

BOARD OF TRUSTEES  
TOWN OF LA JARA, COLORADO

RESOLUTION NO. 1979-5

A RESOLUTION AUTHORIZING THE ESTABLISHMENT AND MAINTENANCE OF  
TRADING ACCOUNTS

WHEREAS, the Board of Trustees of the Town of La Jara desires to maximize the return on investment of its idle funds, now therefore

BE IT RESOLVED:

FIRST: That the Town Clerk of the Town of La Jara is hereby authorized and empowered for and on behalf of this Corporation (herein called the "Corporation"), to establish and maintain one or more accounts, which may be general accounts, with Boettcher & Company (herein called the "Brokers") for the purpose of purchasing, investing in, or otherwise acquiring, selling (including short-sales), possessing, transferring, exchanging, pledging, or otherwise disposing of, or turning to account of or realizing upon, and generally dealing in and with any and all forms of securities declared by Colorado Revised Statutes 31-20-303, 11-60-102, and 11-60-103, to be legal investments for political subdivisions of the State.

The fullest authority at all times with respect to any such commitment or with respect to any transaction deemed by any of the said officers and/or agents to be proper in connection therewith is hereby conferred, including authority (without limiting the generality of the foregoing) to give written or oral instructions to the Brokers with respect to said transactions; to bind and obligate the Corporation to and for the carrying out of any contract arrangement or transaction which shall be entered into by any such officer and/or agent for and on behalf of the Corporation with or through the Brokers; to pay in cash or by checks and/or drafts drawn upon the funds of the Corporation such sums as may be necessary in connection with any of the said accounts; to deliver securities to the Brokers; to order the transfer or delivery thereof to any other person whatsoever, and/or to order the transfer of record of any securities, or contracts or titles, to any name selected by any of the said officers or agents; to affix the corporate seal to any documents or agreements, or otherwise; to endorse any securities and/or contracts in order to pass title thereto; to direct the sale or exercise of any rights with respect to any securities; to sign for the Corporation all releases, powers of attorney and/or other documents in connection with any such account, and to agree to any terms or conditions to control any such account; to direct the Brokers to surrender any securities to the proper agent or party for the purpose of effecting any exchange or conversion, or for the purpose of deposit with any protective or similar committee, or otherwise; to accept delivery of any securities, to appoint any other person or persons to do any and all things which any of the said officers and/or agents is hereby empowered to do, and generally to do and take all action necessary in connection with the account.

SECOND: That the Brokers may deal with any and all of the persons directly or indirectly by the foregoing resolution empowered, as though they were dealing with the Corporation directly.

THIRD: That the Town Clerk be and hereby is authorized, empowered, and directed to certify, under the seal of the Corporation, or otherwise, to the Brokers:

(a) a true copy of these resolutions;  
(b) specimen signatures of the Town Clerk;  
(c) a certificate (which, if required by the Brokers, shall be supported by an opinion of the general counsel of the Corporation, or other counsel satisfactory to the Brokers) that the Corporation is duly organized and existing, that its charter empowers it to transact the business by these resolutions defined and that no limitation has been imposed upon such powers by the By-Laws or otherwise.

FOURTH: That the Brokers may rely upon any certification given in accordance with these resolutions as continuing fully effective unless and until the Brokers shall receive due written notice of a change in or the rescission of the authority so evidenced and the dispatch or receipt of any other form of notice shall not constitute a waiver of this provision, nor shall the fact that any person hereby empowered ceases to be an officer of the Corporation or becomes an officer under some other title in any way affect the powers hereby conferred. The failure to supply any specimen signature shall not invalidate any transaction if the transaction is in accordance with authority actually granted.

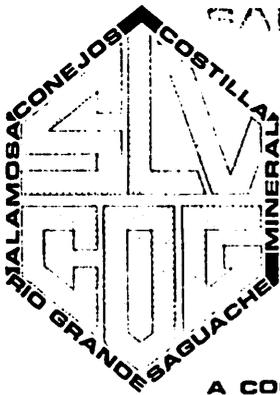
FIFTH: That in the event of any change in the office or powers or persons hereby empowered, the Town Clerk shall certify such changes to the Brokers in writing in the manner hereinabove provided, which notification, when received, shall be adequate both to terminate the powers of the persons theretofore authorized, and to empower the persons thereby substituted.

SIXTH: That the foregoing resolutions and the certificates actually furnished to the Brokers by the Town Clerk pursuant thereto, be and they hereby are made irrevocable until written notice of the revocation thereof shall have been received by the Brokers.

ADOPTED by the Board of Trustees of La Jara, Colorado this 14 day of Aug., 1979.

A. F. [Signature], Mayor [Signature]

Helen J. Hutchins, Clerk



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July 17, 1979

A COOPERATIVE EFFORT OF VALLEY GOVERNMENTS FOR A BETTER COMMUNITY

TO: Mayor and Trustees of La Jara

FROM: Dave Babcock

RE: Investments

BACKGROUND

1. The Town Board decided at its June meeting to approve opening an account with Boettcher for the purpose of taking advantage of the significantly higher return on government securities as compared with passbook savings accounts. (Boettcher has just agreed to our proposed forms, and, once they pass legal inspection for the Town, the account will be set up.)

2. Since this decision was made, the possibility has arisen of purchasing money-market certificates through the First National Bank of La Jara. It is useful at this point to assess the relative advantages and disadvantages of each investment.

CONSIDERATIONS

1. Comparison:

	<u>money-market certificate</u>	<u>government securities</u>
denominations	\$10,000 up	\$1,000 (or \$10,000 for some)
maturity	6 months	various
interest	varies; now 9.16%	varies; now 9.52% (short-term) to around 8.5% (long-term)
security	FDIC	US government, or the agency; there are some exceptions
availability	FNB of La Jara	broker
early withdrawal	yes, with penalty	saleable on open market; sometimes a commission

The comparison suggests that the government issues can offer slightly better yields, with less cost if it necessary to get out of the investment earlier than planned. The money market certificate pays nearly as well, and keeps the funds in the local area.

**CONEJOS**  
 Antonito  
 La Jara  
 Manassa  
 Romeo  
 Sanford

**COSTILLA**  
 Blanca  
 San Luis

**ALAMOSA**  
 Alamosa  
 Hooper

**MINERAL**  
 Creede

**RIO GRANDE**  
 Del Norte  
 Monte Vista

**SAGUACHE**  
 Bonanza  
 Center  
 Crestone  
 Moffat  
 Saguache

2. The question has been asked whether money market certificates are legal investments for the Town. The statutes do not specifically permit them, but then these certificates were not known at the time the statute was written. The certificates certainly would meet any reasonable standard of prudence, in view of (1) the known return and (2) the safety. A legal opinion may clarify this. As a practical matter, it is difficult to imagine anyone wishing to challenge the suitability of the certificates, in view of their return and safety.

#### RECOMMENDATION

1. Unless a legal opinion suggests otherwise, it is suggested that the Town place those funds now in time certificates into money market certificates to the extent that the money will not be needed within six months. It can be readily computed which certificates now held by the Town can be profitably redeemed, in spite of the interest penalty, and placed into money market certificates. (It is perfectly proper to combine money from different funds into one investment, as long as the contribution from each fund is noted and the interest is distributed accordingly.)

2. Any remaining funds that are not expected to be needed for normal operations, but which may be called on for one reason or another, should be invested as originally planned in government securities. Advantage can be taken of near-to-maturity issues available on the open market at good terms (for example, there are available debentures of the Federal Intermediate Credit Bank maturing next month that pay 9.52%; it is unusual for short-term interest rates to exceed long-term, but it does happen).

3. A careful review of the Town's cash requirements for the next six months would be most prudent before any decision on actual investments is made.

4. Even if it happens that no funds need be invested via Boettcher at this time, the account should still be kept available in case, for some reason, government issues should be suitable in the future.

DPB