

MINUTES OF THE
SANTA FE COUNTY
INVESTMENT COMMITTEE

March 20, 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 2:10 p.m. on the above-cited date in the County Manager's 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:

Robert Anaya, County Commissioner
Miguel Chavez, County Commissioner
Patrick Varela, County Treasurer
Katherine Miller, County Manager
Carole Jaramillo, Finance Manager
Greg Shaffer, County Attorney

Member(s) Excused:

Andrew Leyba, Private Sector

Others Staff Present:

Teresa Martinez, County Finance Director
Lori Armijo, Treasurer's Office
Theresa Romero, Treasurer's Office
Tessa Jo Mascarenas, Constituent Liaison
Chris Barela, Constitute Liaison

Approval of Minutes: February 27, 2015

Commissioner Anaya moved approval and Ms. Jaramillo seconded. Mr. Shaffer offered a correction on the first page that was subsequently incorporated into the minutes.

Commissioner Anaya accepted that amendment as did Ms. Jaramillo and the minutes as corrected passed unanimously.

Results of LANB Meeting of March 4, 2015

Treasurer Varela said the pending lock box for property tax was discussed. Collections will be begin on April 6th and will stop on May 15th. There is an RFP out.

SFC CLERK RECORDED 05/26/2015

Commissioner Chavez asked if contracts were in jeopardy. Treasurer Varela stated he was informed that LANB will not be responding to the RFP although they did attend the pre-proposal meeting. They were displeased about Treasurer Varela's decisions about basis point. Additionally, LANB is getting a new turnkey system that will be more compatible with governments and bigger business and will be in transition during that time. He said Santa Fe County was the test since three-quarters of their assets are from the County. They are still under OCC conservatorship. The RFP process is underway and parties attending the pre-proposal meeting included the Bank of Albuquerque, Wells Fargo, First National and LANB. Others could bid and the County has existing accounts in all of these with the exception of the Bank of Albuquerque.

Ms. Martinez said an overlap period will be necessary and someone in Finance will be identified to help coordinate with the Treasurer's Office and IT. The bank accounts at LANB will be open as the transition occurs. The transition should wrap up by mid-July.

Commissioner Anaya asked that any communications about the RFP be channeled through the Purchasing Division so that any appearance of ex parte communications be avoided.

Investment Policy Review: White Paper Discussion

Referring to the packet, Treasurer Varela said the highlighted portions are comments from Commissioner Stefanics and Ms. Miller's are in yellow. He solicited further input.

Commissioner Anaya said he would appreciate elaboration of what "best practices" mentioned on the final page entail. Treasurer Varela said that refers principally to safety, liquidity and yield as outlined under the introduction but he could add it again. Commissioner Anaya asked who establishes the standards and Treasurer Varela said these best practices were decided on in-house. He offered to make reference to sections 6, 10, 12, and 17 of the old statutes.

Ms. Miller said GFOA has best practices that have been incorporated, as does Government Investment Officers Association.

Chavez Treasurer Varela affirmed this is still a draft and once finalized it will be on the webpage. Commissioner Anaya recommended having links where people could go for a deeper understanding. Treasurer Varela stated he could provide citations. Commissioner Chavez suggested explaining investment rationale to show where County money is going. Commissioner Anaya noted this is a great snapshot but would be improved by links to things like state and federal requirements. Ms. Miller said she can work with Ms. Mihelcic on hyperlinks and the strategy for the next three months.

Commissioner Anaya stated he visited the Assessor's website and he is making use of advanced website techniques.

Delinquent Collection Update and Totals Collected

Treasurer Varela said the total for February was \$300,662.63. March totals will be the same or will start declining due to tax season coming.

A new employee, Danielle Tennyson, will be starting Monday.

The mobile home program is starting up. As mobile homes are red-tagged people start coming in to pay.

Santa Fe Studios

Commissioner Chavez said wanted to better understand the arrangement between Santa Fe County and Santa Fe Studios from a financial perspective. He asked in particular about the provision calling for public art.

Ms. Miller said the public art component gets carved out as part of the state LEDA grant. The problem arises because access to the facility is not public. There is a committee working on the question of where to put the art. She said she will get an update on that when the committee meets.

She outlined the agreement saying as part of the agreement, the Studios have to provide jobs. They report man-hours on a quarterly basis. These include all aspects generated by the Studios including construction in certain circumstances. She said this is not an investment, rather it is an economic development project. However, as part of the public-private partnership agreement the County guaranteed the principal on a long-term loan of \$6.5 million that LANB made to Santa Fe Studios. The money put up by the County is in a lock box, not to be pulled from unless there is a default by the Studios, or as the principal is paid down the County can withdraw anything above 100 percent of remaining principal. To date, around \$440,000 has been withdrawn, so the balance is a bit over \$6 million. This can be done only once a year.

The mechanism for getting interest on the County deposit is an in-house CD that matures around 2028. The interest rate is 2.5 percent over the term based upon the balance. Were the Studio to pay off the loan all County funds would be released from the lock box and the CD dissolved. She said the land was purchased by Santa Fe County from the State Land Office, appraised and then sold to La Luz Holdings, a division of Santa Fe Studios. They make principal and interest payments.

Treasurer Varela said he goes in August to ask for the money for the draw-down. He pointed out 2.5 percent is an excellent return in this environment. Ms. Miller added that money goes back into the economic development fund.

Commissioner Chavez asked about legislative action on economic incentives. Treasurer Varela said he understood bills had passed both House and Senate but could be vetoed. The movie industry is getting very competitive. Ms. Miller said the tax credits for large property owners might have passed, although this would mean competition for Santa Fe Studios, since it would benefit the local movie ranches. Increased filming activity in general is good for the County. She said Dave Griscom has been following the progress.

Portfolio Balance Sheet, Call Notices, Etc.

Ms. Romero provided the following information:

- There are 49 operational accounts with a total of \$79,937,260.62
- GOB 2011 Refunding, three accounts with \$9,877,179.19
- Core Account, 34 accounts with a total of \$33,573,130.80
- GOB 2013 Series has \$10,215,564.13

Grand total at Charles Schwab is \$133,603,134.74

- LANB Savings Accounts and CDs: \$8,786,297.72
- LANB Operations Accounts, 21 accounts with \$22,009,270.35
- First National Bank, two accounts for a total of \$9,026,417.46
- Wells Fargo, one account with \$30,008,381.99
- State Treasurer LGIP, 12 accounts for \$26,901.78

Total of the Various Accounts is \$69,857,269.30.

Grand total of all accounts at the end of February was \$203,460,404.04

Treasurer Varela indicated they got almost \$27,000 back from the State Treasurer with a note that instructions would be forthcoming as to how to write it off. However, this has already been done. Ms. Martinez said the contingency account still exists and until that is closed out it cannot be written off. Treasurer Varela said they want to have it finished this fiscal year.

Speaking of the money market account at Wells Fargo, the majority of that is liquid. Three-month treasuries closed at 92 basis points. Bonds are going back up and can be sold or called at that point. He outlined agencies and coupon purchases. He is monitoring longer-term Core holdings to see if they can be called.

Ms. Miller said they watch the interest rate market to see when holdings get to par whereupon they can divest in favor of shorter terms. The investment policy calls for all future investments to have five years or shorter maturity.

Commissioner Anaya commended the Treasurer on the postcard that was sent to the public.

Adjournment

Upon motion and second, the meeting adjourned at 3:00 p.m.



Approved by:

[Handwritten Signature]
 Patrick Varela, County Treasurer

Respectfully submitted by:

Debbie Doyle, Wordwork

Santa Fe County
Investment Committee: March 20, 2015

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

I Hereby Certify That This Instrument Was Filed for
 Record On The 26TH Day Of May, 2015 at 12:12 07 PM
 and Was Duly Recorded as Instrument # 1765228
 of The Records Of Santa Fe County

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