

**CROWLEY COUNTY BOARD OF COUNTY COMMISSIONERS
RECORD OF PROCEEDINGS**

March 23, 2015

CALL TO ORDER

Board of County Commissioners met in regular session on March 23, 2015. The meeting was called to order by Chairman T. E. Allumbaugh at 8:30 a.m. with the following present:

T. E. Allumbaugh-----Chairman
Frank Grant-----Vice Chairman
Gary Gibson-----Member
Mike Apker-----Deputy Clerk to the Board

RESOLUTION NO. 6776

APPROVAL RESOLUTION CROWLEY COUNTY INVESTMENT POLICY

Motion by Grant, seconded by Gibson to adopt the following resolution for Crowley County Investment Policy:

A RESOLUTION CONCERNING CROWLEY COUNTY INVESTMENT POLICY

WHEREAS, it is the policy of Crowley County to invest public funds in accordance with all Federal, State and local governing statutes; and

WHEREAS, Crowley County will invest public funds in a manner that will provide maximum safety of principal, ensure that daily cash flow demands are met and achieve the highest investment return within these parameters; and

WHEREAS, the Board of County Commissioners deems it necessary to establish an investment policy for Crowley County in order to achieve the highest investment return, yet provide maximum safety;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the County of Crowley, Colorado, that:

Section 1. Scope. This investment policy applies to all financial assets of Crowley County. These funds are accounted for in Crowley County's Annual Financial Report and include, but are not limited to:

General Fund	Sinking Fund
E911 Fund	Departmental Funds
Contingent Fund	Conservation Trust Fund

Section 2. Prudence. All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the County's ability to govern effectively.

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.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Section 3. Objectives. The primary objectives of Crowley County's investment activities, in order of priority shall be:

(a) Safety: Safety of the principal is the foremost objective of the investment policy. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, diversification of credit risk and interest rate risk is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

(b) Liquidity: The portfolio shall remain sufficiently liquid to enable Crowley County and its junior taxing districts, if applicable, to meet all operating requirements that might be reasonably anticipated.

(c) Yield: The investment portfolio shall be designed with the objective of attaining a reasonable market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Section 4. Delegation of Authority. The Crowley County Treasurer, Holly McCuiston, is authorized to determine the amounts available for investment in each fund of Crowley County and is authorized to invest such moneys. The County Treasurer, Holly McCuiston, may combine funds from the General Fund, Departmental Funds and the Contingent Fund for the purposes of investment. Whether investing individually "by fund" or by "pooling", the Crowley County Treasurer, Holly McCuiston, will invest in accordance with this policy and the applicable laws.

The Crowley County Treasurer, Holly McCuiston, shall be responsible for all investment transactions undertaken and shall establish a system of controls and procedures to regulate the activities. The Crowley County Treasurer, Holly McCuiston, is solely responsible for managing the day-to-day investment activities. No person may initiate investment transactions on behalf of the Crowley County Treasurer without the express written consent of the County Treasurer.

Section 5. Ethics and Conflict of Interest. The Crowley County Treasurer shall refrain from personal activity that could conflict with the proper execution of the investment policy, or which could impair their ability to make impartial investment decisions. Employees shall disclose to the County Treasurer any material financial interests in financial institutions that conduct business within the County, and they shall further disclose any personal financial or investment positions that could be related to the performance of Crowley County's portfolio. The Crowley County Treasurer shall subordinate their personal investment transactions to those of Crowley County, particularly with regard to the timing of purchases and sales. The Crowley County Treasurer shall maintain the highest standards of conduct. The Crowley County Treasurer shall refrain from personal business activity that could conflict with the proper execution and management of the investment policy, or that could affect their ability to make impartial decisions. The Crowley County Treasurer and employees shall not accept gifts or gratuities from any bank, broker, dealer or any other person, firm or organization who conducts business with the County Treasurer.

Section 6. Authorized Financial Dealers and Institutions. The Crowley County Treasurer shall maintain a list of financial institutions that are authorized to provide investment services, per CRS 24-75-603. At the discretion of the County Commissioners, the Treasurer's office may be required to evaluate the net worth and credit worthiness of these institutions, which may result in restrictions and/or exclusion of any institution based on the Treasurer's analysis. In addition, if applicable, a list will be maintained of approved security brokers/dealers selected by credit worthiness, who maintain an office in the State of Colorado.

As per CRS 24-75-603, Crowley County investments shall initially be placed by the County in a bank or savings and loan association located in the state of Colorado that is an eligible public depository certified by the state banking board or the state financial services board that offers federal deposit insurance corporation insurance on its deposits;

Further to CRS 24-75-603, The selected eligible public depository simultaneously shall arrange for the redeposit of any public funds initially placed in such eligible public depository that are in excess of the amount insured by the federal deposit insurance corporation, or its successor, in one or more deposit accounts fully insured by the federal deposit insurance corporation in one or more other banks or savings and loan associations wherever located in the United States, for the account of the public entity.

The Crowley County Treasurer's office may accept offers/bids from primary security dealers; that is, those dealers who as primary government securities dealers report daily to the New York Federal Reserve Bank. Should concerns of any of these firm's economic viability be raised or should past practices cause concern, these institutions may be restricted from conducting business with the Treasurer.

All financial institutions and brokers/dealers who desire to do business with Crowley County must supply the Crowley County Treasurer with the following documentation in writing:

- Audited financial statements for the last three years
- Quarterly financial statements
- Proof of National Association of Securities Dealers certification

A current financial statement is required to be on file for each financial institution and broker/dealer with which Crowley County invests. Approved brokers/dealers will be evaluated by the Crowley County Treasurer annually to assess overall performance for the preceding year, including, but not limited to trade execution, responsiveness, quality of market information and analysis and overall contribution to the investment process of the County.

Section 7. Authorized and Suitable Investments.

Part 6 of Article 75 of Title 24 of the Colorado Revised Statutes sets forth legal investments of public funds, and it is incorporated herein by reference as it presently exists and as it may be amended in the future.

Colorado State Statutes also authorize the County to invest in the Colorado Local Government Liquid Asset Trust (COLOTRUST), the Colorado Cooperative Liquid Assets Security System (COLOCLASS), and the Colorado Surplus Asset Fund Trust (CSAFE).

Section 8. Unsuitable Investments. Crowley County shall not invest in the following:

- Equities or common or preferred stock of corporations
- Certificates of Deposit (CDs) in out-of-state banks
- Real Estate
- Commodity futures
- Collateralized Mortgage Obligations (CMOs), except those issued directly by government agencies
- Unit Investment Trusts (UIT)
- Art or other collectibles
- Other investments not listed in Section 7 of this policy without express permission by the Board of County Commissioners of Crowley County

Any security with known characteristics which could impair Crowley County's ability to sell such security without incurring substantial loss of principal are not permitted investments under this policy. Certain securities or types of securities which otherwise comply with the provisions of this investment policy related to investment of public funds may have high risk characteristics which make them unsuitable as investments. These include, but are not limited to; certain mortgage backed or mortgage related securities such as interest only (IO) or principal only (PO) securities and Collateralized Mortgage Obligations (CMO) classes typically described as "company" classes.

Section 9. Safekeeping Requirements. All security transactions entered into by the Crowley County Treasurer shall be conducted on a delivery-versus-payment (DVP) basis, which ensures that securities are deposited with a third party, such as a safekeeping and custodian bank acting as an agent for the Treasurer, before payment is released. A signed safekeeping and custodial agreement(s) shall be entered into with a federally-regulated financial institution. The custodian institution shall hold the securities as evidenced by a safekeeping receipt. Non-negotiable CD's are not handled on a DVP basis and are therefore exempt from this process. Banker's Acceptances (BAs) and Repurchase Agreements (provided a signed master repurchase agreement is on file) shall be held in the Trust safekeeping department of the financial institution in the name of Crowley County. All Certificates of Deposits should be in the name of Crowley County. Each certificate or a copy thereof, will be delivered to and held by the Treasurer's office.

Section 10. Diversification. It is the policy of the Crowley County Treasurer to diversify its investment portfolio within the constraints of the law. Assets held in the common cash fund and other investment funds shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically by the Treasurer.

Diversification by instrument will be limited to the following maximum percent of the overall portfolio for each category of securities:

Type of Investment	Maximum % of Portfolio
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US Treasury Obligations 100%
 US Government Operated Agency & Sponsored Enterprises 75%
 Banker's Acceptances (BAS) 25%
 Commercial Paper 25%
 Certificates of Deposit (CDs) 100%
 Deposit Notes of Financial Institutions 10%
 Repurchase Agreements 10%
 Bonds of the State of Colorado or local governments in the State of Colorado 20%
 Bonds of other states or local governments in other states 10%
 Crowley County securities, certificates of participation or lease obligations 10%
 Investment Pools 100%
 Mutual funds of US Government securities 25%
 Mutual Funds of State and/or local government 25%

The total dollar amount of Certificates of Deposit and Bankers Acceptances in any one bank's name will not exceed 60% of the Treasurer's portfolio. In addition, quarterly financial statements are required of each institution and will be reviewed by the Treasurer.

No more than 5% of the portfolio may be invested with any one issuer of commercial paper.

In no case may the Crowley County Treasurer invest in any one bank or trust company an amount in excess of 50% of that financial institution's net worth. No more than 5% of the portfolio may be invested in Collateralized Mortgage Obligations (CMOs) or other mortgage backed security product. In addition, any mortgage backed security with a stated financial maturity longer than five years must be approved by the Board of County Commissioners of Crowley County.

Maturities should be staggered to avoid concentrations in any one maturity sector and at least 10% of the portfolio shall be invested in overnight investments or in marketable securities which can be sold to raise cash in one day's notice.

Section 11. Maximum Maturities. To the extent possible, Crowley County will attempt to match its investments with anticipated cash flow requirements. Most CDs should have maturities between one and three years. Maturities exceeding three years must have the approval of the Crowley County Commissioners. Crowley County will not directly invest in securities maturing more than one year from the date of purchase. Reserve funds may be invested in securities that exceed five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

The average days to expected maturity of the portfolio will not exceed two years. In the case of callable securities, expected maturity is the next call date if the bond's market value is at a premium and final maturity if the price is par or at a discount. Note that this calculation excludes the maturities of the underlying securities (collateral) of any Repurchase Agreements.

Section 12. Internal Control. Day-to-day procedures concerning investment management and accounting are outside the scope of this policy. The Crowley County Treasurer is subject to an annual independent audit of its internal control by Crowley County's independent auditor and will conform to the requirements for change, if any, of those audits. The specific internal controls maintained by the Treasurer are contained in the normal operating procedures of the Office.

Section 13. Performance Standard. The investment portfolio shall be designed to obtain a market average rate of return during a market/economic environment of stable interest rates. Crowley County's investment strategy is passive. Given this strategy, the basis used by the Treasurer to determine performance levels will be to regularly exceed the average return on three-month US Treasury Bills or the average rate on Federal funds, whichever is higher. These indices are considered benchmarks for riskless investment transactions, and therefore comprise a minimum standard for the portfolio's rate of return. This performance standard shall take into account Crowley County's investment risk constraints and cash flow needs.

Section 14. Investment Selection.

- Selecting investments is usually a matter of selecting the highest yield. Exceptions are safety and liquidity.
- Treasurer must call/contact a minimum of three financial institutions prior to investing.

- Providing that there are no material yield differences, brokers/dealers with the best overall evaluations will receive a proportionately greater share of the County's investment activity.

The Crowley County Treasurer will be responsible to produce and retain written records of each transaction, including the name of the financial institution solicited, the rate quoted, a description of the security, the investment selected and any special considerations that had an impact on the decision. If the highest yield was not selected for purchase, an explanation describing the rationale will be included in the record.

Section 15. Reporting. On a quarterly basis, or as otherwise requested by the Crowley Board of County Commissioners, a report will be submitted which provides an accurate and meaningful representation of the Crowley County investment portfolio. The Treasurer shall report current investment strategy being followed and recent economic conditions and market developments that have a bearing on this strategy. This management report will be prepared in a matter allowing the reader to ascertain whether investment activities during the reporting period have conformed with the investment policy. The report shall, at a minimum, include:

- Name of the investment
- Investment Identification (ID)
- Date of investment
- Initial Investment amount
- Return on Investment
- Interest (%) Rate
- Date of Maturity

Section 16. Investment Policy Review. The Crowley County Treasurer's investment policy shall be reviewed on an annual basis and any amendments or modifications to this policy shall be presented for approval to the Board of County Commissioners of Crowley County.

ADOPTED this 23rd day of March, A.D. 2015.

Upon motion duly made and seconded the foregoing resolution was adopted by the following vote:

Allumbaugh-----Aye
 Gibson-----Aye
 Grant-----Aye

Commissioner Allumbaugh left the meeting to attend another obligation.

MONTHLY PRISON MEETING

Representatives from Crowley County Correctional Facility held their monthly meeting with the Board of Commissioners.

Those present were:

Commissioners: Gibson and Grant
 CCCF Warden: Mike Miller
 CCCF Asst Warden: Dan Sullivan

The board was updated on activities of the facility and current inmate count.

UPON MOTION DULY MADE AND SECONDED THE FOREGOING RESOLUTION WAS ADOPTED BY THE FOLLOWING VOTE:

**ALLUMBAUGH-----AYE
 GIBSON-----AYE
 GRANT-----AYE**

No further business appearing the meeting was recessed.
 Minutes taken by Mike Apker.

ATTEST:

Lucile Nichols, County Clerk

Tobe Allumbaugh, Chairman

