

MINUTES OF THE
SANTA FE COUNTY
INVESTMENT COMMITTEE

March 28, 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 3:05 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.

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

Members Present:

Patrick Varela, Treasurer
Bruce Frederick, County Attorney
Anna Hamilton, Commissioner
Ed Moreno, Commissioner [Alternate]
Eric Loucks, Citizen
Yvonne Herrera, Finance Division
Katherine Miller, Manager

Member(s) Excused:

Henry Roybal, Commissioner

Others Present:

Theresa Romero, Treasurer's Office
Lori Armijo, Treasurer's Office

Approval of Minutes: February 28, 2019

Commissioner Hamilton moved to approve the minutes as published. Mr. Loucks seconded and the minutes were unanimously approved as submitted. [Commissioner Moreno was not present for this action and arrived shortly thereafter.]

Results of Bank Meeting

Treasurer Varela stated there was no bank meeting as he was attending a conference in Las Vegas. He provided graphs of the yield curve as it has been changing. The flattening/inversion has led to a number of calls totaling \$14 million. This will not necessarily lead to a recession and it now appears there will not be a rate hike from the Fed. He noted that the calls did not result in any loss of yield, and his latest challenge is to find ways to ladder the money coming in. He mentioned the bond market has shot up. Mr. Loucks pointed out that there is a

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sizable inversion at five years but barely inverted out to ten years, which is the timeframe of most concern. He said the trade wars are driving the current situation and if that is remedied the problem will be lessened.

Treasurer Varela said he will be reporting next month to the BCC and at that point will have a better idea of a plan. He suggested adding language in the investment policy about preserving principal. A discussion ensued regarding recognizing unrealized gains and losses for audit purposes. GASB requires a mark to market at year-end. Ms. Herrera said she tracks that on a monthly basis for reconciliation to ensure the ledger is accurate. This does not impact the true earnings, which are net of the unrealized gains and losses.

Mr. Loucks explained the values come from statements by means of matrix pricing, which is not exact but close enough to be acceptable.

Manager Miller spoke of finding a means of tracking investments so that it does not have to be done manually. There are a number of vendors that provide software for the purpose. Mr. Loucks said custodians, such as USB can provide some help. Bloomberg can track, given Cusips, However, it is expensive. He added with Cusips and a spreadsheet he would see what he could do.

Delinquent Collection

Treasurer Varela announced the January totals were \$290,379.91 and he anticipated that amount will go up next month. The state auction will take place April 16th. There are 126 accounts in the county, but people will be coming in prior to the auction.

Portfolio Balance Sheet, Call Notices, Etc.

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

- There are 82 operational accounts with a total of \$118,365,417.98
- GOB 2011 Series contains 14 accounts totaling \$5,34,059.94
- GOB 2013 Series has 8 accounts totaling \$6,174,555.86
- Core Account holdings has 38 accounts with a total of \$27,449,379.30
- Charles Schwab has 23 accounts totaling \$43,854,366.49

Grand total at US Bank and Schwab is 142 accounts with \$201,177,779.57

- There are 4 CDs at local credit unions and one CDAR totaling \$1,253,064.66
- At LANB the Studio account has \$5,342,628.15
- First National/Sunflower has 37 accounts for a total of \$55,671,462.08
- UBS has six accounts with \$38,774,985.95
- BNY Mellon has one account with \$2,773,546.34

Grand total of all 220 accounts at the end of February was \$304,993,466.75

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

Treasurer Varela said the calls will appear on next month's accounting. He pointed out recent purchases.

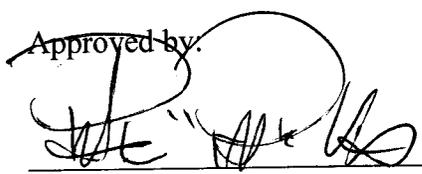
Manager Miller asked if a separate account would be needed for the \$400,000 in the 1997 account, which should be segregated for debt reserve. Treasurer Varela said he would move it to Schwab until 2027. Mr. Loucks said there are two unnamed accounts that can be used immediately.

Ms. Herrera said they are close to testing on ACH payments. The plan is to initially use it for five vendors and expand it gradually. Ms. Pino has been working with IT. This will eventually save on postage.

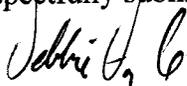
There was no objection to Commissioner Roybal's request to move the meeting time to 4:00, beginning with the May meeting.

Adjournment

With no further business to conduct the meeting was declared adjourned at 3:50 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
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I Hereby Certify That This Instrument Was Filed for
Record On The 28TH Day Of June, 2019 at 04:54:07 PM
And Was Duly Recorded as Instrument # 1890098
Of The Records Of Santa Fe County


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



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