

MINUTES OF THE
SANTA FE COUNTY
INVESTMENT COMMITTEE

November 21, 2019

Santa Fe, New Mexico

This meeting of the Santa Fe County Investment Committee was called to order by County Treasurer Patrick Varela at approximately 4:10 p.m. on the above-cited date in the new County Administrative Building located at 100 Catron Avenue, Santa Fe, NM.

Deputy Treasurer Manzanares called roll and a quorum was indicated with the presence of the following members:

Members Present:

Patrick Varela, Treasurer
Anna Hamilton, Commissioner
Katherine Miller, County Manager
Jenny Wilson [Finance Department]
Rachel Brown, Interim County Attorney

Member(s) Excused:

Eric Loucks, Citizen
Henry Roybal, Commissioner

Others Present:

Theresa Romero, Treasurer's Office
Jennifer Manzanares, Deputy Treasurer
Anna Hansen, Commissioner
Victor Ume-Ukeje, Piper Jaffray

Manager Miller recommended including approval of agenda on future agendas.

Approval of Minutes: July 25, 2019

Commissioner Hamilton moved to approve the minutes as published. Mr. Wilson seconded and the minutes were unanimously [5-0] approved as submitted.

Results of Bank Meeting

Treasurer Varela said he met with the bank on Tuesday, November 19th and the lock box system has been working well. He noted that House Bill 407 has not impacted the incoming revenue.

Treasurer Varela referred to a yield curve graph, noting that it is leveling off. He said that Charles Schwab is buying TD Ameritrade making Schwab the largest custodial in the country. Since moving into the new building, he has been unable to check the markets, and invited Mr. Ume-Ukeje to address the Board.

Victor Ume-Ukeje, Piper Jaffray, said the market is very difficult and the overnight yield has shown little movement. Yield throughout the world is negative, although the U.S. is positive, meaning the U.S. continues to attract money from abroad. As an investor, the problem is how to invest in this environment. There is a global slowdown in the market and he mentioned Japan, Germany, etc. People are lacking confidence in the economy, and with the Hong Kong-China situation and U.S.-China negotiations, the market is uncertain.

Today's strategy should be to ensure cash flow needs are met, and pick points to invest which will also meet needs, but recognize that there are no sure things. He mentioned that U.S. citizens are accumulating more debt than in 2007, which is why the Fed maintains a low interest. Past history shows the Fed does not tinker with interest rates during an election year.

Mr. Ume-Ukeje said he wished he could have better information to share.

Treasurer Varela said the portfolio incurred \$9 million in calls.

Correction of Core Portfolio Language in IP

Treasurer Varela said the definition and its counterpart under diversification states that the "market value of the Core Portfolio shall not exceed \$25 million," and he recommended changing the amount to \$30 million or \$35 million and removing "market value." He explained that the assets built over time such that there is a breach of the policy.

Manager Miller noted that some of the investments that are labeled as core could be reclassified, and would not be in violation of the policy. She recommended separating the investment by maturity rather than dollar amount.

Treasurer Varela said that it the bank that notified him of the policy infraction. To ensure there is no violation, Manager Miller recommended immediately moving some of the CDs or securities to the operational account until the core is at its target \$25 million.

The investments in the core account could be invested for a longer duration, since that money was not needed for operations.

A discussion ensued regarding the long-term investments that the Treasurer inherited when he came into office. This past legislative session a bill passed prohibiting investments further out than 10 years.

Manager Miller said that where the investments are situated is not the key, rather it is holding the Core to less than \$25 million.

Delinquent Collection

In terms of delinquencies, Treasurer Varela said there are three staff members collecting on real and personal property. In October \$402,747.63 was collected on real property and \$14,336.25 on personal property.

A state auction is scheduled for December 11th at the Reynolds Building and at this point there are 64 properties. Treasurer Varela anticipated payment on at least 50 percent of the properties.

Portfolio Balance Sheet, Call Notices, Etc.

Ms. Romero provided the following information as of the end of October 2019:

- There are 68 operational accounts with a total of \$114,958,552.08
- GOB 2011 Series contains one money market account at \$4,923,374.06
- GOB 2013 Series has four accounts totaling \$6,224,205.71
- Core Account holdings has 39 accounts with a total of \$27,817,788.33
- Schwab has 21 accounts totaling \$34,658,180.97

Grand total at US Bank and Enterprise is 112 accounts with \$188,582,101.15

- There are five CDs at local credit unions and one CDAR totaling \$1,256,523.21
- The Studio account has \$5,157,035.21
- First National/Sunflower has 37 accounts for a total of \$57,022,028.80
- UBS has six accounts with \$36,008,560.47
- BNY Mellon has one account with \$2,780,799.85

Grand total of all 188 accounts at the end of October 2019 was \$290,807,048.77

Manager Miller requested the report include identifying the core account holdings classed as the five- and ten-year durations and those totals.

Portfolio Balance Sheet, Call Notices, New Purchases, Etc.

Treasurer Varela pointed out that there was a total of \$64 million that had been called this year. He identified two accounts at Sunflower as overnight repos that provide higher returns. He was considering putting payroll in an overnight-type investment to generate greater returns. Ms. Romero said the amount fluctuates between \$1.2 million to \$1.3 million.

