

Utah Money Management Council

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P. O. Box 142315
Salt Lake City, Utah 84114-2315
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mmcouncil@utah.gov



MONEY MANAGEMENT COUNCIL MEETING
THURSDAY MARCH 19, 2015
AT THE UTAH STATE TREASURER'S OFFICE
350 NORTH STATE STREET
SUITE 180
3:00 PM

A G E N D A

1. APPROVAL OF MINUTES OF THE JANUARY 15, 2015
2. MONTHLY AND QUARTERLY REPORTS
 - A) Division of Securities
 - B) Department of Financial Institutions
 - C) Deposit and Investment report update
 - i) Reports with questions
3. UTAH STATE TREASURER'S 12/31/14 D&I REPORT
4. RECAP OF HB 314
5. DISCUSSION ON GIVING INVESTMENT POLICY GUIDANCE
6. OTHER BUSINESS AS NEEDED
7. SCHEDULE NEXT MEETING AND ADJOURN

In compliance with the Americans with Disabilities Act, individuals needing special accommodations during this meeting should notify Kathy Wilkey, Administrative Assistant, at Room 180 State Capitol Building, (801) 538-1468.

Mark D. Watkins, Chair
US Bank
170 South Main St., Ste 600
Salt Lake City, UT 84101
Phone (801) 534-6209
mark.d.watkins@usbank.com

Kirt Slaugh, Vice Chair
Key Bank
36 S. State Street, Ste 2500
Salt Lake City UT 84111
Phone (801) 297-5717
kirt_w_slaugh@keybank.com

John B. Bond
Weber County
2380 Washington Blvd., Ste 350
Ogden, UT 84401
Phone (801) 399-8007
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Douglas L. DeFries
Bank of Utah
2605 Washington Blvd.
Ogden, UT 84401
Phone (801) 409-5175
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Marina Scott
Salt Lake City
451 S State Street, Rm 228
Salt Lake City, Utah 84111
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**STATE MONEY MANAGEMENT COUNCIL-MINUTES
THURSDAY JANUARY 15, 2015**

The regular meeting of the State Money Management Council was held in the Offices of the Utah State Treasurer, 350 North State Street, Suite 180, at 3:00 p.m., Thursday January 15, 2015. In attendance were:

Mark Watkins, Chair
Kirt Slaugh, Vice Chair
John Bond
Doug DeFries
Marina Scott
Ann Pedroza, Staff
David Damschen, Deputy State Treasurer
Michael Green, Attorney General's Office
Shanell Johnson, Utah State University
Mel Smith, University of Utah
Scott Burnett, Zions Capital Advisors
Diane Veltri, Zions Capital Advisors
Marcus Nield, Incapital
Tracy Klausmeier, Utah Insurance Department
Johnnie Miller, Utah Local Counties Pool
Andy Robbins, Moreton Asset Managers

Minutes of Meeting

The minutes of the December 18, 2014 meeting were approved unanimously.

Monthly Reports

Securities Division:

There were no changes to the Certified Investment Advisers or Certified Broker Dealers lists.

Financial Institutions' Report:

Mr. Bay was not in attendance but sent the monthly report for the Council to review.

Late Deposit and Investment Report Update:

Ms. Pedroza noted for the Council that there are 41 reports that have not been filed for the June 2014.

Reports with questions:

Ms. Pedroza informed the Council that she had contacted Tuachan and they have not received the funds yet. Council discussed briefly and then asked that Ms. Pedroza contact the manager for Mr. Floyd and see if that person will help.

Acceptance of Reports:

It was motioned and seconded, and all of the above reports were accepted unanimously.

Overview of New Capital Rules and How They Affect Rule 11

Mr. DeFries reviewed the information sent up by Mr. Bay. He noted that the revised maximums are where Council should start when the phase in begins and that would be in 4 years. Mr. DeFries noted that the Council should look at this issue again in about a year and begin to review the rule as the limits are currently 1% above the minimum in the Fed capital rules now. This issue was tabled until next Council meeting.

Request for a Change in Rule 4-Bonding of Public Treasurers

Ms. Pedroza began by reviewing a e-mail from the Utah Counties Investment Pool (UCIP) requesting a change to Rule 4 regarding a conformity issue with the Rule and their statute. After reviewing the letter, Ms. Pedroza noted that any change would have to first be made to the Act, then the Rule.

Mr. Damschen asked Ms. Klausmeier from the State Insurance Department to explain the difference between a surety bond and the crime and theft policy that UCIP is providing. She noted that it would depend on the language that UCIP put in the policy as most crime and theft covers things such as theft and burglary. Surety bonds cover this such as "bad deeds" of a bonded employee. She also noted that private mutual insurance companies are not regulated by the State Insurance department so she cannot speak on their policies and what they insure. Mr. Miller, CEO of UCIP, noted that they are a self-funded insurance group and not an insurance carrier and the counties pay money into the fund and when there are claims, the counties put funds back to cover and replenish the funds. Mr. Miller described the difference between what a surety bond and insurance company is. He noted that what a surety or a "treasurer bond" does is it goes after the individual treasurer that the surety is on to recover the loss from that individual. The Utah Legislature changed county statute and it now says that the insurance company cannot do that. He noted that a lot of surety companies won't issue in Utah because they cannot do as described above. Council discussed this at length with Mr. Miller and Ms. Klausmeier. Mr. Miller noted that the Act is in conflict with Section 63G and §17-16-11. After further discussion Mr. Watkins asked Mr. Green to look at the specific sections Mr. Miller is referring to with respect to the Act and see how it is in conflict with the Act and Rules of the Council. Mr. Miller noted that the pool can write the coverage the way it is needed for the Act and Rules. Discussion on this issue was tabled to be continued in the next meeting when Mr. Green is able to review the particulars in statute.

Other Business

No other business.

Schedule Next Meeting

The Council then scheduled the next regular meeting for February 19, 2015 at 3:00 p.m. in the offices of US Bank. With no other business before the Council, they adjourned at 4:01 p.m.



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah
Department of Commerce
Division of Securities

FRANCINE A. GIANI
Executive Director

KEITH WOODWELL
Director, Division of Securities

TO:	Money Management Council
FROM:	Michele Black, Division of Securities
RE:	Current List Certified Investment Adviser
DATE:	March 19, 2015

The following is the list of Certified Investment Advisers and Investment Adviser Representative(s) effective March 19, 2015:

AllianceBernstein L.P.

Investment Adviser

Representatives:

Joseph E. Brienza	1225 17 th Street, Suite 2900	
	Denver, CO 80202	
Jeffrey F. Jagard	"	"
John Robb	"	"

Cutwater Asset Management

Investment Adviser

Representatives:

Mary Donovan	1331 17 th Street, Suite 602	
	Denver, CO 80290	
Chris Nebenzahl	"	"
David Witthohn	"	"

Moreton Asset Management, LLC

Investment Adviser

Representatives:

Jordan C. Hansen	709 East South Temple	
	Salt Lake City, UT 84102	
Andrew J. Robbins	"	"
Jason M. Williams	"	"

Morgan Stanley

Investment Adviser

Representatives:

Cody C. Adams	60 South Temple	
	Salt Lake City, UT 84111	

Morgan Stanley cont.

Investment Adviser

Representatives:	Paul Barton	6510 Millcreek Drive, Suite 100 Holladay, UT 84121
	Douglas Felt	60 South Temple Salt Lake City, UT 84111
:	John Hallgren	60 East South Temple Salt Lake City, UT 84111
	Thomas E. Nielson	" "
	Brian Parcell	60 East South Temple Salt Lake City, UT 84111
	F. Bart Reuling	6510 Millcreek Drive, Suite 100 Holladay, UT 84121
	Kenneth Webster	6510 Millcreek Drive, Suite 100 Holladay, UT 84121

PFM Asset Management LLC

Investment Adviser

Representatives:	Richard Babbe	50 California Street Suite 2400 San Francisco, CA 94111
	Lauren Brant	1400 16 th Street, Suite 400 Denver, CO 80202
	Christopher Blackwood	" "
	Emily Ferguson	1400 16 th Street Suite 400 Denver, CO 80202

Soltis Investment Advisors, LLC

Investment Adviser

Representatives:	Hal G. Anderson	20 N. Main Street, Suite 400 St. George, UT 84770
	Kim D. Anderson	" "
	Jeffrey T. Brimhall	3400 Ashton Boulevard, Suite 410 Lehi, UT 84043
	Tyler J. Finlinson	20 N. Main Street, Suite 400 St. George, UT 84770
	Brent D. Moore	3400 Aston Boulevard, Suite 410 Lehi, UT 84043
	James G. Shumway	915 South 500 East #110 American Fork, UT 84003
	Clark V. Taylor	20 N. Main Street, Suite 400 St. George, UT 84770
	William W. Wallace	3400 Ashton Boulevard, Suite 410 Lehi, UT 84043
	Tyler K. Wilkinson	20 N. Main Street, Suite 400 St. George, UT 84770

Zions Capital Advisors, Inc.

Investment Adviser

Representatives:

Greg Aiken	One South Main Street, 12 th Floor Salt Lake City, UT 84133
Christopher M. Beesley	180 No. University Avenue, Suite 140 Provo, UT 84106
Ben Blake	903 East Draper Parkway Draper, UT 84020
Scott R. Burnett	One South Main Street, 12 th Floor Salt Lake City, UT 84133
Charlotte Carlsen	" "
Gary Mark Hill	One South Main Street, 12 th Floor Salt Lake City, UT 84133
Matthew R. Johnson	" "
Calob Johnston	40 East Street St. George, UT 84770
Brian Moore	One South Main Street, 12 th Floor Salt Lake City, UT 84113
David Shipley	180 North University Avenue, Suite 140 Provo, UT 84601
Tami Tingey	One South Main Street Salt Lake City, UT 84133
Diane Veltri	" "



GARY R. HERBERT
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SPENCER J. COX
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State of Utah
Department of Commerce
Division of Securities

FRANCINE A. GIANI
Executive Director

KEITH WOODWELL
Director, Division of Securities

TO:	Money Management Council
FROM:	Michele Black, Division of Securities
RE:	Deletions to the Certified Investment Adviser List
DATE:	March 19, 2015

The following agents and firms have been deleted to the existing list for conducting investment transactions with public treasures pursuant to rule 15 of the State Money Management Council.

Zions Wealth Advisors

Db a Contango Capital Advisors Inc.

Investment Adviser

Representatives: Jay Edgington
 Charles D. Erb
 David Warne



GARY R. HERBERT
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SPENCER J. COX
Lieutenant Governor

State of Utah
Department of Commerce
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FRANCINE A. GIANI
Executive Director

KEITH WOODWELL
Director, Division of Securities

TO:	Money Management Council
FROM:	Michele Black, Division of Securities
RE:	Deletions List Certified Dealer
DATE:	March 19, 2015

The following agents and firms have been deleted from the existing list for conducting investment transactions with public treasures pursuant to rule 16 of the State Money Management Council.

Amherst Pierpont

Agents: Jamison Yardley



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah
Department of Commerce
Division of Securities

FRANCINE A. GIANI
Executive Director

KEITH WOODWELL
Director, Division of Securities

TO:	Money Management Council
FROM:	Michele Black, Division of Securities
RE:	Additions to the Certified Dealer List
DATE:	March 19, 2015

The following agents and firms have been added to the existing list for conducting investment transactions with public treasures pursuant to rule 16 of the State Money Management Council.

Piper Jaffray & Co.

Agents: Ken M. Cramer
Brian J. Delany
Nolan D. Farr
Gregory E. Hagen
Jeff A. Legge

Wells Fargo Securities LLC

Agents: Daniel F. Quigley



State of Utah
Department of Commerce
Division of Securities

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Governor

SPENCER J. COX
Lieutenant Governor

FRANCINE A. GIANI
Executive Director

KEITH WOODWELL
Director, Division of Securities

TO:	Money Management Council
FROM:	Michele Black, Division of Securities
RE:	Current List Certified Dealer
DATE:	March 19, 2015

The following is the list of Certified Dealers and Agent(s) effective **March 19, 2015**:

Ameriprise Financial Services, Inc.

Agents:	Rex Baxter	7730 Union Park Avenue, Suite 300 Midvale, UT 84047
	Quin Gardner	" "
	Kim Isaacson	" "
	Daniel S. Nelsen	" "
	Bruce R. Wingrove	" "

Barclays Capital Inc.

Agents:	Peter Bjurstein	555 California Street, 30th Floor San Francisco, CA 94104
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BNP Paribas Securities Corp.

Agents:	Grant Gould	500 Capital Mall Sacramento, CA 95814
	Amit Ashok Jogonal	2527 Camino Ramon San Ramon, CA 94583
	Alexandra Maria Linden	" "
	Paul Thomas Montaquila	" "
	Anthony Hoan Pham	" "
	Kari Prichard	" "
	W. Hampton B. Smith Jr.	787 7 th Avenue New York, NY 10019
	Dominic Aaron Wallace	2527 Camino Ramon San Ramon, CA 94583

DA Davidson & Co.

Agents:	Hank Jenkins	1600 Broadway, Suite 1100 Denver, CO 80202
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DA Davidson & Co. cont.

Agents: John Pedersen

7730 Union Park Avenue Suite 220
Midvale, UT 84047

Traci Salinas

“ “

George K. Baum & Company

Agents: Susan P. Gardner

4801 Main Street, Suite 500
Kansas City, MO 64112

Joseph C. Higginbottom

1400 Wewatta Street, Suite 800
Denver, CO 80202

Frederic H. Jones

15 West South Temple, #1090
Salt Lake City, UT 84101

Stephen L. Strong

“ ”

Brett C. Turnbull

4801 Main Street, Suite 500
Kansas City, MO 64112

Goldman Sachs & Co.

Agents: Chris Trinkus

200 West Street 5th Floor
New York, NY 10282

Joshua Levine

“ “

Shelby Buono

“ “

Incapital LLC

Agents: William H. Money III

299 South Main Street, Suite 1317
Salt Lake City, UT 84111

Marcus Nield

“ “

LPL Financial LLC

Agents: Craig P. Adams

5929 South Fashion Pointe Drive, Suite 204
Ogden, UT 84403

Stephen H. Beierlein

5929 South Fashion Point Drive
Ogden, UT 84403

Stewart Campbell

298 N. Market Place Drive
Centerville, UT 84014

Jordan Curtis

455 East 40th Street
South Ogden, UT 84403

Timothy W. Floyd

2104 West Sunset Boulevard
St. George, UT 84770

Chad D. Waddoups

7181 South Campus View Drive
West Jordan, UT 84084

Morgan Stanley

Agents:	Cody Adams	60 East South Temple 20 th Floor Salt Lake City, UT 84111
	Paul Barton	6510 S. Millcreek Drive, Suite 100 Holladay, UT 84121
	Deidre M. Cortney	3033 East 1 st Avenue, Suite 820 Denver, CO 80206
	Johnthomas L. Cumbow	50 North Laura Street, Suite 2000 Jacksonville, FL 32202
	Douglas Felt	60 E. South Temple Salt Lake City, UT 84111
	Phil Fonfara	1101 5 th Avenue San Rafael, CA 94901
	John Hallgren	60 East South Temple Salt Lake City, UT 84111
	Thomas E. Nielson	6510 S. Millrock Drive, Suite 100 Holladay, UT 84121
	John R. Ott	1101 5 th Avenue San Rafael, CA 94901
	Brian Parcell	60 E. South Temple Salt Lake City, UT 84111
	Angela Leach Pizzichini	3033 East 1 st Avenue, Suite 820 Denver, CO 80206
	Joseph A. Ranucci	50 North Laura Street, Suite 2000 Jacksonville, FL 32202
	F. Barton Reuling	6510 S. Millrock Drive, Suite 100 Holladay, UT 84121
	Kenneth Webster	6510 S. Millrock Drive, Suite 100 Holladay, UT 84121

Piper Jaffray & Co.

Agents:	Ken M. Cramer	50 West Broadway Salt Lake City, UT 84101
	Brian J. Delany	" "
	Nolan D. Farr	1300 S.W. Fifth Avenue Portland, OR 97201
	Gregory E. Hagen	" "
	Jeff A. Legge	" "

Raymond James & Associates, Inc.

Agents:	Mark McKinnon	2825 East Cottonwood Parkway, Suite 500 Salt Lake City, UT 84124
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RBC Capital Markets, LLC

Agents: Eric Ajlouny

Scott Chappell

Walter Hall

Ronald N. Mason

Brent Peterson

Patrick Porter

John Styrbicki

Sam Vetas

Michael Zetahmeyer

345 California Street
San Francisco, CA 94104
299 S. Main Street Suite 2000
Salt Lake City, UT 84111-2280
345 California, 29th Floor
San Francisco, CA 94104
299 South Main Street, Suite 2000
Salt Lake City, UT 84111
805 SW Broadway, Suite 1800
Portland, OR 97205
299 South Main Street, Suite 2000
Salt Lake City, UT 84111
60 South 6th Street
Minneapolis, MN 55402
299 South Main Street, Suite 2000
Salt Lake City, UT 84111-2280
60 South 6th Street
Minneapolis, MN 55402

Robert W. Baird & Co. Incorporated

Agents: Donald Eckstein

Dean R. Cottle

4017 Hillsboro Pike Suite 403
Nashville, TN 37215
222 South Main Street, Suite 1840
Salt Lake City, UT 84101

UBS Financial Services Inc.

Agents: Don M. Bunnell

Barry B. Bowen
John Duke

Matthew J. Hufford

Fred C. Luedke

Jim Madden
Nat Mosley
Christopher Soutas

299 South Main, Suite 2100
Salt Lake City, UT 84111
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100 Crescent Court, Suite 600
Dallas, TX 75201
299 South Main, Suite 2100
Salt Lake City, UT 84111
100 Crescent Court, Suite 600
Dallas, TX 75201
“ “
“ “
299 South Main, Suite 2100
Salt Lake City, UT 84111

Wells Fargo Advisors LLC

Agents: R. Dane Bradshaw

Josh G. Burgon
Daniel Payne

David Payne
Timothy Payne

6550 South Millrock Drive #G50
Holladay, UT 84121

“ “

201 South Main Street, Suite 160
Salt Lake City, UT 84101

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“ “

Wells Fargo Securities LLC

Agents: Benjamin Byington

Thomas Degenaars
Brandon Hodge
Larry Lundberg

Daniel F. Quigley

Chandos Robertson

Ryan Stoker
Randy Church

299 South Main Street
Salt Lake City, UT 84111

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1445 Ross Avenue
Dallas, TX 75202

550 South Tryon Street
Charlotte, NC 28202

299 South Main Street
Salt Lake City, UT 84111

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“ “

Zions Bank Capital Markets

Agents: Jacqueline Davies

Neil Decker
Wendy Jones
Brad Mayeda
Daniel Ricks
Ty Roberts
Ben Sehy
Kathy Sullivan
Christopher J. Tyler

One South Main Street, 17th Floor
Salt Lake City, UT 84133

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Zions Direct, Inc.

Agents: Jacqueline Davies

Neil Decker
Wendy Jones
Brad Mayeda
Daniel Ricks
Ty Roberts
Ben Sehy
Kathy Sullivan
Christopher J. Tyler

One South Main Street, 17th Floor
Salt Lake City, UT 84133

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12/31/14
Late D&I reports
As of 3/19/15

Mendon City	Circleville Town
Juab County	Cornish Town
College/Young MAD#1	Elwood Town
Tooele Valley MAD	FayetteTown
Avon Cemetery	Meadow Town
East Garland Cemetery	Rush Valley Town
Hyde Park Cemetery	Bluff Waterworks SS Dist
Utah League of Cities & Towns	Box Elder Co Serv Area #2
Utah Municipal Finance Agency	Perry City Flood Control
Moab Valley Fire Protec Dist	Bristlecone Water Imp Dist
South Summit Fire Protec Dist	Cache Co Drain Dist #5
Tri-City Interlocal Agency (Fox Hills)	E Duchesne Culi Wtr Imp Dist
Park City Education Foundation	East Juab Co Wtr Cons Dist
Carbon School Dist	East Lewiston Drain Dist #4
Sevier School Dist	Elwood Drain Dist
Tintic School Dist	Hansel Valley Wtrshd Dist
Austin Community SS Dist	Iowa String Drain Dist
Beaver Co Waste Mgt S/D#5	LakeShore & Benjamin Drain Dist
Fruitland Water Msp Dist	Mapleton Irrigation Co
Glen Canyon C ity SS Dist#1	Millard Co Drain Dist #2
Grand Co SS Rec Dist	Millard Co Drain Dist #4
Gunlock SS Dist	Millard Co Wtr Cons Dist
Juab Co SS Dist #2	Powder Mtn Wtr/Swr Imp Dist
Little Mountain Servi Area	Weber Co Serv Area#5(Liberty Park)
New Harmony Valley SS Dist	Wide Hollow Wtr Cons Dist
North Sanpete Ambulance Service	Dixie State University
Peoa Rec SS Dist	Mountainland ATC
Pinon Forest SS Dist	Aristotle Academy
Southwestern SS Dist	
Sevier Co SS Dist #1	
Summit SS Dist	
Utopia	
Weber Co Serv Area #6	
White Hills SS Dist	
Cedar Fort Town	

1 INTEREST RATE SWAP AMENDMENTS

2 2015 GENERAL SESSION

3 STATE OF UTAH

4 Chief Sponsor: John Knotwell

5 Senate Sponsor: Wayne A. Harper

7 LONG TITLE

8 General Description:

9 This bill amends provisions related to an interest rate contract.

10 Highlighted Provisions:

11 This bill:

12 ▶ requires the Utah Housing Corporation or a public treasurer to receive approval
13 from the state treasurer when entering into an interest rate contract.

14 Money Appropriated in this Bill:

15 None

16 Other Special Clauses:

17 None

18 Utah Code Sections Affected:

19 AMENDS:

20 35A-8-712, as renumbered and amended by Laws of Utah 2012, Chapter 212

21 51-7-17, as last amended by Laws of Utah 2014, Chapter 307

23 *Be it enacted by the Legislature of the state of Utah:*

24 Section 1. Section 35A-8-712 is amended to read:

25 35A-8-712. Corporation -- Additional powers.

26 (1) To accomplish the declared purposes of this part, the corporation has the following
27 powers:

28 (a) to purchase mortgage loans originated by mortgage lenders or local public bodies
29 made for the purpose of financing the construction, development, rehabilitation, or purchase of

30 residential housing for low and moderate income persons;

31 (b) to make mortgage loans and to provide financial assistance to housing sponsors for
32 the purpose of financing the construction, development, rehabilitation, or purchase of
33 residential housing for low and moderate income persons;

34 (c) to make mortgage loans and provide financial assistance to housing sponsors for the
35 purpose of financing the operations of a housing development that are necessary or desirable to
36 enable the housing development to remain available as residential housing for low and
37 moderate income persons, whether or not the housing development has been financed by the
38 corporation;

39 (d) to provide financial assistance to any housing authority created under Part 4,
40 Housing Authorities, which housing authorities may enter into commitments for and accept
41 loans for a housing project as defined in Section 35A-8-401; and

42 (e) to make mortgage loans and to provide financial assistance to low and moderate
43 income persons for the construction, rehabilitation, or purchase of residential housing.

44 (2) The corporation may issue bonds to purchase loans under Subsection (1)(a) only
45 after a determination by the corporation that the loans are not otherwise available upon
46 reasonably equivalent terms and conditions from private lenders.

47 (3) Loans for owner-occupied housing made under Subsection (1)(a) may not include a
48 penalty for prepayment.

49 (4) The corporation shall make rules or adopt policies and procedures to govern the
50 activities authorized under this section, including:

51 (a) procedures for the submission of requests or the invitation of proposals for the
52 purchase and sale of mortgage loans and the making of mortgage loans;

53 (b) rates, fees, charges, and other terms and conditions of originating or servicing
54 mortgage loans in order to protect against a realization of an excessive financial return or
55 benefit by the originator or servicer;

56 (c) the type and amount of collateral, payment bonds, performance bonds, or other
57 security to be provided for construction loans made by the corporation;

- 58 (d) the nature and amounts of fees to be charged by the corporation to provide for
59 expenses and reserves of the corporation;
- 60 (e) procedures allowing the corporation to prohibit persons who fail to comply with the
61 rules of the corporation with respect to the operations of a program of the corporation from
62 participating, either directly or indirectly, in the programs of the corporation;
- 63 (f) the terms and conditions under which the corporation may purchase and make
64 mortgage loans under each program of the corporation;
- 65 (g) the terms and conditions under which the corporation may provide financial
66 assistance under each program of the corporation;
- 67 (h) the terms and conditions under which the corporation may guarantee mortgage
68 loans under each program of the corporation; and
- 69 (i) any other matters related to the duties or exercise of powers under this section.
- 70 (5) (a) (i) The trustees of the corporation shall elect the directors, trustees, and
71 members, if any, of each subsidiary.
- 72 (ii) Service by a trustee of the corporation in any of these capacities does not constitute
73 a conflict of interest for any purpose.
- 74 (iii) The corporation may delegate any of its powers and duties under this part to any
75 subsidiary.
- 76 (iv) Subsidiaries shall constitute legal entities separate and distinct from each other, the
77 corporation, and the state.
- 78 (b) A note, bond, and other obligation of a subsidiary shall contain on its face a
79 statement to the effect that:
- 80 (i) the subsidiary is obligated to pay the note, bond, or other obligation solely from the
81 revenues or other funds of the subsidiary;
- 82 (ii) neither the corporation nor the state nor any of its political subdivisions is obligated
83 to pay the note, bond, or other obligation; and
- 84 (iii) neither the faith and credit nor the taxing power of the state or its political
85 subdivisions is pledged to the payment of principal, or redemption price of, or the interest on

86 the note, bond, or other obligation.

87 (c) Upon dissolution of a subsidiary of the corporation, any assets shall revert to the
88 corporation or to a successor to the corporation or, failing this succession, to the state.

89 (6) (a) The corporation may, with the approval of the state treasurer:

90 (i) enter into interest rate contracts that its trustees determine are necessary, convenient,
91 or appropriate for the control or management of debt or for the cost of servicing debt; and

92 (ii) use corporation funds to satisfy its payment obligations under those contracts.

93 (b) An interest rate contract may contain payment, security, default, termination,
94 remedy, and other terms and conditions that the trustees consider appropriate.

95 (c) An interest rate contract and funds used in connection with an interest rate contract
96 may not be considered a deposit or investment.

97 Section 2. Section 51-7-17 is amended to read:

98 **51-7-17. Criteria for investments.**

99 (1) As used in this section:

100 (a) "Affiliate" means, in relation to a provider:

101 (i) an entity controlled, directly or indirectly, by the provider;

102 (ii) an entity that controls, directly or indirectly, the provider; or

103 (iii) an entity directly or indirectly under common control with the provider.

104 (b) "Control" means ownership of a majority of the voting power of the entity or
105 provider.

106 (2) (a) A public treasurer shall consider and meet the following objectives when
107 depositing and investing public funds:

108 (i) safety of principal;

109 (ii) protection of principal during periods of financial market volatility;

110 (iii) need for liquidity;

111 (iv) yield on investments;

112 (v) recognition of the different investment objectives of operating and permanent
113 funds; and

114 (vi) maturity of investments, so that the maturity date of the investment does not
115 exceed the anticipated date of the expenditure of funds.

116 (b) A public treasurer shall invest the proceeds of general obligation bond issues, tax
117 anticipation note issues, and funds pledged or otherwise dedicated to the payment of interest
118 and principal of general obligation bonds and tax anticipation notes issued by the state or a
119 political subdivision of the state in accordance with:

120 (i) Section 51-7-11; or

121 (ii) the terms of the borrowing instrument applicable to those issues and funds, if those
122 terms are more restrictive than Section 51-7-11.

123 (c) A public treasurer shall invest the proceeds of bonds other than general obligation
124 bonds and the proceeds of notes other than tax anticipation notes issued by the state or a
125 political subdivision of the state, and all funds pledged or otherwise dedicated to the payment
126 of interest and principal of those notes and bonds:

127 (i) in accordance with the terms of the borrowing instruments applicable to those bonds
128 or notes; or

129 (ii) if none of those provisions are applicable, in accordance with Section 51-7-11.

130 (d) A public treasurer may invest proceeds of bonds, notes, or other money pledged or
131 otherwise dedicated to the payment of debt service on the bonds or notes in investment
132 agreements if:

133 (i) the investment is permitted by the terms of the borrowing instrument applicable to
134 those bonds or notes or the borrowing instrument authorizes the investment as an investment
135 permitted by the State Money Management Act;

136 (ii) either the provider of the investment agreement or an entity fully, unconditionally,
137 and irrevocably guaranteeing the provider's obligations under the investment agreement has
138 received a rating of:

139 (A) at least "AA-" from S&P or "Aa3" from Moody's for investment agreements
140 having a term of more than one year; or

141 (B) at least "A-1+" from S&P or "P-1" from Moody's for investment agreements

142 having a term of one year or less;

143 (iii) the investment agreement contains provisions approved by the public treasurer that
144 provide that, in the event of a rating downgrade of the provider or its affiliate guarantor, as
145 applicable, by either S&P or Moody's below the "A" category or its equivalent, or a rating
146 downgrade of a nonaffiliate guarantor by either S&P or Moody's below the "AA" category or
147 its equivalent, the provider must, within 30 days after receipt of notice of the downgrade:

148 (A) collateralize the investment agreement with direct obligations of, or obligations
149 guaranteed by, the United States of America having a market value at least equal to 105% of
150 the amount of the money invested, valued at least quarterly, and deposit the collateral with a
151 third-party custodian or trustee selected by the public treasurer; or

152 (B) terminate the agreement without penalty and repay all of the principal invested and
153 the interest accrued on the investment to the date of termination; and

154 (iv) the public treasurer receives an enforceability opinion from the legal counsel of the
155 investment agreement provider and, if there is a guarantee, an enforceability opinion from the
156 legal counsel of the guarantor with respect to the guarantee.

157 (3) (a) As used in this Subsection (3), "interest rate contract" means interest rate
158 exchange contracts, interest rate floor contracts, interest rate ceiling contracts, or other similar
159 contracts authorized by resolution of the governing board or issuing authority, as applicable.

160 (b) A public treasurer may, with the approval of the state treasurer:

161 (i) enter into interest rate contracts that the governing board or issuing authority
162 determines are necessary, convenient, or appropriate for the control or management of debt or
163 for the cost of servicing debt; and

164 (ii) use its public funds to satisfy its payment obligations under those contracts.

165 (c) Those contracts:

166 (i) shall comply with the requirements established by council rules; and

167 (ii) may contain payment, security, default, termination, remedy, and other terms and
168 conditions that the governing board or issuing authority considers appropriate.

169 (d) Neither interest rate contracts nor public funds used in connection with these

170 interest rate contracts may be considered a deposit or investment.

171 (4) A public treasurer shall ensure that all public funds invested in deposit instruments
172 are invested with qualified depositories within Utah, except:

173 (a) for deposits made in accordance with Section 53B-7-601 in a foreign depository
174 institution as defined in Section 7-1-103;

175 (b) reciprocal deposits, subject to rules made by the council under Subsection
176 51-7-18(2); or

177 (c) if national market rates on instruments of similar quality and term exceed those
178 offered by qualified depositories, investments in out-of-state deposit instruments may be made
179 only with institutions that meet quality criteria set forth by the rules of the council.

Senator Curtis S. Bramble proposes the following substitute bill:

MONEY MANAGEMENT ACT AMENDMENTS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Rich Cunningham

Senate Sponsor: Curtis S. Bramble

LONG TITLE

General Description:

This bill modifies provisions of the State Money Management Act.

Highlighted Provisions:

This bill:

- ▶ modifies provisions relating to authorized deposits or investments of public funds;
- ▶ provides for a transition of investments that were previously authorized; and
- ▶ repeals provisions relating to the State School Fund report.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

51-7-11, as last amended by Laws of Utah 2013, Chapters 204 and 388

51-7-23, as last amended by Laws of Utah 1989, Chapter 66

REPEALS:

51-7-9.5, as last amended by Laws of Utah 2014, Chapter 307



26 *Be it enacted by the Legislature of the state of Utah:*

27 Section 1. Section 51-7-11 is amended to read:

28 **51-7-11. Authorized deposits or investments of public funds.**

29 (1) (a) Except as provided in Subsections (1)(b) and (1)(c), a public treasurer shall
30 conduct investment transactions through qualified depositories, certified dealers, or directly
31 with issuers of the investment securities.

32 (b) A public treasurer may designate a certified investment adviser to make trades on
33 behalf of the public treasurer.

34 (c) A public treasurer may make a deposit in accordance with Section 53B-7-601 in a
35 foreign depository institution as defined in Section 7-1-103.

36 (2) The remaining term to maturity of the investment may not exceed the period of
37 availability of the funds to be invested.

38 (3) Except as provided in Subsection (4), all public funds shall be deposited or invested
39 in the following assets that meet the criteria of Section 51-7-17:

40 (a) negotiable or nonnegotiable deposits of qualified depositories;

41 (b) qualifying or nonqualifying repurchase agreements and reverse repurchase
42 agreements with qualified depositories using collateral consisting of:

43 (i) Government National Mortgage Association mortgage pools;

44 (ii) Federal Home Loan Mortgage Corporation mortgage pools;

45 (iii) Federal National Mortgage Corporation mortgage pools;

46 (iv) Small Business Administration loan pools;

47 (v) Federal Agriculture Mortgage Corporation pools; or

48 (vi) other investments authorized by this section;

49 (c) qualifying repurchase agreements and reverse repurchase agreements with certified
50 dealers, permitted depositories, or qualified depositories using collateral consisting of:

51 (i) Government National Mortgage Association mortgage pools;

52 (ii) Federal Home Loan Mortgage Corporation mortgage pools;

53 (iii) Federal National Mortgage Corporation mortgage pools;

54 (iv) Small Business Administration loan pools; or

55 (v) other investments authorized by this section;

56 (d) commercial paper that is classified as "first tier" by two nationally recognized

- 57 statistical rating organizations, which has a remaining term to maturity of:
- 58 (i) 270 days or fewer for paper issued under 15 U.S.C. Sec. 77c(a)(3); or
- 59 (ii) 365 days or fewer for paper issued under 15 U.S.C. Sec. 77d(2);
- 60 (e) bankers' acceptances that:
- 61 (i) are eligible for discount at a Federal Reserve bank; and
- 62 (ii) have a remaining term to maturity of 270 days or fewer;
- 63 (f) fixed rate negotiable deposits issued by a permitted depository that have a
- 64 remaining term to maturity of 365 days or fewer;
- 65 (g) obligations of the United States Treasury, including United States Treasury bills,
- 66 United States Treasury notes, and United States Treasury bonds[;] that, unless the funds
- 67 invested are pledged or otherwise deposited in an irrevocable trust escrow account, have a
- 68 remaining term to final maturity of:
- 69 (i) five years or less; or
- 70 (ii) if the funds are invested by an institution of higher education as defined in Section
- 71 53B-3-102, a city of the first class, or a county of the first class, 10 years or less;
- 72 (h) obligations other than mortgage pools and other mortgage derivative products that:
- 73 (i) are issued by, or fully guaranteed as to principal and interest by, the following
- 74 agencies or instrumentalities of the United States in which a market is made by a primary
- 75 reporting government securities dealer, unless the agency or instrumentality has become private
- 76 and is no longer considered to be a government entity:
- 77 [(†)] (A) Federal Farm Credit banks;
- 78 [(††)] (B) Federal Home Loan banks;
- 79 [(†††)] (C) Federal National Mortgage Association;
- 80 [(††††)] (D) Federal Home Loan Mortgage Corporation;
- 81 [(†††††)] (E) Federal Agriculture Mortgage Corporation; and
- 82 [(††††††)] (F) Tennessee Valley Authority; and
- 83 (ii) unless the funds invested are pledged or otherwise deposited in an irrevocable trust
- 84 escrow account, have a remaining term to final maturity of:
- 85 (A) five years or less; or
- 86 (B) if the funds are invested by an institution of higher education as defined in Section
- 87 53B-3-102, a city of the first class, or a county of the first class, 10 years or less;

- 88 (i) fixed rate corporate obligations that:
- 89 (i) are rated "A" or higher or the equivalent of "A" or higher by two nationally
90 recognized statistical rating organizations;
- 91 (ii) are senior unsecured or secured obligations of the issuer, excluding covered bonds;
- 92 (iii) are publicly traded; and
- 93 (iv) have a remaining term to final maturity of 15 months or less or are subject to a
94 hard put at par value or better, within 365 days;
- 95 (j) tax anticipation notes and general obligation bonds of the state or a county,
96 incorporated city or town, school district, or other political subdivision of the state, including
97 bonds offered on a when-issued basis without regard to the limitations described in Subsection
98 (7)[;] that, unless the funds invested are pledged or otherwise deposited in an irrevocable trust
99 escrow account, have a remaining term to final maturity of:
- 100 (i) five years or less; or
- 101 (ii) if the funds are invested by an institution of higher education as defined in Section
102 53B-3-102, a city of the first class, or a county of the first class, 10 years or less;
- 103 (k) bonds, notes, or other evidence of indebtedness of a county, incorporated city or
104 town, school district, or other political subdivision of the state that are payable from
105 assessments or from revenues or earnings specifically pledged for payment of the principal and
106 interest on these obligations, including bonds offered on a when-issued basis without regard to
107 the limitations described in Subsection (7)[;] that, unless the funds invested are pledged or
108 otherwise deposited in an irrevocable trust escrow account, have a remaining term to final
109 maturity of:
- 110 (i) five years or less; or
- 111 (ii) if the funds are invested by an institution of higher education as defined in Section
112 53B-3-102, a city of the first class, or a county of the first class, 10 years or less;
- 113 (l) shares or certificates in a money market mutual fund;
- 114 (m) variable rate negotiable deposits that:
- 115 (i) are issued by a qualified depository or a permitted depository;
- 116 (ii) are repriced at least semiannually; and
- 117 (iii) have a remaining term to final maturity not to exceed three years;
- 118 (n) variable rate securities that:

- 119 (i) (A) are rated "A" or higher or the equivalent of "A" or higher by two nationally
120 recognized statistical rating organizations;
- 121 (B) are senior unsecured or secured obligations of the issuer, excluding covered bonds;
- 122 (C) are publicly traded;
- 123 (D) are repriced at least semiannually; and
- 124 (E) have a remaining term to final maturity not to exceed three years or are subject to a
125 hard put at par value or better, within 365 days;
- 126 (ii) are not mortgages, mortgage-backed securities, mortgage derivative products, or a
127 security making unscheduled periodic principal payments other than optional redemptions; and
- 128 (o) reciprocal deposits made in accordance with Subsection 51-7-17(4).
- 129 (4) The following public funds are exempt from the requirements of Subsection (3):
- 130 (a) the Employers' Reinsurance Fund created in Section 34A-2-702;
- 131 (b) the Uninsured Employers' Fund created in Section 34A-2-704;
- 132 (c) a local government other post-employment benefits trust fund under Section
133 51-7-12.2; and
- 134 (d) a nonnegotiable deposit made in accordance with Section 53B-7-601 in a foreign
135 depository institution as defined in Section 7-1-103.
- 136 (5) If any of the deposits authorized by Subsection (3)(a) are negotiable or
137 nonnegotiable large time deposits issued in amounts of \$100,000 or more, the interest shall be
138 calculated on the basis of the actual number of days divided by 360 days.
- 139 (6) A public treasurer may maintain fully insured deposits in demand accounts in a
140 federally insured nonqualified depository only if a qualified depository is not reasonably
141 convenient to the entity's geographic location.
- 142 (7) Except as provided under Subsections (3)(j) and (k), the public treasurer shall
143 ensure that all purchases and sales of securities are settled within:
- 144 (a) 15 days of the trade date for outstanding issues; and
- 145 (b) 30 days for new issues.
- 146 Section 2. Section **51-7-23** is amended to read:
- 147 **51-7-23. Transition of investments previously authorized.**
- 148 (1) Any investment held by a public treasurer that as of ~~January 1, 1989, was~~
149 ~~previously authorized, but no longer qualifies under~~ June 30, 2015, is not in compliance with

150 the provisions of this chapter, ~~is considered an authorized investment until it matures or is~~
151 ~~sold~~ is subject to review by the council.

152 (2) (a) No later than July 31, 2015, a public treasurer who holds an investment
153 described in Subsection (1) shall provide the council a written report that outlines a reasonable
154 plan to bring the investment into compliance.

155 (b) A plan described in Subsection (2)(a) is subject to annual review by the council.

156 **Section 3. Repealer.**

157 This bill repeals:

158 Section **51-7-9.5, State School Fund report.**



Ann Pedroza <apedroza@utah.gov>

Re: Canyons School District Investment Policy.

1 message

MARK.D.WATKINS@usbank.com <MARK.D.WATKINS@usbank.com>

Thu, Mar 19, 2015 at 1:50 PM

To: Ann Pedroza <apedroza@utah.gov>

Cc: Douglas DeFries <ddefries@bankofutah.com>, "Bond, John" <jbond@co.weber.ut.us>, Kirt Slauch <kirt_w_slauch@keybank.com>, Marina Scott <marina.scott@slcgov.com>

Council,

My review of the IPS is a bit behind, but wanted to pass along my feedback prior to the meeting.

1. I did not fact check the IPS to verify if the IPS is in full compliance with the Act. Compliance with the Act should fall under the treasurer's responsibility. But, I would assume that they would be in compliance with the Act.

2. Page 2 section 1.3 Return - They refer to "attaining a market rate of return". The term "market" is somewhat ambiguous and could be interpreted by Board members in many ways. "Market" could be used, if later in the IPS referenced the benchmarks that the strategy will follow.

3. Page 2 1. Prudence - "reported in a timely fashion". This terminology is ambiguous and could be interpreted by Board members in many ways. Could be beneficial to define the time horizon. Example: "reported in a timely fashion not to exceed 90 days from the downgrade" or "reported in a timely fashion not to exceed a quarter end reporting period". Or, discussion and understanding needs to be developed as to what is a "timely fashion".

4. Page 4 Investment types and credit guidelines - In the first paragraph it may be beneficial to reiterate "if the Act is more stringent than the Act overrides the IPS". The IPS does cover if the IPS is more stringent than that it overrides the Act. It also could be beneficial to reference the Act code number when referencing each investment bullet point. This can be beneficial when there are conflicts between the IPS and the Act.

5. Page 5 1. Diversification - Might want to consider placing percent limitations on the sectors.

6. Other comments - I prefer to place verbiage in an IPS on when to begin/end an investment relationship. This many times goes hand in hand with defining success in comparison to a benchmark

That would be about it.

Thanks,

Mark

Mark D. Watkins, CFA | Senior Vice President, Senior Portfolio Manager | The Private Client Reserve of U.S. Bank

170 South Main Street, 6th Floor | Salt Lake City, UT 84101 | O: 801.534.6209 | mark.d.watkins@usbank.com

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From: Ann Pedroza <apedroza@utah.gov>
To: "Bond, John" <jbond@co.weber.ut.us>,
Cc: Douglas DeFries <ddefries@bankofutah.com>, Kirt Slauch <kirt_w_slauch@keybank.com>, Marina Scott <marina.scott@slcgov.com>, Mark Watkins <mark.d.watkins@usbank.com>
Date: 02/09/2015 04:47 PM
Subject: Re: Canyons School District Investment Policy.

Thanks John, I will forward this on to Leon.

Ann

On Mon, Feb 9, 2015 at 4:40 PM, Bond, John <jbond@co.weber.ut.us> wrote:
Hi Ann:

I compared the policy you provided with the best practices of the Government Finance Officers Association's (see below). I think the school district covered the points well. I am a fan of internal controls as is mentioned in item #3 under 'safekeeping' of their policy. The GFOA item 'E' below suggests written 'investment procedures' that could easily be incorporated within those controls and reviewed by the audit committee, external auditor, etc. for effectiveness and compliance, too. Overall, you hope adherence to the policy improves the quality of the decision-making... in a transparent environment.

With regards,

John.

John B. Bond, MBA | Treasurer | Weber County
2380 Washington Blvd., Suite 350 | Ogden, Utah 84401
[801-399-8007](tel:801-399-8007) | jbond@co.weber.ut.us

Some of the highlights of the GFOA best practices for an investment policy are found at:
<http://www.gfoa.org/creating-investment-policy> :

The process of creating an investment policy should include:

A. Examination of state public funds investment statutes.

B. Examination of state public funds collateral statutes.

C. Review of sample investment policies.

D. Drafting of an investment policy. The most prudent primary objectives for drafting a sound investment policy should be: safety, liquidity, and yield, in that order. The investment policy should address certain key questions, including:

o Who are the authorized investment officers?

o What standard of care will be established?

o What instruments will be eligible for investment?

o How will diversification be ensured?

o How will safekeeping be handled?

o What is the maximum term for any given investment?

o What type of internal controls should be in place?

o Who will comprise the investment committee (internal/external members), if any?

o What type of investment reports/performance reports will be produced?

o What types of benchmarks will be used?

o Will an investment advisor be used (and to what capacity)?

o What are the criteria for beginning or ending an investment relationship?

E. Establishment of written investment procedures. Just as the investment policy defines the boundaries of an entity's investing program, written procedures document who will do what on a day to day basis. Topics should include: procedures for taking competitive bids, delivering and paying for purchases, recording transactions, and obtaining approval before buying or selling decisions.

F. Annual review of investment policy.

From: Ann Pedroza [mailto:apedroza@utah.gov]

Sent: Monday, February 09, 2015 9:49 AM

To: Douglas DeFries; Bond, John; Kirt Slaugh; Marina Scott; Mark Watkins
Subject: Fwd: Canyons School District Investment Policy...

Does anyone want to provide feedback?

Ann

----- Forwarded message -----

From: Wilcox, Leon <Leon.Wilcox@canyonsdistrict.org>
Date: Fri, Feb 6, 2015 at 3:10 PM
Subject: Canyons School District Investment Policy...
To: Ann Pedroza <apedroza@utah.gov>
Cc: "Christensen, Jeffrey" <Jeffrey.Christensen@canyonsdistrict.org>

Hello Ann,

Canyons School District would like to adopt an investment policy. We have drafted a policy that we would like to present to our Board, see attached.

We are soliciting any possible feedback from the Council to verify our draft is meeting the requirements of the Act and any other standards set by the Council. Could you or someone associated with the Council review the draft and provide us feedback?

Please let me know if you have questions.

Thanks,

Leon Wilcox, CPA
CFO/Business Administrator
Canyons School District
9150 S 500 W
Sandy, UT 84020
(801) 826-5040

U.S. BANCORP made the following annotations

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