

MINUTES OF THE
SANTA FE COUNTY
INVESTMENT COMMITTEE

March 29, 2018

Santa Fe, New Mexico

This meeting of the Santa Fe County Investment Committee was called to order by County Treasurer Patrick Varela at approximately 3:07 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
Katherine Miller, Manager
Bruce Frederick, County Attorney
Anna Hamilton, Commissioner
Anna Hansen, Commissioner
Eric Loucks, Citizen
Stephanie Schardin Clarke, Finance Director

Member(s) Excused:

None

Others Present:

Ed Moreno, Alternate
Theresa Romero, Treasurer's Office

Approval of Minutes: February 15, 2018

Commissioner Hamilton moved to approve the minutes as published. Commissioner Hansen seconded and the minutes were unanimously approved as submitted.

Results of Bank Meeting

Treasurer Varela stated Sunflower, responding to the County's numerous complaints, has hired Joshua Francisco to deal with the County and there has been substantial improvement in service. Mr. Francisco attributed the problems to breakdowns in communication due to the changeover. He will be appearing at the upcoming Board of Finance meeting. The lock box problem has been remedied and archival information is now available. However the RFP for the custodial bank will continue to proceed and is now in Purchasing.

SFC CLERK RECORDED 05/30/2018

CPR Investments Presentation – Bryan Byrd

Treasurer Varela announced that this item was tabled pending the availability of Mr. Byrd.

Discussion: Investment Policy Changes

Treasurer Varela reviewed the following proposed changes:

- Add definitions of “Electronic Trading Platform” and other capitalized terms as needed
- Page 5, add treasury bills, notes and bonds; and 10 years in the Core Portfolio to III. F. 2 a. and b.
- First line of page 7, to included financial institutions that reside in the United States of America and are issued in U.S. Dollars (USD), Certificates of Deposit Placement Services (CDARs), and Federally Insured Cash Accounts must be made so as to ensure that the principal and interest are fully federally insured at all times. Certificate of Deposit Placement Services (CDARs) are purchased through an approved financial institution.
- On page 12, the Treasurer’s investment report to the Board shall be issued quarterly rather than monthly.

A discussion ensued regarding the addition of section III, F. 2. e, Exchange Traded Funds (ETFs). Mr. Frederick offered to do edits to ensure, for example, capitalized items were added to definitions and do general language cleanup. Referring to the table on page 5, Ms. Miller clarified that ETFs don’t necessarily have fixed maturity dates. Mr. Loucks noted that those that do, “bullet shares,” do not fit the County’s policy for approved investments. Ms. Miller suggested referring to a list of approved ETFs that fit the parameters, analogous to the list of approved brokers.

Treasurer Varela noted that he changed the term “Certificate of Deposit Account Registry Services,” with the acronym CDAR, to “Certificate of Deposit Placement,” which is more generic. Certificate of Deposit Account Registry Services is Promontory’s term. Commissioner Hamilton said it did not make sense to have a term that did not match the acronym, and Ms. Clarke said Certificate of Deposit Account Registry Services occurs in statute.

Mr. Frederick pointed out that the statute is cited and the text can clarify further with emphasis on they are federally insured obligations.

Turning to page 8, Ms. Clarke asked if CDARs fall under the diversification constraints as regular CDs. Treasurer Varela said they do.

Under H. 3, Ms. Miller suggested language to the effect: CDs, including federally insured brokered CDs at any single financial institution shall not exceed 25 percent.

Regarding the bid process discussed on page 10, Treasurer Varela made the following change to M. 1: It will be the policy of the County to transact all securities purchases or sales

only through broker/dealers utilizing Electronic trading platforms as a form of formal competitive bid process. ~~formal and competitive process that obtains at least three offers or bids.~~

Mr. Loucks explained how electronic trading platforms sort and display quotes. If there are less than three bids the trade will not be executed with further investigation taking place about situations that are “esoteric and unique” for instance muni bonds.

Mr. Loucks noted that electronic trading displays multiple variables such as maturity, yield rate, credit quality, etc. and are subjected to the buyer’s filters.

Ms. Clarke read from the State Treasurer’s policy. She recommended documentation be retained for future audits.

Treasurer Varela said he hoped to have the changed incorporated in time for the next Board of Finance meeting.

Ms. Miller moved to approve the recommended changes with wordsmithing and edits to be made by Legal. Commissioner Hansen seconded and the motion passed by unanimous voice vote.

Delinquent Collection

Treasurer Varela announced the February collection totals were \$835,783.11.

Portfolio Balance Sheet, Call Notices, Etc.

Ms. Romero provided the following information as of the end of February 2018:

- There are 53 operational accounts with a total of \$112,469,316.57
- GOB 2011 Series contains four accounts totaling \$8,638,577.17
- GOB 2013 Series has four accounts totaling \$6,091,310.97
- Core Account holdings has 15 accounts with a total of \$21,098,809.55
- New with Charles Schwab are 10 accounts total \$54,070,661.25

Grand total at US Bank and Schwab is 75 accounts with \$202,368,675.51

- There are 25 CDs at various banks and local credit unions totaling \$6,250,041.58
- At LANB the Studio account has \$5,551,952.28
- First National/Sunflower has 35 accounts for a total of \$30,317,651.98
- UBS has six accounts with \$46,393,650.99
- Portigon has two accounts with \$2,675,505

Grand total of all 180 accounts at the end of February was \$293,557,477.34

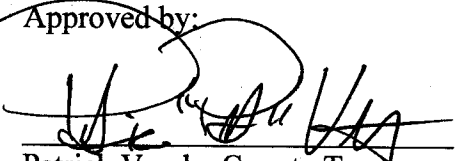
The two Portigon accounts will soon be terminated as mandated by the German government on terms favorable to the County. The proceeds may be applied to the debt service which will free up funds for other things such as the jail roof.

Treasurer Varela highlighted the changes to the portfolio, including the new Schwab accounts. He noted the Suntrust Bank CD is stoppable starting at 2.5 percent going up to 5.5 percent at maturity.

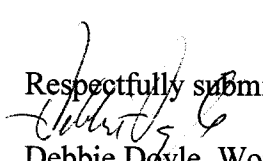
Adjournment

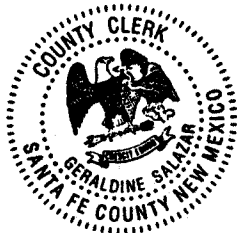
With no further business to conduct the meeting was declared adjourned at 4:20 p.m.

Approved by:


Patrick Varela, County Treasurer

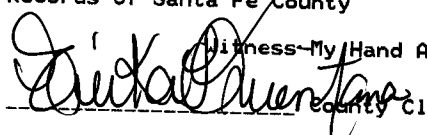
Respectfully submitted by:


Debbie Doyle, Wordswork



COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss INVESTMENT COMMITTEE M
PAGES: 4

I Hereby Certify That This Instrument Was Filed for
Record On The 30TH Day Of May, 2018 at 03:10:14 PM
And Was Duly Recorded as Instrument # 1858848
Of The Records Of Santa Fe County

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

SFC CLERK RECORDED 05/30/2018