

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

**June 27, 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 4:05 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.

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

**Members Present:**

Patrick Varela, Treasurer  
Anna Hamilton, Commissioner  
Katherine Miller, Manager  
Eric Loucks, Citizen  
Gary Giron, Finance Director  
Bruce Frederick [late arrival]  
Ed Moreno, Commissioner Alternate for Henry Roybal [late arrival]

**Member(s) Excused:**

Henry Roybal, Commissioner

**Others Present:**

Rachel Brown, Deputy County Attorney  
Jennifer Manzarares, Deputy Treasurer  
Theresa Romero, Treasurer's Office  
Lori Armijo, Treasurer's Office  
Yvonne Herrera, Finance Division

**Approval of Minutes: March 28, 2019**

Commissioner Hamilton moved to approve the minutes as published. Manager Miller seconded and the minutes were unanimously approved as submitted. [Commissioner Moreno and Mr. Frederick wer not present for this action.]

**Results of Bank Meeting**

Treasurer Varela said issues remain with Sunflower Bank regarding responsiveness. The branch manager seems to be the problem, as well as turnover of personnel. Commissioner Hamilton said given the amount of the County's business, she would expect more diligence on

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the part of the bank. There was recognition that transferring to another bank was a lengthy and onerous process. The contract was recently extended. Manager Miller suggested requesting a dedicated liaison at the bank.

Treasurer Varela stated he met with the bank president, who has been cooperative. A 40 basis point interest rate was locked in on all accounts. He is considering having the payroll account made into an overnight sweep account that pays 327 as opposed to the 40 bp. Money would be deposited in advance, which would provide more yield.

### **Investment Policy Update**

Treasurer Varela pointed out the changes he was suggesting:

- Page 2 – under Objectives: he added: Preservation of principle and protection of public money by mainly utilizing a buy and hold investing method. [This was later amended.]
- Under objective number 2, Prudent Investor Rule was added and “Prudent Investor Rule” was added to the definitions, and in that definition, the word “approach” was inserted so that it read: “This approach relies on the knowledge...”

Treasurer Varela explained his rationale for the additions as a response to remarks from auditors in the past.

Manager Miller recommended ending Objective 1 after “public money” and having number 3. read: “Utilize a buy and hold investing method when investing in individual securities. Market conditions are unpredictable and the County’s portfolios may experience unrealized losses and gains through the duration of the investments.” However, by the preservation of principle, the exact monies we invest is the exact monies we get back plus interest.

Manager Miller explained how bond fund interest is budgeted.

Page 6, III. F. 2.b. had the additional language: D.C. Supranationals Limited to: International Bank for Reconstruction & Development (“IBRD”), International Finance Corporation (“IFC”), and Inter-American Development Bank (“IADB or IDB”). Treasurer Varela noted this reflects recent changes in state statute. “Yankee Certificates of Deposits (“YCD”) was added to III. F.2. f.

On page 11, the changes include:

- Between US Treasury Obligations and US Agencies, add Banks, etc. with a 25% limit
- Diversification limit on Government Money Market Funds changed from 35% to 50%
- Diversification limit on CDs, \$250,000 per issuer, 25% of portfolio

On page 12, “laddered” is changed to “invested”.

## Approval of 2019/2020 Broker/Dealer List

Treasurer Varela proposed changing BOK Financial Securities to Schwab. Eric Loucks was changed as a contact, pending approval from Legal. Otherwise, an associate of Mr. Loucks could be included. Proctor Robinson has left Mesirow, so the trade desk can be used as broker/dealer.

## Delinquent Collection

A discussion ensued regarding a possible shortage in the delinquent collections. Ms. Herrera stated the rate is a bit under last year and she speculated it is because there is now only one person doing the collections. She double-checked other possible sources and felt this was the most likely reason, given \$3 million more being billed in tax year 18. The situation is somewhat complicated by some advance payments the previous year and some taxpayers paying over a ten-month period.

Manager Miller reviewed the formula for estimated revenue based upon average collection rate, taking into account valuation, maintenance, yield control and an escalation rate. The fiscal year differs from the property tax year. In the past, the average collection rate was 93 percent of those billed paid in the first year, and 99 percent by five years. Subsequent to the hiring of two temporary term positions, a significant amount of back taxes were collected and the overall collection rate went up to 96 percent or greater in year one. The new valuation is up by \$128 million, so more should be coming in. However, the rate is now one percent lower than last year. She attributed this to there only being one person doing collections now, although there could be some other anomaly.

Treasurer Varela indicated he has added another person, but fewer delinquency notices went out this year. "The numbers don't make sense." He said the latest numbers show Renee has worked 1,700 accounts bringing in \$2,112,970.53, which compares closely to what has been brought in in the past. He explained that calls are not made to the delinquent accounts; certified letters are sent out, although there are services that will find phone numbers.

It was hoped that the situation would be clarified by next month.

## Portfolio Balance Sheet, Call Notices, Etc.

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

- There are 75 operational accounts with a total of \$118,902,534.37
- GOB 2011 Series contains 9 accounts totaling \$5,347,377.76
- GOB 2013 Series has 4 accounts totaling \$6,186,850.95
- Core Account holdings has 38 accounts with a total of \$27,541,947.77
- Charles Schwab has 23 accounts totaling \$44,505,992.46

Grand total at US Bank and Schwab is 126 accounts with \$202,484,703.31

- There are 4 CDs at local credit unions and one CDAR totaling \$1,254,016.32

- At LANB/Enterprise the Studio lockbox has \$5,342,628.15
- First National/Sunflower has 37 accounts for a total of \$106,383,592.32
- UBS has six accounts with \$39,004,969.41
- BNY Mellon has one account with \$2,786,197.64

Grand total of all 204 accounts at the end of May 2019 was \$357,256,107.15

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

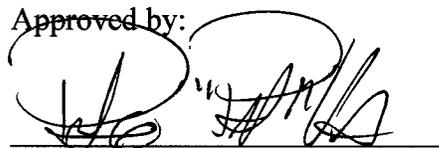
Treasurer Varela said there have been a number of calls since February and March.

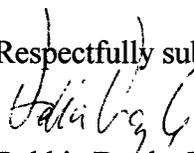
Manager Miller asked about the interest rate on the money market accounts and Ms. Romero said she will be getting a complete list of all the accounts with the new rates and she will update accordingly.

Treasurer Varela reviewed the yield curve.

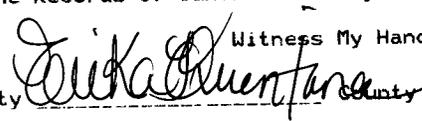
**Adjournment**

With no further business to conduct the meeting was declared adjourned at 5:55 p.m.

Approved by:   
 Patrick Varela, County Treasurer

Respectfully submitted by:  
  
 Debbie Doyle, Wordswork



COUNTY OF SANTA FE            )  
 STATE OF NEW MEXICO        ) ss  
 I Hereby Certify That This Instrument Was Filed for  
 Record On The 29TH Day Of July, 2019 at 04:39:31 PM  
 And Was Duly Recorded as Instrument # 1892445  
 Of The Records Of Santa Fe County  
 Witness My Hand And Seal Of Office  
 Deputy  Geraldine Salazar  
 County Clerk, Santa Fe, NM

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