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AN ACT

RELATING TO PUBLIC FINANCE; CLARIFYING THE TYPES OF INVESTMENTS IN WHICH COUNTY AND MUNICIPAL TREASURERS MAY INVEST CERTAIN PUBLIC MONEY; MAKING A TECHNICAL CORRECTION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 6-10-10 NMSA 1978 (being Laws 1933, Chapter 175, Section 4, as amended) is amended to read:

"6-10-10. DEPOSIT AND INVESTMENT OF FUNDS.--

A. Upon the certification or designation of a bank, savings and loan association or credit union whose deposits are insured by an agency of the United States to receive public money on deposit, the state treasurer and county or municipal treasurers who have on hand any public money by virtue of their offices shall make deposit of that money in banks and savings and loan associations and may make deposit of that money in credit unions whose deposits are insured by an agency of the United States, designated by the authority authorized by law to so designate to receive the deposits of all money thereafter received or collected by the treasurers.

B. County or municipal treasurers may deposit money in one or more accounts with any such bank, savings and loan association or credit union located in their respective counties, subject to limitation on credit union accounts.

1 C. The state treasurer may deposit money in one or
2 more accounts with any such bank, savings and loan
3 association or credit union, subject to the limitation on
4 credit union accounts.

5 D. Duplicate receipts or deposit slips shall be
6 taken for each deposit made pursuant to Subsection A, B or C
7 of this section. When deposits are made by the state
8 treasurer, one copy of the receipt or deposit slip shall be
9 retained by the state treasurer and the other copy shall be
10 filed monthly on the first day of each month with the
11 financial control division of the department. When deposits
12 are made by the treasurer or any other authorized person
13 making the deposits for a board of finance of a public or
14 educational institution, one copy of the receipt or deposit
15 slip shall be retained by the treasurer or authorized person
16 making the deposit and the other copy shall be filed monthly
17 on the first day of each month with that board of finance.
18 When deposits are made by a county or municipal treasurer,
19 one of the duplicate receipts or deposit slips shall be
20 retained by the treasurer making the deposit and the other
21 copy shall be filed monthly on the first day of each month
22 with the secretary of the board of finance of the county or
23 municipality for which that treasurer is acting.

24 E. "Deposit", as used in this section, means
25 either investment or deposit and includes share, share

1 certificate and share draft.

2 F. County or municipal treasurers, with the advice
3 and consent of their respective boards of finance charged
4 with the supervision and control of the respective funds, may
5 invest all sinking funds or money remaining unexpended from
6 the proceeds of any issue of bonds or other negotiable
7 securities of any county, municipality or school district
8 that is entrusted to their care and custody and all money not
9 immediately necessary for the public uses of the counties,
10 municipalities or school districts not invested or deposited
11 in banks, savings and loan associations or credit unions in:

12 (1) bonds or negotiable securities of the
13 United States, the state or a county, municipality or school
14 district that has a taxable valuation of real property for
15 the last preceding year of at least one million dollars
16 (\$1,000,000) and that has not defaulted in the payment of any
17 interest or sinking fund obligation or failed to meet any
18 bonds at maturity at any time within five years last
19 preceding;

20 (2) securities that are issued and backed by
21 the full faith and credit of the United States government or
22 issued by its agencies or instrumentalities; or

23 (3) federally insured obligations, including
24 brokered certificates of deposit, certificate of deposit
25 account registry service and federally insured cash accounts.

1 G. The treasurer of a class A county or the
2 treasurer of a municipality having a population of more than
3 sixty-five thousand according to the most recent federal
4 decennial census and located within a class A county, with
5 the advice and consent of the boards of finance charged with
6 the supervision and control of the funds, may invest all
7 sinking funds or money remaining unexpended from the proceeds
8 of any issue of bonds or other negotiable securities of the
9 county or municipality that is entrusted to the treasurer's
10 care and custody and all money not immediately necessary for
11 the public uses of the county or municipality not invested or
12 deposited in banks, savings and loan associations or credit
13 unions in:

14 (1) shares of a diversified investment
15 company registered pursuant to the federal Investment Company
16 Act of 1940 that invests in fixed-income securities or debt
17 instruments that are listed in a nationally recognized,
18 broad-market, fixed-income-securities market index; provided
19 that the investment company or manager has total assets under
20 management of at least one hundred million dollars
21 (\$100,000,000) and provided that the board of finance of the
22 county or municipality may allow reasonable administrative
23 and investment expenses to be paid directly from the income
24 or assets of these investments;

25 (2) individual, common or collective trust

1 funds of banks or trust companies that invest in fixed-income
2 securities or debt instruments that are listed in a
3 nationally recognized, broad-market, fixed-income-securities
4 market index; provided that the investment company or manager
5 has total assets under management of at least one hundred
6 million dollars (\$100,000,000) and provided that the board of
7 finance of the county or municipality may allow reasonable
8 administrative and investment expenses to be paid directly
9 from the income or assets of these investments; or

10 (3) shares of pooled investment funds
11 managed by the state investment officer, as provided in
12 Subsection I of Section 6-8-7 NMSA 1978; provided that the
13 board of finance of the county or municipality may allow
14 reasonable administrative and investment expenses to be paid
15 directly from the income or assets of these investments.

16 H. A local public body, with the advice and
17 consent of the body charged with the supervision and control
18 of the local public body's respective funds, may invest all
19 sinking funds or money remaining unexpended from the proceeds
20 of any issue of bonds or other negotiable securities of the
21 investor that is entrusted to the local public body's care
22 and custody and all money not immediately necessary for the
23 public uses of the investor and not otherwise invested or
24 deposited in banks, savings and loan associations or credit
25 unions in contracts with banks, savings and loan associations

1 or credit unions for the present purchase and resale at a
2 specified time in the future of specific securities at
3 specified prices at a price differential representing the
4 interest income to be earned by the investor. The contract
5 shall be fully secured by obligations of the United States or
6 other securities backed by the United States having a market
7 value of at least one hundred two percent of the contract.
8 The collateral required for investment in the contracts
9 provided for in this subsection shall be shown on the books
10 of the financial institution as being the property of the
11 investor and the designation shall be contemporaneous with
12 the investment. As used in this subsection, "local public
13 body" includes all political subdivisions of the state and
14 agencies, instrumentalities and institutions thereof;
15 provided that home rule municipalities that prior to
16 July 1, 1994 had enacted ordinances authorizing the
17 investment of repurchase agreements may continue investment
18 in repurchase agreements pursuant to those ordinances.

19 I. The state treasurer, with the advice and
20 consent of the state board of finance, may invest money held
21 in demand deposits and not immediately needed for the
22 operation of state government and money held in the local
23 government investment pool, except as provided in Section
24 6-10-10.1 NMSA 1978. The investments may be made in
25 securities that are issued and backed by the full faith and

1 credit of the United States government or issued by its
2 agencies or instrumentalities.

3 J. The state treasurer, with the advice and
4 consent of the state board of finance, may also invest in
5 contracts for the present purchase and resale at a specified
6 time in the future, not to exceed one year or, in the case of
7 bond proceeds, not to exceed three years, of specific
8 securities at specified prices at a price differential
9 representing the interest income to be earned by the state.
10 Such contract shall not be invested in unless the contract is
11 fully secured by obligations of the United States or its
12 agencies or instrumentalities or by other securities backed
13 by the United States or its agencies or instrumentalities
14 having a market value of at least one hundred two percent of
15 the amount of the contract. The securities required as
16 collateral under this subsection shall be delivered to a
17 third-party custodian bank pursuant to a contract with the
18 state and the counterparty or to the fiscal agent of
19 New Mexico or its designee. Delivery shall be made
20 simultaneously with the transfer of funds or as soon as
21 practicable, but no later than the same day that the funds
22 are transferred.

23 K. The state treasurer, with the advice and
24 consent of the state board of finance, may also invest in
25 contracts for the temporary exchange of state-owned

1 securities for the use of broker-dealers, banks or other
2 recognized institutional investors in securities, for periods
3 not to exceed one year for a specified fee rate. Such
4 contract shall not be invested in unless the contract is
5 fully secured by exchange of an irrevocable letter of credit
6 running to the state, cash or equivalent collateral of at
7 least one hundred two percent of the market value of the
8 securities plus accrued interest temporarily exchanged. The
9 collateral required by this subsection shall be delivered to
10 the state of New Mexico or its designee simultaneously with
11 the transfer of funds or as soon as practicable, but no later
12 than the same day that the state-owned securities are
13 transferred.

14 L. Neither of the contracts in Subsection J or K
15 of this section shall be invested in unless the contracting
16 bank, brokerage firm or recognized institutional investor has
17 a net worth in excess of five hundred million dollars
18 (\$500,000,000).

19 M. The state treasurer, with the advice and
20 consent of the state board of finance, may also invest in any
21 of the following investments in an amount not to exceed forty
22 percent of any fund that the state treasurer invests:

23 (1) commercial paper rated "prime" quality
24 by a national rating service, issued by corporations
25 organized and operating within the United States;

1 (2) medium-term notes and corporate notes
2 with a maturity not exceeding five years that are rated A or
3 its equivalent or better by a nationally recognized rating
4 service and that are issued by a corporation organized and
5 operating in the United States; or

6 (3) an asset-backed obligation with a
7 maturity not exceeding five years that is rated AAA or its
8 equivalent by a nationally recognized rating service.

9 N. The state treasurer, with the advice and
10 consent of the state board of finance, may also invest in:

11 (1) shares of an open-ended diversified
12 investment company that:

13 (a) is registered with the United
14 States securities and exchange commission;

15 (b) complies with the diversification,
16 quality and maturity requirements of Rule 2a-7, or any
17 successor rule, of the United States securities and exchange
18 commission applicable to money market mutual funds; and

19 (c) assesses no fees pursuant to
20 Rule 12b-1, or any successor rule, of the United States
21 securities and exchange commission, no sales load on the
22 purchase of shares and no contingent deferred sales charge or
23 other similar charges, however designated, provided that the
24 state shall not, at any time, own more than five percent of a
25 money market mutual fund's assets;

1 (2) individual, common or collective trust
2 funds of banks or trust companies that invest in United
3 States fixed-income securities or debt instruments authorized
4 pursuant to Subsections I, J and M of this section, provided
5 that the investment manager has assets under management of at
6 least one billion dollars (\$1,000,000,000) and the
7 investments made by the state treasurer pursuant to this
8 paragraph are less than five percent of the assets of the
9 individual, common or collective trust fund;

10 (3) the local government investment pool
11 managed by the office of the state treasurer. Investments
12 made pursuant to this paragraph shall, in aggregate, be no
13 more than thirty-five percent of the total assets of the
14 local government investment pool;

15 (4) securities issued by the state of
16 New Mexico, its agencies, institutions, counties,
17 municipalities, school districts, community college districts
18 or other subdivisions of the state, or as otherwise provided
19 by law; or

20 (5) securities issued by states other than
21 New Mexico or governmental entities in states other than
22 New Mexico.

23 0. Public funds to be invested in negotiable
24 securities or loans to financial institutions fully secured by
25 negotiable securities at current market value shall not be

1 paid out unless there is a contemporaneous transfer of the
2 securities at the earliest time industry practice permits, but
3 in all cases, settlement shall be on a same-day basis either
4 by physical delivery or, in the case of uncertificated
5 securities, by appropriate book entry on the books of the
6 issuer, to the purchaser or to a reputable safekeeping
7 financial institution acting as agent or trustee for the
8 purchaser, which agent or trustee shall furnish timely
9 confirmation to the purchaser." _____

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