

MINUTES OF THE
SANTA FE COUNTY
INVESTMENT COMMITTEE

December 17, 2015

Santa Fe, New Mexico

This meeting of the Santa Fe County Investments Committee was called to order by County Treasurer Patrick Varela at approximately 2:00 p.m. on the above-cited date in the County Legal Conference Room on the second floor of the County Administrative Building located at 102 Grant Avenue, Santa Fe, NM.

Roll was called and a quorum was indicated with the presence of the following members present:

Members Present:

Patrick Varela, County Treasurer
Miguel Chavez, County Commissioner
Robert A. Anaya, County Commissioner [telephonically]
Carole Jaramillo, County Finance Director
Greg Shaffer, County Attorney
Andrew Leyba, Private Sector

Member(s) Excused:

Katherine Miller, County Manager

Others Present:

Eric Lujan, Deputy County Treasurer
Lori Armijo, Treasurer's Office
Theresa Romero, Treasurer's Office
Chris Barela, Constituent Liaison

Approval of Minutes: September 24, 2015

Ms. Jaramillo noted a correction page 2 regarding confidential accounts for the Sheriff's Office as WRIT not RIT.

Mr. Leyba moved to approve the September minutes as corrected. Ms. Jaramillo seconded and the motion passed by unanimous [5-0] voice vote. [Commissioner Chavez was not present for this action and arrived shortly thereafter.]

Results of Transition

Treasurer Varela reported that efforts were ongoing to get the systems between the County and First National Bank, as well as the final transition to LANB completed. First National has provided a website that improves tracking of billings. Staff is improving the tax bill to better identify and reduce line items. There are some outstanding issues regarding credit card/debit card payments that staff is working through with First National.

Treasurer Varela said he continues to have a weekly meeting with the team and talks to the third party to ensure the website is progressing. The six-month period with LANB terminates next month and \$7 million was deposited into the operations account with First National.

Investment Policy (IP) Discussion

Treasurer Varela advised the Committee that the redlines were typically grammatical corrections and new information on the core portfolio. The portfolio is basically defined as having a maximum five-year yield except for the core portfolio which he proposed having a maximum duration of 10 years. Asterisks were added to the diversification summary table highlighting the permissible investments to the portfolios.

Mr. Shaffer asked whether the proposed language reflects what exists today so that the policy is in line with the County's core portfolio and allows more flexibility for that portfolio to grow in the future.

The Treasurer said the core portfolio was created to segregate the longer-term investments of funds that the County does not need to immediately access.

Commissioner Chavez said he would discuss the issue of the Local Government Investment Pool (LGIP) with the Association of Counties. Treasurer Varela said he has not made any LGIP investments during his tenure. He mentioned that State Treasurer Eichenberg wants to hire an outside investment manager for the pool.

Currently, the time parameter on investments is five years and it is the Treasurer's proposal to expand the Core Portfolio to 10 years. Mr. Leyba noted that the time parameters will help offset losses in the event interest rates rise.

Treasurer Varela said he consults the summary table often and works to maintain the diversification targets.

Mr. Shaffer suggested adding language clarifying that money will not be added to the corpus of the core portfolio, instead that money can be reinvested under a tighter timeframe – no longer than 10 years. In terms of going out further that 10 year he understood the rationale for limiting final maturities to five years was to hedge against interest rates. He suggested the notion was to hold underperforming investments a shorter timer.

Referring to the reporting requirements, Section Q, a suggestion was made to include a monthly update within the BCC packet. Commissioner Chavez advocated that in an effort to promote transparency and pointed out that the BCC has included the agenda item "Matters from County Commissioners and Other Elected Officials."

Mr. Lujan pointed out that when the BCC hears the Treasurer's report they serve as the Board of Finance. Mr. Shaffer said the agenda can be modified to properly reflect the BCC's role.

Treasurer Varela said the IP is a living document and requires at the minimum an annual review.

Mr. Leyba asked about the proposed lowering of the collateralized from 102 percent to 50 percent. Treasurer Varela said the language is compliant with the statute and First National is collateralized at 50 percent.

Mr. Shaffer said healthier banks require less collateral those perceived to be less healthy. He suggested the County may want to mirror the benchmark/bank characteristics established by the State to set the collateral level and develop standards in which to judge whether a lowered collateralized percentage is prudent and justified.

It was noted that the State Treasurer's Office is already publishing that information. Currently 102 percent is required regardless of the health of the bank.

Mr. Leyba requested a copy of First National's collateralization policy for the IC's review.

Treasurer Varela said he would incorporate the suggestions offered and keep this item on the agenda to continue the review.

Noting this was his last meeting to serve on the Investment Committee, Commissioner Anaya thanked the Treasurer and his staff for their good work. The Treasurer said he would continue to send the IC packet to him for his input.

Delinquent Collection

Update and Totals Collected

Treasurer Varela said \$659,860.13 was collected for November on 505 accounts.

Staff was commended for their success.

Portfolio Balance Sheet, Call Notices, Etc.

Treasurer Varela presented a snapshot of the County's balance and various investments.

Theresa Romero provided the following information from November:

- There are 38 operational accounts with a total of \$73,941,094.55
- GOB 2011 refunding is one account at Fifth Third with \$8,961,059.56

- Core Account holdings has 28 accounts that included the money market with a total of \$31,544,709.64
- GOB 2013 Series at Fifth Third Bank Money Market account, \$9,096,674.67

Grand total at Fifth Third is \$123,543,538.42

- Various Banks, Credit Union CD: \$998,000.00
- LANB, 10 accounts with \$25,117,334.99
- First National Bank, 24 accounts for a total of \$58,299,720.60
- Wells Fargo, one account with \$30,055,941.27
- UBS, money market account with a total of \$30,055,941.27
- State Treasurer LGIP, 12 accounts for \$26,927.59 – (closed in December – and funds were transferred to the operations account)

Grand total of all accounts at the end of November 2015 was \$244,057,120.29

Treasurer Varela said there was \$3 - \$4 million in an account that he understood was Las Campanas' payment in lieu of providing affordable housing. The money is making very little interest and he suggested investing it. Ms. Jaramillo offered to investigate the account's origin, etc.

The Treasurer asked whether a policy could be developed that would allow his office to open an account (i.e., if a GO Bond becomes available) rather than revisit and amend the IP. Mr. Shaffer said he was not aware of any restrictions within the policies regarding the opening of an account; however, he would review it and report back to the IC. Ms. Jaramillo recalled a time limit in which to invest GO bond money.

Adjournment

Upon motion by Mr. Leyba and second by Commissioner Chavez this meeting was declared adjourned at 3:15 p.m.



Approved by:

Patrick Varela, County Treasurer

Respectfully submitted by:

Karen Farrell, Wordswork

COUNTY OF SANTA FE) INVESTMENT COMMITTEE M
STATE OF NEW MEXICO) ss PAGES: 4

I Hereby Certify That This Instrument Was Filed for Record On The 1ST Day Of February, 2016 at 02:07:18 PM And Was Duly Recorded as Instrument # 1785419 Of The Records Of Santa Fe County

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

Santa Fe County
Investment Committee: December 17, 2015