

**SANTA FE COUNTY
SPECIAL INVESTMENT COMMITTEE MEETING
November 14, 2014**

Committee Members:

Pat Varela, County Treasurer	Greg Shaffer, County Attorney
Katherine Miller, County Manager	Teresa Martinez, Finance Director
Daniel Mayfield, County Commissioner (Telephone)	Andrew Leyba, Private Sector
Robert Anaya, County Commissioner	

1. Call Meeting to Order:

- A. Roll Call of Committee Members
- B. Approval of August 21, 2014 Minutes by Finance Director, Teresa Martinez, and second by Private Sector, Andrew Leyba

2. Current Agenda Items:

Treasurer Varela began the meeting by informing the committee members that the minutes from the August 21, 2014 meeting are pertinent for this meeting, and the reason for this meeting is for a Request for Proposal or have a contract with the stake holder which is Los Alamos National Bank. Treasurer Varela stated that Becky Meyer, Senior Accountant, Maggie Salas, Senior Accountant, and Iris Cordova, Procurement Specialist from the Finance Department are working on comparisons and contrasts.

Finance Director, Teresa Martinez stated at the last meeting that Commissioner Anaya requested an analysis of what's on the state wide agreement and what's available from Wells Fargo Bank, she said they solicited general information from Wells Fargo and used the month of May. She also noted that the banking service charges are higher than the current service charges from LANB, about forty five percent higher; however when they're offset by interest earnings, it's significantly higher at Wells Fargo, about six times more than what's currently being earned. Finance Director, Teresa Martinez also mentioned if the price agreement is used, Wells Fargo will not charge for on-line software, research, account reconciliation, and account fees. The County has about twenty accounts and there's no per user fees and we have about twenty users and because the price agreement is based on state wide volume as opposed to Santa Fe County usage volume only, the County would benefit due to the amount of volume the

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state deals with versus what the county deals with. She stated that Wells Fargo is willing to work with us on the collateralization as requested by the Investment Policy and they offer the same core banking services as LANB, and they also have the availability to view deposited items which we currently do not have. She also stated that the interest rate per the price agreement is fifty basis points compared to nineteen basis points at LANB, and lastly if the county were to use the state wide agreement, Wells Fargo needs sixty to ninety days for the conversion and there would be some additional fees for check stock, for payroll and accounts payables which is in line with any bank transition. Treasurer Varela inquired why they selected the month of May.

County Manager, Katherine Miller stated that it's equal high transaction from Lockbox activity and also high balances, also some months would be different in balances and in interest earnings and then again in certain months, there would be less transactions. She also inquired if everything was verified with Wells Fargo, if the typical transaction would be the unit price of the existing agreement.

Senior Accountant, Becky Meyer stated that she received a listing of what are the most frequent banking fees and submitted it to Wells Fargo and asked to price them based on the state wide price agreement, what we believe to be our core services, so she could view a direct comparison from Wells Fargo for the same quantities as the statement from LANB.

Treasurer Varela questioned if the past Request for Proposals were service based or percentage based or if they were a combination of both and Iris Cordova, Procurement Specialist stated the last one was service fee and then they had a cost listing, so it was a combination of both.

County Manager, Katherine Miller mentioned that certain services that you want and the cost is certainly a factor and could be a percentage and mentioned that she's not advocating going to a state price agreement, but certainly receiving a decent return on our cash balances is critical for offsetting the cost of the services and generating additional revenue for the county. She said the contract doesn't mention if the service would be the same but is an eye opener from a cost and a revenue perspective for the county and we need to make sure we're maximizing interest off of our cash balances.

Senior Accountant, Becky Meyer informed the committee that when they met with LANB on negotiation for the contract extension it was decided that .02 basis points would be required to cover the costs as they stood on that day and give us a zero revenue and zero expense. She said part of the that negotiation, in lieu of paying us two basis points, they agreed to pay us ten basis points and credit us with FDIC pass through fees which amounts to about nine basis points on a monthly basis.

Commissioner Anaya stated that when we started negotiating on the month to month extension, he was frustrated that we went from where we were to how we ended up.

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He also stated that we as a commission, can utilize local banks and local vendors, we want to do that and has been the consensus of all five commissioners; however we need to be prudent with the tax payer dollars to make sure we can receive a return on our investments but we need to be in a situation where we can have competitive rates that sustains our investments. At this time we need to be prompt and expeditious and the only other alternative is to go with Wells Fargo or continue short term extension with LANB. Commissioner Anaya mentioned that we need to be competitive with regards to the services we will need. He asked why local banks aren't competing and would like to know what is keeping them from competing.

County Manager, Katherine Miller stated that we only received two responses from the RFP. The contract we have has expired and we have been going from month to month which isn't advisable and that's how the terms changed. She also stated that something as critical as your fiscal services is very extensive for the Finance Department and the Treasurer's Office and there's room for improvement on what we are currently earning month to month on the interest side.

Treasurer Varela stated that he would like to have a local bank and would like an RFP and look for the competitiveness for our contract. He also stated we can have a better perspective because Santa Fe County is a Class A County and would like to keep it to a local level; however if Wells Fargo wins the RFP, at least there would be competition from other banks and then they couldn't say they were left out of the picture.

Iris Cordova, Procurement Specialist stated that when they solicited the RFP from June, that they only received two responses so after the cancellation of the RFP, they contacted other banks and asked what could have they done better and what was it about the RFP that made them withhold and that one of the reasons was maintaining One million dollars in assets and they would have to partner up with someone else like LANB does with Schwab, which is fine; however they would need to come in as one partner, and we would need to clarify this on the RFP and we would need to have better control of the contract, and we would need to do a background information check with the contractor and sub-contractor. She also stated as an internal group we need to discuss lowering the collateralization or asset requirements so smaller banks could be competitive and partner with someone as well and another item discussed was language clarification

Commissioner Anaya stated that there were many discussions when they did the Investment Policy, who would price in and who would price out we need keep it open for continued discussion, it has worked; however is doesn't always have to be that way and would like to have that on the record.

Treasurer Varela stated that many smaller banks can't collateralize 102% on CD's, they'll only collateralize 50% and said he goes with the State Treasurer's Office,

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collateralization chart and it is recommended that it should be anywhere from 50% to 125%; however we don't have that here in Santa Fe.

County Attorney, Greg Shaffer stated that a RFP is advisable to make sure the county is receiving the best services and values from the chosen bank and that should be the driving factor and that we have fair criteria for the needs and desires of the county and all banks are welcome to apply for the county's business and it'll an open and fair competition, regardless if it's a national bank, local bank or a regional bank.

Commissioner Anaya stated we need to do a prompt process for an RFP and make and proposed a motion and second by Private Sector, Andrew Leyba and passed unanimously.

Commissioner Mayfield inquired if this goes out for RFP what's it going to be based on, is it on basis points awarded, fees, and collateralization on the money

Iris Cordova, Procurement Specialist specified that because it's still in the draft form at this time and hasn't been released to the public, she couldn't discuss the details in this meeting but mentioned that there could be an internal meeting and could review the draft to discuss the criteria, the structure of the RFP in order to make it an open and fair procurement

County Manager, Katherine Miller stated that when you're dealing with this type of criteria, such as dealing with the county regarding lockbox, service, collateralization based upon our policy and service fees, and basis points, also generating enough interest to make sure it's enough to cover all service fees and banking activity

Adjournment:

Patrick "Pat" Varela, SF County Treasurer



RECORDED
INDEXED
SERIALIZED
FILED
DEC 11 2014
SANTA FE COUNTY, NEW MEXICO

COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss
INVESTMENT COMMITTEE #
PAGES 4
I Heroby Certify That This Instrument Was Filed for
Record On The 10TH Day Of December, 2014 at 02 23 01 PM
And Was Duly Recorded as Instrument # 1752680
Of The Records Of Santa Fe County

Deputy Witness My Hand And Seal Of Office
Geraldine Salazar
County Clerk Santa Fe, NM