

MINUTES OF THE
SANTA FE COUNTY
INVESTMENT COMMITTEE

July 30, 2020

Santa Fe, New Mexico

This meeting of the Santa Fe County Investment Committee was called to order by County Treasurer Patrick Varela at approximately 3:09 p.m. on the above-cited date.

In accordance with the Public Health Emergency Order issued by the State of New Mexico, and pursuant to the New Mexico Attorney General's Open Government Division Advisory during COVID-19, public entities are authorized to conduct virtual meetings.

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

Members Present:

Patrick Varela, Treasurer
Greg Shaffer, County Attorney
Yvonne Herrera, Finance Director
Eric Loucks, Citizen
Anna Hamilton, Commissioner, Alternate
Katherine Miller, County Manager [late arrival]

Member(s) Excused:

Henry Roybal, Commissioner
Anna Hansen, Commissioner

Others Present:

Jennifer Manzanares, Deputy Treasurer
Lori Armijo, Treasurer's Office
Daniel Fresquez, County Manager's Office

Approval of Minutes: June 24, 2020

Commissioner Hansen moved to approve the minutes as published. Mr. Loucks seconded and the minutes were unanimously [5-0] approved by roll call vote. [Manager Miller was not present for this action.]

Results from Fiscal Agent

Treasurer Varela reminded the committee that there had been audit findings in the past related to late postings. The IT team has now installed Jaguar software and the bank has reconfigured their system to receive County deposits. This will facilitate immediate deposits at the bank that will be transmitted at the end of the day. This should eliminate that audit finding.

SFC CLERK RECORDED 08/28/2020

Commissioner Hamilton asked what becomes of the physical checks. Treasurer Varela stated according to best practices, the checks will be batched and kept for 90 days then destroyed.

Results from the Internal Audit Meeting

Treasurer Varela stated it went fairly well although there was mention of IC meetings not held due to lack of quorum. Changes to the Investment Policy were recommended. Pursuant to other suggestions, Treasurer Varela is developing a template to track phone trades.

Ms. Herrera said the auditors pointed out minor calculation errors in the reconciliations having to do with fair market recording. They suggested bank fees be separated out. Additionally, they recommended changing from Excel to a different software, and she has asked Clifton Larson, the auditors, for suggestions for tracking investments and the monthly reconciliations.

Commissioner Hamilton asked if financial records are kept in hard copy, i.e., spreadsheets, and if so how long. Treasurer Varela said investment records – purchases, call notices, maturities – are kept for seven years.

Ms. Herrera said all documents related to reconciliation are retained, along with a redundant record on the County network, which is backed up regularly.

Mr. Loucks indicated the custodial bank should provide that service and should be included in the RFP.

Economic Outlook

Treasurer Varela characterized the daily report as “not very good.” He presented a number of graphs related to the yield curve. He spoke of how yield curve control has been used in Japan. The situation in this country continues to be in flux in part due to unemployment, plunging GDP, and uncertainty about Congress extending income support. Tech stocks continue strong. He anticipated little change in federal interest rates for the next two years.

Treasurer Varela said he has been maintaining his six-month strategy buying securities with three-month call protection and higher coupons.

Delinquent Collections

Treasurer Varela presented a graph for June, depicting the delinquent collections on mobile homes and real property was \$217,842.45. Year-to-date was \$2,267,832.81.

Proposed Investment Policy Changes

Treasurer Varela broached potential changes to Article 3, Section C, Paragraph 2, which currently reads: "The Investment Committee shall meet monthly and shall have the following responsibilities..." He suggested it be changed to "The Investment Committee shall meet at least eight times yearly..." or "...a minimum of eight times yearly." Additionally, it would read: "If no monthly meeting is held for lack of a quorum, travel or other unforeseen items, the Treasurer or Treasurer's Office shall make available the schedule of investments and balance sheets to the Investment Committee."

[Manager Miller joined the meeting.]

Following discussion, it was agreed to change the wording to: "The Investment Committee shall plan to meet monthly, a minimum of ten times yearly to include the four quarterly reports to the Board of Finance....If no monthly meeting is held for lack of a quorum, travel or other unforeseen circumstances, the Treasurer or Treasurer's Office shall make available the monthly schedule of investments and balance sheets to the Investment Committee."

Manager Miller noted that the Investment Policy (IP) was changed to mandate committee meetings following a number of audit findings in the past.

Treasurer Varela said he would present all the IP modifications that are being working on next month for approval.

Portfolio Balance Sheet, Call Notices, Etc.

Treasurer Varela pointed out that this was the last balance sheet worked on by Theresa Romero, who has retired. Ms. Armijo provided the following information as of the end of June 2020:

- There are 74 operational accounts with a total of \$132,076,177.70
- GOB 2011 Series contains one money market account at \$4,511,751.00
- Housing has one account at \$4,001,867.66
- GOB 2013 Series has three accounts totaling \$4,363,754.76
- GRT 2019 Series has two accounts totaling \$14,619,776.70
- GOB 2018 Series has five accounts for \$11,009,872.14
- Core Portfolio has 43 accounts with a total of \$27,154,351.75
- The Schwab Account has 23 accounts with \$32,979,983.38

Grand total at US Bank and Enterprise is 121 accounts with \$230,717,535.09

- There are four CDs at local credit unions and one CDAR totaling \$1,260,901.46
- The Studio lockbox has \$5,157,035.29

Total of those six accounts: \$6,417,936.75

- First National/Sunflower has 40 accounts for a total of \$51,610,305.13

- UBS has six accounts with \$28,535,877.83
- BNY Mellon has one account with \$2,794,512.66

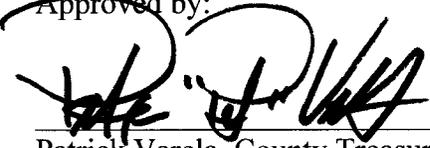
Total of those 52 accounts is \$89,358,632.37

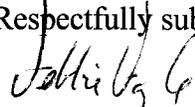
Grand total of all 202 accounts at the end of June 2020 was \$320,076,167.46

Treasurer Varela reviewed calls, maturities and purchases. He reiterated he was looking for securities with longer call protection and higher yield. There is approximately \$32 million in liquidity.

Adjournment

Commissioner Hamilton move to adjourn and Manager Miller seconded. Treasurer Varela declared the meeting adjourned at 4:07 p.m.

Approved by:

 Patrick Varela, County Treasurer

Respectfully submitted by:

 Debbie Doyle, Wordswork

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 28TH Day Of August, 2020 at 12:47:23 PM
 And Was Duly Recorded as Instrument # 1926373
 Of The Records Of Santa Fe County



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

SFC CLERK RECORDED 08/28/2020
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