

MINUTES OF THE
SANTA FE COUNTY
INVESTMENT COMMITTEE

June 16, 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 2:35 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
Katherine Miller, Manager
Henry Roybal, Commissioner
Miguel Chavez, Commissioner
Carole Jaramillo, Finance Director

Member(s) Excused:

Greg Shaffer, County Attorney
Andrew Leyba, Private Sector

Others Present:

Eric Lujan, Deputy County Treasurer
Theresa Romero, Treasurer's Office
Lori Armijo, Treasurer's Office
Melissa Gonzales, FNSF
Glenn Martin, Promontory

Approval of Minutes: May 19, 2016

Commissioner Roybal moved to approve the May minutes as published. Ms. Jaramillo seconded and the motion passed without opposition. Commissioner Chavez abstained.

Results of Bank Meetings

Treasurer Varela reported that the transition to First National Santa Fe has been smooth. However, problems continue with Los Alamos National Bank and the last collateral report received was in February. He contacted LANB legal counselor Fred Petric and wanted to get Mr. Shaffer's involvement in this. Ms. Romero said she was advised by LANB that they were waiting on Santa Fe County to close the accounts before issuing a collateral report.

SEC CLERK RECORDED 08/15/2016

Treasurer Varela said the County has \$6.9 million with LANB of which \$5.9 million is the Studio CD. There is some concern that the LANB matter may create an audit issue as well as an issue with the OCC (Office of Comptroller of the Currency).

First National Santa Fe CDAR Presentation

Melissa Gonzales, FNSF Director of Treasury Management, introduced one of the bank's partners, Glenn Martin the regional director of Promontory Interfinancial Network which provides FDIC depository placement services.

Mr. Martin said as the regional director he covers the Rocky Mountain States. There are nationally 3,000 community banks that participate in the Promontory network. Emphasizing that Promontory has a regulatory and compliance orientation, Mr. Martin said former OCC Comptroller Gene Ludwig is Promontory's chairman and former FDIC chairman Marc Jacobson is Promontory's president and CEO. The products they represent are used for public deposits.

Bank of New York Mellon is a 40 percent owner of Promontory with the remaining 60 percent owned by a few men and some smaller minority interest partners. BNY Mellon handles the record keeping and custodial work.

Mr. Martin provided an overview of the products provided, i.e., CDARS/FDIC insured CDs, ICSs, etc., and explained how the liquidity differs in the products. The vast networks provide for Promontory's insurance capabilities. First National Santa Fe serves as Santa Fe County's agent and legal custodian and they determine how to use those deposits as dictated by Santa Fe County.

Mr. Martin clarified that an ICS (insured cash sweep) DDA provides unlimited withdrawal capabilities. While an ICS savings or NMDA is limited to six monthly withdrawals. FNSF is unique in that they offer an integrated ICS product which allows for all activities to show on the online bank platform.

Treasurer Varela said the products Mr. Martin refers to are contained in the Santa Fe County Investment Policy. Mr. Martin said the program benefits the County by eliminating the collateral process because all of the funds are FDIC insured. Ms. Gonzales noted that FNSF is able to provide Santa Fe County a higher yield on deposits within a CDARS or ICS product.

Mr. Martin discussed how a balance can be established and anything over that amount is automatically moved to an ICS and if that balance drops below an established level the funds can be moved back. The insurance capacity is obtained based on the transactional volume and how a statement depicts information.

He lauded Treasurer Varela and State Senator Nancy Rodriguez for their foresight in proposing the legislation that expanded investment options.

Investment Policy (IP) Discussion

Ms. Jaramillo said Mr. Shaffer delivered a revised draft dealing particularly with the bond issue. Treasurer Varela said he wanted to make sure limits were established and he recommended postponing discussion until Mr. Shaffer is present.

Regarding the Collateral Policy, Treasurer Varela said he added language that requires monthly submittals of collateral copies to the Santa Fe County Treasurer's office.

Acknowledging it does not happen often, Ms. Jaramillo said the County has experienced loss from a security call in the past. She offered to research the issue.

Treasurer Varela said he would like to present the IP to the BCC for action at its September meeting and so moved. Commissioner Roybal seconded and the motion passed without opposition.

Delinquent Collection

Update and Totals Collected

Treasurer Varela said they collected over \$400,000 in May.

Portfolio Balance Sheet, Call Notices, Etc.

Ms. Romero provided the following information as of May 31st:

- There are 39 operational accounts with a total of \$74,310,036.59
- GOB 2011 series contains one Treasury Bill and one money market totaling \$8,966,063.58
- Core Account holdings has 23 accounts that included the money market with a total of \$37,880,412.77
- GOB 2013 Series has one money market and two Treasury Bills totaling \$9,111,127.14

Grand total at Fifth Third is \$130,267,640.07

- There are four CDs at various banks and credit unions totaling \$998,000.00
- LANB has five accounts with \$6,932,910.15
- First National Santa Fe has 29 accounts for a total of \$86,781,842.94
- Wells Fargo account has been closed
- UBS has two accounts with a total of \$100,739,110.45

Grand total of all accounts at the end of May 2016 was \$261,098,959.88

Treasurer Varela said staff has been working with FNSF to ensure the wiring of funds is conducted efficiently. Ms. Romero said FNSF requires additional signatures when large sums are wired and she has discussed this with Ms. Gonzales who will be monitoring wires. Ms. Jaramillo said it was important that the bond refund/refinance money be moved within a 24-hour period from the escrow account to Santa Fe County and then to pay off the bonds.

Manager Miller alerted the Treasurer to the fact bond money was coming in for the new Administrative Building.

Treasurer Varela reported on the investment schedule for matured securities, bonds, and the core account had three calls and one partial call. The Wells Fargo account is closed. He highlighted four new securities. The operational account had five called securities and there are now two new ones.

The estimated grand total of all investments and call as of May 31st was \$261,098,959.98.

Ms. Jaramillo suggested the report include the bonds sold on June 14th.

Adjournment

Upon motion by Commissioner Chavez and second by Commissioner Roybal this meeting was declared adjourned at 3:45 p.m.

Approved by:



Patrick Varela, County Treasurer

Respectfully submitted by:

Karen Farrell, Wordswork



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 15TH Day Of August, 2016 at 02:44:28 PM
And Was Duly Recorded as Instrument # 1801553
Of The Records Of Santa Fe County

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