

MINUTES OF THE
SANTA FE COUNTY
INVESTMENT COMMITTEE

June 30, 2022

Santa Fe, New Mexico

This meeting of the Santa Fe County Investment Committee was called to order by County Treasurer Jennifer Manzanares at approximately 3:00 p.m. on the above-cited date. This meeting was conducted on a virtual platform.

Roll call indicated a quorum with the presence of the following members:

Members Present:

Jennifer “Jenn” Manzanares, Treasurer
Anna Hamilton, Commissioner
Anna Hansen, Commissioner [alternate]
Yvonne Herrera, Finance Director
Greg Shaffer, County Manager
Rachel Brown, Interim County Attorney

Member(s) Absent:

Rudy Garcia, Commissioner
Eric Loucks

Others Present:

Patrick Varela, Deputy Treasurer
Victor Vigil, Treasurer’s Office, Customer Service Specialist
Brian Olachea Treasurer’s Office, Operations Manager
Elias Bernardino, Deputy Manager
Leandro Cordova, Deputy Manager
Tina Salazar, Constituent Liaison
Dianna Baca, Treasurer’s Office, Quality Assurance Specialist

Approval of Agenda

There were no changes to the agenda. Manager Shaffer moved to approve and Ms. Herrera seconded. The motion passed by unanimous [5-0] roll call vote. [Commissioner Hamilton was not present for this vote.]

SFC CLERK RECORDED 08/10/2022

Approval of Minutes: March 31, 2022

Manager Shaffer moved to approve the March minutes as presented. Ms. Herrera seconded. The motion passed by unanimous [4-0] roll call vote. Commissioner Hansen abstained. [Commissioner Hamilton was not present for this vote.]

Results from Fiscal Agent

Treasurer Manzanares said that staff discussed the fiscal agent RFP last week. There were lock box questions. Additionally, there are outstanding issues with Sunflower Bank that are being addressed.

Operations manager Brian Olaechea discussed a fraudulent check issue that occurred when the Treasurer's Office issued a \$900+ refund to a customer for overpayment. The check was mailed to the customer using the address on file and the person occupying the home at the time mobile-deposited/remote deposited the check at US Bank. US Bank accepted the deposit and Santa Fe County paid it. The Treasurer's Office has contacted the person the refund was written to and that person has filed a fraudulent check cashing report with the police. The police talked to the individual who deposited the check who indicated it was accident; however, Sunflower is unable to retrieve the funds from US Bank because the individual who accidentally deposited the check also closed that account.

Manager Shaffer asked whether Sunflower Bank saw any recourse against US Bank for wrongfully honoring the warrant, and relative to pursuing repayment, he recommended that the Treasurer's Office work with Interim Attorney Brown off line to discuss options.

Economic Outlook

Deputy Treasurer Varela noted that the interest rates have gone up 75 basis points. On the screen, he showed the yield curve activity. The current curve looks similar to the curve of 2018 which brought about a recession. The current curve is attributed to the high inflation. He mentioned "sticky inflation" which is an undesirable economic situation where there is a combination of stubbornly high inflation and stagnant growth. He predicted the country would experience close to the 10 percent mark in inflation. The supply chain shortage will continue to keep inflation high. The cost of shipping containers escalated from \$1,000 to \$12,000 in 2021. He noted that Mexico is also seeking to tame its inflation.

Referring to employment, Mr. Varela said U.S. job openings rose to 11.5 million with the majority of the openings in hospitality, construction and food industries. Filling these job sectors is important for economic growth. According to statistics, 11 million workers retired in 2020 of which four million were public service workers.

Mr. Varela reviewed GDP, inflation, mortgage rates, home market value and recommended the County consider safety measures for a predicted 2023 recession. He offered strategies to include

investing in short-term steppers and CP (commercial paper) for the next few months to capture between better rates.

Treasurer's Office Updates

Treasurer Manzanares said staffing the office has been challenging. She was pleased to introduce quality assurance specialist Dianna Baca who joins the office with a great deal of experience in banking. There are few more positions to fill.

Portfolio Balance Sheet & Schedule [Documents available through Treasurer's Office]

Mr. Varela said he was aware of the frustration that County project management was experiencing when getting projects priced out and by approval the prices have changed substantially. The office is working with Finance in anticipation of project drawdowns and strategizing the different bond series.

Mr. Olachea reviewed the balance sheet:

US Bank/Enterprise	117 accounts	\$ 314,051,873.94
Various CDs	52 accounts	\$ 126,288,468.63
Total	180	\$ 440,340,342.57

Mr. Varela reviewed the schedule of bonds maturing in June 2022 which will meet a lot of the County needs.

Mr. Varela said he spoke with County Community Development Department Director Montoya about the \$9 million liquid account at Sunflower Bank. They discussed moving \$8.5 million into an eight-month treasury. Ms. Herrera cautioned that some of the money may be part of the operations account used to pay for housing payments.

Deputy Manager Cordova asked about end of the year collateralization. Mr. Varela said the Sunflower Bank collateralizes the County's operational balance at 102 percent of its market value of.

Ms. Herrera noted that there were CDs at \$250,000 and \$249,000 and she expressed concern that the County may have a repeat of three time audit finding. It's important the finding is not repeated and she requested that the Investment Committee reconsider the County Investment Policy and cap the amount for CDs at \$240,000 rather than \$250,000 to account for appreciation.

Treasurer Manzanares offered to place the Investment Policy on the next agenda and in the interim research the CD amounts and past audit findings.

Manager Shaffer requested staff update the investment portfolio presentation of the Core Account summary information which currently shows a balance at \$31.3 million which is above the policy limit of \$25 million. However, there are securities that show up in the listing that, with the passage of time, are short-term and should be listed as such rather than the core account. There is approximately \$14.2 million of securities that will be maturing and fit in a short-term

holdings category. Mr. Varela responded that he works with the fiscal agent on an annual basis to make those "housekeeping" adjustments.

Other Business

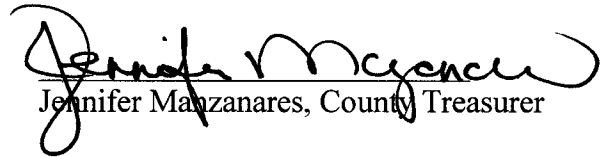
Commissioner Hansen pointed out that NACo is holding a conference in Denver on July 21st, the same date as the next IC meeting. There was consensus for the IC to meet on July 28th.

Commissioner Hamilton requested staff send out meeting invitations a few weeks ahead for placement on the calendar.

Adjournment

Commissioner Hansen moved to adjourn and Commissioner Hamilton seconded. The motion passed and the meeting adjourned at approximately 4:00 p.m.

Approved by:


Jennifer Manzanares, County Treasurer

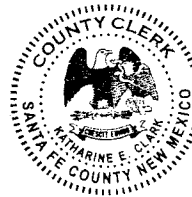
Respectfully submitted by:



Karen Farrell, Wordswork

SFC CLERK RECORDED 08/10/2022

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

I Hereby Certify That This Instrument Was Filed for
Record On The 10TH Day Of August, 2022 at 08:01:19 AM
And Was Duly Recorded as Instrument # 1994755
Of The Records Of Santa Fe County



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