includes the CD program, one private placement bond with the NM Educational Assistance Foundation and cash. A decision was made, 2-3 months ago, to hold virtually all cash balances of the GF portfolio in the LIQUIDITY portion of the portfolio. Madame Chair also noted that by the end of the week the total portfolio will fall beneath the \$1 billion mark, but should increase above that mark by the end of the month.

No further discussion on General Fund.

VI. LGIP, Eamon Cargo

The STIC binder LGIP contents were presented in its entirety.

1. There was a question about the research thus far on establishing an overnight REPO program for LGIP. PM Eamon Cargo noted that per NM statute (Section 6-10-10.1, NMSA 1978), counterparties for such a program must be AA rated. In the past, it was possible to find 30-40 counterparties with the required rating, but today only 3-4 counterparties carrying the required rating have been identified to date. There may be around 5 counterparties that will be able to participate in the program, but more due diligence research is needed to identify and vet all of them. An overnight REPO program for the management of this portfolio as it would give the portfolio manager more options for very short term securities and a REPO program is fully collateralized.

Eamon Cargo asked for any questions or comments.

1. CM Steve Bohlin asked if there are any plans of “growing” the portfolio To include General Fund and Bond Proceed pools.

No further discussion.

VII. Tax-Exempt BPIP, Eamon Cargo

The STIC binder Tax-Exempt BPIP contents were presented in its entirety.

Eamon Cargo stated he would stand for any questions.

No further discussion.

VIII. Taxable BPIP, Eamon Cargo

The STIC binder Taxable BPIP contents were presented in its entirety.

Eamon Cargo noted that he would stand for any questions.

No further discussion.

IX. BPIP and Callable Securities, Eamon Cargo

Portfolio manager Cargo proposed that the committee approve callable securities as an allowable investment in the BPIP portfolios.

Eamon Cargo noted that he would stand for any questions.

A motion for approval was 1st made by Paul Cassidy and 2nd by Steve Bohlin.

No further discussion.

This action item was reopened after presentation of Adopted Investment policy. Here is the result of the discussion:

CM Paul Cassidy moved that the approval of callables include investment parameters and the committee should discuss how long this authorization should last until it is reviewed again. The committee concluded that callables should be limited to 10% of holdings in each portfolio. Committee authorization will last until the STIC meeting scheduled for Jan 2011. The term of the securities should follow the standard investment guidelines, no longer than 5 years. CM Steve Bohlin 2nd the motion with stated investment parameters.

X. Broker Participation, Scott Newman

The STIC binder Broker Participation contents were presented in its entirety.

Scott Newman asked if there were any questions or comments.

No further discussion.

XI. Semi-Annual Approval of Broker/Dealer List

Item has been removed and moved to next months STIC meeting agenda.

XII. Economic Outlook, Scott Newman

The STIC binder Economic Outlook contents were presented in its entirety.

Scott Newman asked if there were any questions or comments.

No further discussion.

XIII. Adopt Revised Investment Policy, Madame Chair Sheila Duffy

Madame Chair presented the revised State Treasurer's Office investment policy. The redline of the policy has been posted on the website for the past 30 days and notice of public comment period was posted in three different newspapers (Las Cruces, Santa Fe, and Albuquerque). No public comment was received.

Madame Chair Sheila Duffy asked if there were any questions or comments.

CM Paul Cassidy moved for approval, CM Steve Bohlin 2nd the motion of approval.

No further discussion.

XIV. State Agency Deposit Balances, Orlando Romero

Orlando Romero, State Cash Manager presented contents in its entirety.

Orlando Romero asked if there were any questions or comments.

No further discussion.

XV. Collateral Report, Arsenio Garduno

Arsenio Garduno, Collateral Manager presented contents in its entirety.

Arsenio Garduno asked if there were any questions or comments.

No further discussion.

XVI. Draft Broker/Dealer procedures, Madame Chair Sheila Duffy

Madame Chair Sheila Duffy presented contents in its entirety.

Sheila Duffy asked if there were any questions or comments.

The committee discussed the role of STIC in approving STO procedures. It was decided that, on an annual basis, the procedures will be presented to the STIC committee as a discussion item during the annual review of the broker dealer list.

No further discussion.

XVII. Question period

No further discussion.

XVIII. New business

Next Meeting- Wednesday, May 12, 2010 @ 9:00 a.m. at STO.

XIX. Adjournment

Sheila Duffy adjourned the meeting at **10:07 am**. The adjournment was 1st approved by Honorable James B. Lewis and 2nd by CM Paul Cassidy

Minutes submitted by: Kirene M. Bargas, on May 04, 2010.

Minutes approved by: Sheila Duffy, on May 9, 2010.