

**MINUTES OF THE**  
**SANTA FE COUNTY**  
**INVESTMENT COMMITTEE**

**May 19, 2016**

**Santa Fe, New Mexico**

This meeting of the Santa Fe County Investment Committee was called to order by County Treasurer Patrick Varela at approximately 2:37 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, Treasurer  
Henry Roybal, Commissioner [late arrival]  
Carole Jaramillo, Finance Director  
Greg Shaffer, County Attorney  
Andrew Leyba, Private Sector

**Member(s) Excused:**

Katherine Miller, Manager  
Miguel Chavez, Commissioner

**Others Present:**

Eric Lujan, Deputy County Treasurer  
Lori Armijo, Treasurer's Office

**Approval of Minutes: February 25, 2016**

Mr. Shaffer moved to approve the February minutes as published. Mr. Leyba seconded and the motion passed without opposition and with Ms. Jaramillo abstaining.

**Results of Bank Meetings**

Treasurer Varela reported that he had been having trouble getting collateral reports from Los Alamos National Bank. He ascertained that the State is not getting their reports either. He has a call in to the LANB president to try to find out what is happening. He noted there have been personnel changes at the bank which contributes to the confusion.

Ms. Jaramillo said the County would be happy to take the Studio's money out of LANB if they were willing. She said they will be able to close their accounts by the end of this fiscal year as the last checks come in or become stale.

Mr. Shaffer stated he would review the terms of the lock box agreement.

Treasurer Varela said he was concerned about audit findings arising due to LANB's failure to provide collateral pledges. Ms. Jaramillo agreed that was a possibility. She mentioned auditing services are currently out for RFP so there may be a new firm they will be working with.

Additionally, Treasurer Varela indicated that Wells Fargo is no longer able to give 21 basis points and will be providing only 19 basis point. UBS is willing to give 43 basis points so he will be transferring the money to them and that will appear on next month's balance sheet. Their pledges are held in a third party bank.

[Commissioner Roybal joined the meeting.]

Mr. Leyba asked if disruptions in the derivative market would affect the County and Treasurer Varela said it would not, since they are collateralized.

### **Investment Policy (IP) Discussion**

Mr. Shaffer said he has been going over the policy for stylistic and statutory issues. He will finish that process today and send the IP out this afternoon. Treasurer Varela referred to page 6, Sections E and F. He said it doesn't mean they will be jumping into the investments; it is simply an opportunity to diversify more.

A discussion ensued regarding longer-term investments in the core portfolio. Mr. Shaffer said before January 1, 2013 a decision was made to track investments with longer maturities and maintain those with paper losses until they mature. Treasurer Varela said there are two options. One would recognize the existence of investments that currently have a maturity of over five years, and as they mature, make them subject to the stated policy. The second option would authorize the County Treasurer and the Board of Finance to allow proceeds to be reinvested in investment of between five and ten years.

Mr. Shaffer said by going long it is possible to garner a higher interest rate, but simultaneously, there is greater market risk.

Treasurer Varela said there is currently slightly over \$30 million in the core portfolio. He emphasized the only time losses are actually realized is when there is a necessity for the bonds to be sold under negative market conditions. He has sold approximately 20 securities as conditions allowed at a profit.

The issue to be decided is how to diversify the maturity dates – by date, and whether the targets should be by fixed amounts or percentages. He offered to provide a diversification table for the next meeting.

Ms. Jaramillo noted no bond monies could go into the core portfolio.

Treasurer Varela broached the question of whether the policy should be changed to allow monthly collateral reports or copies of pledges to be omitted if there is no change from the previous month. He noted that the statute says nothing about market value.

Mr. Shaffer pointed out that current GASB standards require unrealized losses and gains appear in reports.

### **Delinquent Collection**

#### **Update and Totals Collected**

Treasurer Varela said they have hired a new person with collection experience. Around 12,000 delinquency notices will be sent out June 1<sup>st</sup>. Total collections for April was \$707,615.63 on 332 accounts.

### **Portfolio Balance Sheet, Call Notices, Etc.**

Treasurer Varela provided the following information as of April 29<sup>th</sup> :

- There are 42 operational accounts with a total of \$74,225,071.03
- GOB 2011/money market is one account at Fifth Third with \$8,963,697.86
- Core Account holdings has 27 accounts that included the money market with a total of \$31,830,139.25
- GOB 2013 Series at Fifth Third Bank: one Money Market account, \$9,109,455.53

Grand total at Fifth Third is \$124,128,363.67

- Various Banks, Credit Union CD, 4 CDs with \$998,000.00
- LANB, 5 accounts with \$6,932,184.73
- First National Bank, 29 accounts for a total of \$67,761,922.91
- Wells Fargo, one Money Market account with \$30,082,138.31
- UBS, money market account with a total of \$6,024,133.17

Total of the various accounts was \$111,798,379.12.

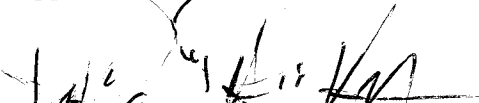
Grand total of all accounts at the end of April 2016 was \$235,926,742.79

Treasurer Varela noted that there are two new securities and three securities were called.

### **Adjournment**

Upon motion by Mr. Leyba and second by Commissioner Roybal this meeting was declared adjourned at 3:32 p.m.

Approved by:



Patrick Varela, County Treasurer

Respectfully submitted by:

Debbie Doyle, Wordswork

Santa Fe County  
Investment Committee: May 19, 2016

COUNTY OF SANTA FE )  
STATE OF NEW MEXICO ) ss

INVESTMENT COMMITTEE M  
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I Hereby Certify That This Instrument Was Filed for  
Record On The 17TH Day Of June, 2016 at 11:17:40 AM  
And Was Duly Recorded as Instrument # **1796670**  
Of The Records Of Santa Fe County

Witness My Hand And Seal Of Office  
Geraldine Salazar

Deputy  County Clerk, Santa Fe, NM



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