

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

**November 5, 2020**

**Santa Fe, New Mexico**

This meeting of the Santa Fe County Investment Committee was called to order by County Treasurer Patrick Varela at approximately 3:03 p.m. on the above-cited date.

In accordance with the Public Health Emergency Order issued by the State of New Mexico, and pursuant to the New Mexico Attorney General's Open Government Division Advisory during COVID-19, public entities are authorized to conduct virtual meetings.

Lori Armjio called roll and a quorum was indicated with the presence of the following members:

**Members Present:**

Patrick Varela, Treasurer  
Anna Hansen, Commissioner  
Yvonne Herrera, Finance Director  
Eric Loucks, Citizen  
Anna Hamilton, Commissioner [Alternate]  
Katherine Miller, County Manager  
Greg Shaffer, County Attorney

**Member(s) Excused:**

Henry Roybal, Commissioner

**Others Present:**

Lori Armijo, Treasurer's Office  
Jennifer Manzanares, Deputy Treasurer  
Daniel Fresquez, Media Coordinator

**Approval of Minutes: September 24, 2020**

Commissioner Hamilton moved to approve the minutes as published. Commissioner Hansen seconded and the minutes were unanimously [6-0] approved by roll call vote. [Manager Miller was not present for this action and arrived shortly thereafter.]

**Results from Fiscal Agent**

Treasurer Varela mentioned his office was short-staffed and they had been very busy. At his meeting with Sunflower Bank the emphasis was on ensuring the smooth operation during the

SFC CLERK RECORDED 01/29/2021

tax rush. They are now into their fourth lock box day and there have been no issues. Many people still prefer to make their payments in person. A new bank liaison is to be assigned.

### **Economic Outlook**

Treasurer Varela described the situation as “pretty crazy” and showed graphs depicting the yield curve, activity in the Dow Jones, S&P, and NASDAQ. He noted large layoffs were anticipated at American Airlines and at Disney. Oil inventories are creeping up. COVID-19 continues to be a factor here and in Europe. The Consumer Credit Index that had dropped in March is coming back up. Other factors in play include tech stocks, medical insurance and consumables. Trading in currencies has spiked, which is typical in market changes.

### **Delinquent Collections**

The delinquent collections on mobile homes and real property for the month of September was \$643,747.35, and year-to-date is \$4,337,278.95. Due to shortages staff has been diverted from collections to consumer service.

### **Proposed Investment Policy Changes** **Approval of ETF List**

Treasurer Varela displayed a list of options for Exchange Traded Funds (ETFs) minus the international funds that appeared at the previous meeting. Mr. Loucks said the list represents a broad spectrum of ETFs that meet the current investment criteria. There are no high yield bonds. The majority are treasury type bonds, including TIPs, which have inflation protection – valuable in case a stimulus package proves to be inflationary. There is a mix of short and long durations. The aggregate bond fund gives exposure to the entire bond market.

Mr. Shaffer noted that the longest duration offerings go up to around 19 years, longer than even the Core portfolio allows. Mr. Loucks said long durations are good if there is a belief interest rates will be dropping. The increased risk correlates to a higher yield. However, the goal of the County is maximizing return with minimum risk, not speculation.

Mr. Shaffer made the following statement: “The Exchange Traded Funds are authorized by Section 6-10-10-G(1) New Mexico Statutes Annotated. They authorize investments and shares of a diversified investment company registered pursuant to the Federal Investment Company Act of 1940 that invest in fixed incomes, securities, or debt instruments that passively match or track the components of a broad market fixed income securities market index, provided that the investment company or manager has total assets under management of at least \$100 million.”

Treasurer Varela indicated that Treasuries are regarded as cash since they can be sold at any time, and Mr. Loucks agreed their liquidity is very high and very easily traded.

Manager Miller pointed out that due to policy limitations, only the Core portfolio could be invested in the long durations ETFs. Treasurer Varela stated the investments in question could be marked “Core portfolio only.”

Mr. Loucks suggested the County could be looking at additional portfolio management tools in the upcoming RFPs. Software applications could ensure ETFs show up correctly.

Treasurer Varela noted the ETF list will be valid only for 2020 and will have to be revisited next year.

Commissioner Hansen moved to approve the ETF list, pursuant to conditions in the discussion. Commissioner Hamilton seconded and the motion carried by unanimous [7-0] roll call vote.

### **Approval of IP Changes**

Treasurer Varela displayed the changes previously discussed to the Investment Policy, including the percentage maximum for ETFs.

Mr. Shaffer recommended amending Section III(C)(2) as follows:

2. *The Investment Committee ~~shall meeting monthly and~~ shall have the following responsibilities:*

And add the following new Section III(C)(3):

3. *The Investment Committee and/or Board shall meet a minimum of 10 times a calendar year. In any month when neither the Investment Committee nor Board meets, the Treasurer or Treasurer's Office shall make available to the Investment Committee the monthly schedule of investments and balance sheets.*

Commissioner Hansen moved approval of the changes, including the language suggested by Attorney Shaffer. Commissioner Hamilton seconded and the motion passed by unanimous [7-0] roll call vote.

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

Ms. Armijo provided the following information as of the end of September 2020:

- There are 72 operational accounts with a total of \$132,803,327.56
- GOB 2011 Series contains one account at \$4,512,543.02
- Housing has one account at \$4,001,937.15
- GOB 2013 Series has four accounts totaling \$4,385,810.11
- GRT 2019 Series has four accounts totaling \$14,620,500.81
- GOB 2018 Series has four accounts for \$11,015,882.35
- Core Portfolio has 45 accounts with a total of \$27,184,933.44
- The Schwab Account has 22 accounts with \$33,003,473.16

Grand total at US Bank and Enterprise is 122 accounts with \$231,528,407.60

- There are four CDs at local credit unions and one CDAR totaling \$1,260,901.46
  - The Studio lockbox has \$5,157,035.29
- Total of those six accounts is \$6,417,936.75

- First National/Sunflower has 40 accounts for a total of \$28,286,050.16
- UBS has six accounts with \$28,478, 571.56
- BNY Mellon has one account with \$2,794,512.66

Total of those 52 accounts is \$65,977,071.13

Grand total of all 202 accounts at the end of September 2020 was \$297,505,478.73


[Commissioners Hamilton and Hansen excused themselves from the remainder of the meeting.]

Treasurer Varela note that the yearly draw-down on the Studio lock box should be made soon and should appear on next month's accounting. He reviewed calls, maturities and new investments.

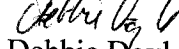
### Adjournment

Having concluded business, Manager Miller moved to adjourn and Mr. Loucks seconded. The meeting adjourned at 4:04 p.m.

Approved by:

  
Patrick Varela, County Treasurer

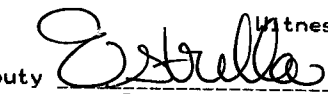
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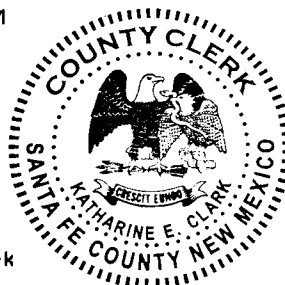
  
Debbie Doyle, Wordswork

COUNTY OF SANTA FE )  
STATE OF NEW MEXICO ) ss

INVESTMENT COMMITTEE M  
PAGES: 4

I Hereby Certify That This Instrument Was Filed for  
Record On The 29TH Day Of January, 2021 at 12:15:06 PM  
And Was Duly Recorded as Instrument # 1941906  
Of The Records Of Santa Fe County

Deputy  Witness My Hand And Seal Of Office  
Katharine E. Clark  
County Clerk, Santa Fe, NM



Santa Fe County  
Investment Committee: November 5, 2020

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