

MINUTES OF THE
SANTA FE COUNTY
INVESTMENT COMMITTEE

September 27, 2017

Santa Fe, New Mexico

This meeting of the Santa Fe County Investment Committee was called to order by County Treasurer Patrick Varela at approximately 4:00 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, New Mexico.

Roll was called and a quorum was indicated with the presence of the following members:

Members Present:

Patrick Varela, Treasurer
Anna Hansen, Commissioner
Don Moya, Finance Director
Eric Loucks, Citizen

Member(s) Excused:

Henry Roybal, Commissioner
Katherine Miller, Manager
Greg Shaffer, Attorney

Others Present:

Eric Lujan, Deputy Treasurer
Lori Armijo, Treasurer's Office
Theresa Romero, Treasurer's Office

Others Present:

Marilyn Evans, Harvest Moon Wealth Advisors
Scott Lopez, Investment Banker

Approval of Minutes: July 19, 2017

Mr. Loucks moved to approve the minutes as published. Commissioner Hansen seconded and the motion carried by unanimous voice vote.

Results of Bank Meeting

Treasurer Varela said last Friday there was a glitch with Sunflower Bank and payroll was not accomplished. Finance Director Moya said 123 people who are paid with a paper check were paid and 844 paid via direct deposit were not.

SFC CLERK RECORDED 11/16/2017

Treasurer Varela said staff proceeded as usual with the payroll process. Sunflower failed to follow their process and offered to ensure solvency and pay through a wire transaction that Sunflower would pay for. Unfortunately, some account numbers on file for employees are not complete and that caused additional problems. Employee insufficient bank funds/overdrafts are being covered by Sunflower. He acknowledged the assistance of Mr. Moya, Ms. Romero, who postponed her vacation, Manager Miller, and Mr. Lujan.

Treasurer Varela said another problem arose with Sunflower not providing the 20 basis points as established in the contract. Since Sunflower took over First National, Treasurer Varela said it has been very problematic. He anticipated issuing an RFP for banking services by year-end.

Commissioner Hansen said she was very disturbed when she learned about the payroll problem. Mr. Moya pointed out that some of the County's employees live within very tight financial constraints and having a late paycheck is devastating to an already difficult situation. He said he was moved by the patience and graciousness of County staff during this debacle. Treasurer Varela said staff jumped into action with an email and answered all phone calls as quickly as possible.

Treasurer Varela said the previous fiscal agent has completed a complicated conversion and informed the County they are interested in renewing their relationship.

It was also mentioned that Fifth Third moved its custodial responsibilities to US Bank thereby changing the DTC (Dynamic Traction Control) number and they failed to advise the County causing some further delays.

Presentations

Harvest Moon Wealth Advisors

Marilyn Evans with Harvest Moon Wealth Advisors said she has been a financial advisor for 30 years in New Mexico. She grew up in a farming community, has been a certified financial advisor since 1994. She spoke about integrity, the fact she has no disclosures, comes from a farm community and has strived to serve the underserved. Ms. Evans stated she is also interested in institutional investing. She provides concierge services and teams with other experts. She currently works with Sowell Management Services, Northern Capital and Seattle NorthWest and she outlined the basis points they charge.

Ms. Evans thanked the Committee for their time and hoped they would consider including her on the County's vendor list.

Investment Banker

Scott Lopez introduced himself as a graduate of Pojoaque High now living in Newport Beach, California where he focuses mostly on private placements with early stage companies in tech and med-tech with a few New Mexico investing companies. He said he would like to help the State of New Mexico build its capacity. New Mexico people can compete with anyone in the country and he was eager to see growth here.

Mr. Lopez said he recently launched an internet radio show on investments.

Discussion
UBS

Treasurer Varela referred to NMSA 6-10-10, Deposit and Investment of Funds, and said counties can, through a mutual fund, buy common stock. USB is currently paying close to 4 percent on mutual funds and he suggested the County consider adding this within the Investment Policy (IP).

Mr. Loucks said in general mutual funds would be specific to equities, treasuries, and fixed income. Individual securities have greater risk than mutual funds which are diversified portfolios. Domestically, there are more mutual funds than individual securities.

Treasurer Varela said he'd like to bring this issue back to the Committee for inclusion within the IP and identify the different mutual funds and required diversification. Mr. Loucks said weighing and mitigating risks is an important exercise in finding the right fund. He mentioned PIMCO and that money market funds may be appropriate. The Treasurer said it would be valuable to explore this further.

Mr. Lopez mentioned the family offices that have unique low-risk investments.

Mr. Loucks offered to provide different mutuals that may fit for the County.

Supranationals

Treasurer Varela said he was approached by the State Treasurer's Office to assist them in clarifying "supranationals" in 6-10-10 through legislation. A supranational entity is formed by two or more central governments with the purpose of promoting economic development for the member countries. Supranational institutions finance their activities by issuing debt, such as supranational bonds. They write bonds similar to the County and also have a liquid account. The Treasurer noted that these bonds are considered very safe and have a high credit rating. He explained that the State Treasurer has more flexibility on what can be purchased and supras needs further clarification in the statute.

Mr. Loucks said a supranational bond would be issued through multiple governments. He was unsure of who builds and sponsors the pool but said a US dollar denominated pool would reduce the currency risk.

Delinquent Collection
Update and Totals Collected

Treasurer Varela indicated that even with one of the collectors out on leave, it was still a good month. The total collected in August was \$818,766.75 and the delinquency rates have decreased. This program will continue to diminish as did the red-tag program on mobile homes.

Deputy Treasurer Lujan said Santa Fe County has the best ratio in the State for collections.

Treasurer Varela said he and his staff work with the public in developing payment schedules for past due taxes. Commissioner Hansen said she was pleased to hear that.

Portfolio Balance Sheet, Call Notices, Etc.

Ms. Romero provided the following information as of the end of June:

- There are 46 operational accounts with a total of \$92,316,901.91
- GOB 2011 series contains 10 accounts totaling \$8,575,576.85
- GOB 2013 series has 10 accounts totaling \$6,074,986.68
- Core Account holdings has 16 accounts with a total of \$20,939,189.32

Grand total at Fifth Third is 82 accounts with \$127,906,654.76

- There are 24 CDs including one CDAR at various banks and local credit unions totaling \$5,998,000.00
- At LANB the Studio account has \$5,700,000.00

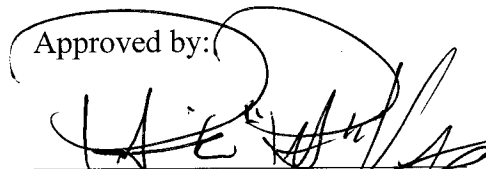
Those 25 accounts total \$11,698,000.00

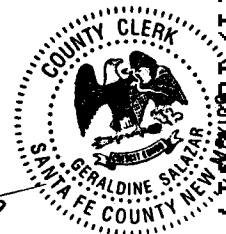
- First National/Sunflower has 34 accounts for a total of \$56,907,548.18
- UBS has four accounts with \$45,902,713.62
- Two accounts had been missing that are now back in the portfolio and that total is \$2,675,505.00

Grand total of all 169 accounts at the end of August was \$245,090,421.56

Adjournment

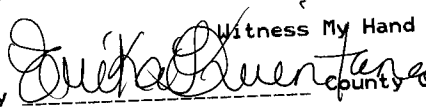
Upon motion and second and with no further business to conduct the meeting was declared adjourned at 5:20 p.m.

Approved by: 
Patrick Varela, County Treasurer



Respectfully submitted by:

Karen Farrell, 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 16TH Day Of November, 2017 at 03:54:45 PM
And Was Duly Recorded as Instrument # 1841620
Of The Records Of Santa Fe County
Witness My Hand And Seal Of Office
Geraldine Salazar
Deputy  County Clerk, Santa Fe, NM

Santa Fe County
Investment Committee: September 27, 2017