

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

**February 23, 2017**

**Santa Fe, New Mexico**

This meeting of the Santa Fe County Investment Committee was called to order by County Treasurer Patrick Varela at approximately 3:45 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:

**Members Present:**

Patrick Varela, Treasurer  
Greg Shaffer, County Attorney  
Katherine Miller, Manager  
Henry Roybal, Commissioner  
Anna Hansen, Commissioner  
Anna Hamilton Commissioner [Alternate]

**Member(s) Excused:**

Don Moya, Finance Director  
[one vacancy]

**Others Present:**

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

**Approval of Minutes: January 26, 2017**

Commissioner Hansen moved to approve the January meeting minutes and Commissioner Hamilton seconded. The motion carried by 4-0 voice vote. Commissioner Roybal and Manager Miller were not present for this action and arrived immediately thereafter.

**Results of Bank Meetings**

Referring to the packet, Treasurer Varela pointed out copies of a payment from Los Alamos National Bank with the draw-down from the Studio fund amounting to \$201,081.91. This issue had been discussed at the previous meeting.

Treasurer Varela noted that the transition/merge of Sunflower with First National is 95 percent completed, according to bank officials. Manager Miller said they are "reallocating

resources and making management changes.” Treasurer Varela said key employees, with the exception of Maria Sturges will still be in place and he now feels confident that the County’s money is safe. He was told there would be no changes in ID number for four years, at which point the name will probably be First National, a Division of Sunflower.

Treasurer Varela introduced Eric Loucks whose name will be coming before the Investment Committee next month for approval as the member at large.

Mr. Loucks gave a brief history of his 30+ years in brokering including his help with managing the County’s investment portfolio in the past. He has been with Los Alamos National Bank for the past ten years. Treasurer Varela said he will be a valuable addition to the committee.

Treasurer Varela commended Manager Miller for her clearly stated position on ethics. Manager Miller mentioned that the County’s Ethics Ordinance has cleared up ambiguities and there have been no complaints since establishment of the Ethics Board and the clarifications in the ordinance.

Treasurer Varela stated the GOIA (Government Investment Officers Association) convention will be held soon in Las Vegas, Nevada. He said there are two days of informative workshops.

### **Investment Terminology 101**

For the benefit of the new members of the committee Treasurer Varela reviewed some of the terms they would be coming across, including:

- BPS – basis points, or one-one hundredth of a percent, .01%
- YTM – yield to maturity
- Coupon – interest rate
- WAM – Weighted average maturity. Computed over the entire portfolio the “sweet spot” is around three years; for the core portfolio it is 7-8 years
- Face value – same as par
- Market value – current price
- Callable, steppable, Bermuda and Canary – these are bond structures that can be called on varying schedules and can be used in different market environments
- Bullet – non-callable bond, useful for cash flow, similar to brokered CDs. Bullets can be used to “immunize” a portfolio
- YTC – yield to call, can be determined for the redeemable value at any point in the life of a callable bond if called prior to maturity
- CUSIP – unique nine-character identification for all securities. The first four refer to the issuing agency
- Duration – effective maturity, measures price volatility vis-à-vis interest rates
- Premium/Discount – brokers may offer bonds with higher or lower prices, depending on market conditions. Mr. Loucks explained the pros and cons, noting that as a non-profit buying at a discount could be advantageous

- Churning – excessive buying and selling by broker in order to generate more fees. The investment industry is moving toward fee-based relationships, which is a more fiduciary arrangement
- Series 7 – a license to sell securities

### **Delinquent Collection**

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

Treasurer Varela announced \$440,314.74 was collected in January, which is a healthy amount for what is generally a slow month. He explained the automatic withdrawal process, which is done over a ten-month period.

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

Ms. Armijo provided the following information as of the end of January:

- There are 44 operational accounts with a total of \$83,377,402.93
- GOB 2011 series contains two accounts totaling \$8,989,199.79
- Core Account holdings has seven accounts with a total of \$21,868,608.32
- GOB 2013 Series has two accounts totaling \$9,125,951.77

Grand total at Fifth Third is \$123,361,162.81

- There are 12 CDs at various banks and local credit unions totaling \$2,998,000.00
- At LANB there is \$5,901,081.91
- First National Santa Fe has 33 accounts for a total of \$75,488,192.84
- UBS has four accounts with \$45,728,166.37

Grand total of all 117 accounts at the end of January was \$253,476,603.93

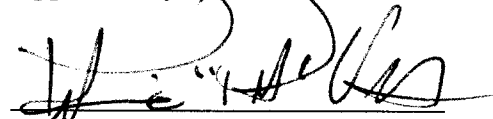
Treasurer Varela explained that the Studio draw-down will show up on next month's spreadsheet and said there were no major changes to the portfolio in January.

A discussion ensued regarding changing the time and day of the meeting. The new meeting time was tentatively scheduled for the third Wednesday of the month at 4:00.

### **Adjournment**

Having completed the agenda and with no further business to conduct the meeting was declared adjourned at 4:45 p.m.

Approved by:

  
Patrick Varela, County Treasurer

Respectfully submitted by:

Debbie Doyle, Wordswork



COUNTY OF SANTA FE )  
STATE OF NEW MEXICO ) ss

INVESTMENT COMMITTEE M  
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Hereby Certify That This Instrument Was Filed for  
Record On The 21ST Day Of April, 2017 at 02:38:20 PM  
and Was Duly Recorded as Instrument # 1823718  
of The Records Of Santa Fe County

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