

MINUTES OF THE
SANTA FE COUNTY
INVESTMENT COMMITTEE

June 24, 2021

Santa Fe, New Mexico

This meeting of the Santa Fe County Investment Committee was called to order by County Treasurer Jennifer Manzanares at approximately 3:05 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 Armijo called roll and a quorum was indicated with the presence of the following members:

Members Present:

Jennifer "Jenn" Manzanares, Treasurer
Katherine Miller, County Manager
Greg Shaffer, County Attorney
Henry Roybal, Commissioner
Yvonne Herrera, Finance Director
Eric Loucks, Citizen Member
Hank Hughes, Commissioner [Alternate]

Member(s) Excused:

Anna Hamilton, Commissioner

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 2ND Day Of August, 2021 at 04:26:14 PM
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Others Present:

Anna Hansen, Commissioner [Alternate]
Patrick Varela, Deputy Treasurer
Lori Armijo, Treasurer's Office
Elias Bernardino, Deputy County Manager
Brian Olacchia, Treasurer's Office

Witness My Hand And Seal Of Office
Katharine E. Clark

Deputy Destiny Romero County Clerk, Santa Fe, NM

Approval of Agenda

The agenda was accepted by consensus.



SFC CLERK RECORDED 08/02/2021

Approval of Minutes

Commissioner Roybal moved to approve the minutes as published. Mr. Loucks seconded and the minutes were unanimously [7-0] approved by roll call vote. [Commissioner Hansen voted before Commissioner Hughes arrived.]

Results from Fiscal Agent

Treasurer Manzanares stated she met with Sunflower Bank staff on June 19th and they continue to work on improving communications between software systems, particularly the remote deposit capture. Signatures are all up to date.

Economic Outlooks

Deputy Treasurer Varela updated the committee on the Treasury yields noting that the longer curve has dropped significantly and a flattening is occurring. The two- to five-year range shows growth. The Federal Reserve's so-called "dot plot", which the U.S. central bank uses to signal its outlook for the path of interest rates, shows that officials expect no change in policy this year. Interest rates are not expected to rise until 2023. He mentioned an increase cost in products due to transportation problems. The current inflation is not tied to luxury items but instead food, insurance, fuel, etc.

Deputy Treasurer Varela mentioned commercial paper may be a good vehicle to park money and improve upon the return.

Mr. Loucks said the overall sentiment in the market place is concern regarding inflation. Once the supply chain opens, the concern is whether inflation items will continue to rise – oil rising to \$100/barrel, although that does not seem to be happening. Inflation appears to be transitory and any direct impact on the County would be the continuation of rates at zero. The next big move will be up.

Treasurer Manzanares mentioned the continued uncertainties of Covid on the economy.

Returning to the current yield curve, Manager Miller questioned increasing the County's Core Portfolio that is currently restricted to 10 years out. Mr. Loucks said the 10-year Treasury is just under 1.50 and the 20-, 30-year range is 2.1. Reaching out that far may cost principal as the rates increase. A little further out makes sense, but 20 or 30 years may not.

Delinquent Collections

Treasurer Manzanares said there have been staffing issues in collections with one retiree and one out. Management is considering how best to approach delinquency accounts, i.e., restructuring payment plans. Collections is a team effort and she does not want properties going to the state and the residents facing homelessness.

Commissioner Hansen commented that the previous delinquent specialists were excellent. Treasurer Manzanares said one of the positions has been filled and he is currently in training. She offered to update the Committee at next month's meeting.

Commercial Paper Proposal Core Portfolio Limit Increase

Deputy Treasurer Varela said commercial paper will provides an additional tool in the tool chest. This is a permissible tool and if approved will be defined in the Investment Policy as, "Commercial Paper: means a short-term debt instrument issued by corporations with a fixed maturity rarely longer than 270 days. Typically, it is used for the financing of payroll, material, inventory and other short-term liabilities. Issued at a discount from par value and repaid at par value of the note."

Commercial paper allowable by statute (NMSA 1978 Section 6-10-10 (G)(4)) is commercial paper rated "A1" or "P1" also known as "prime" quality, by a nationally recognized statistical rating organization, issued by corporations organized and operating within the U.S. and having a maturity at purchase of no longer than 180 days.

Deputy Treasurer Varela recommended the allowable commercial paper not exceed 20 percent of the portfolio and added that they are very difficult to obtain. The proposal will come before the BCC at a future meeting. He said he has discussed increasing the \$25 million limit on the Core Portfolio with Finance Director Herrera.

Regarding the commercial paper, Mr. Loucks said the ratings were fine and he supported adding it to the policy but at this time there was none available. Treasurer Manzanares concurred that availability is the challenge.

Manager Miller supported including the option within the policy and recommended reviewing the appropriateness of the overall portfolio percentages. The County should never have to sell at a loss for cash flow purposes, stated Manager Miller. She requested a review of the diversification schedule in its entirety to determine what could be gained by increasing the Core Portfolio. An analysis to determine the appropriate percentage is necessary – percentage of the overall funds available for investments.

Treasurer Manzanares appreciated the Manager's financial background and said her staff would work up an analysis of the increase and the diversification of the schedule. Her management team has a retreat scheduled for next week with a focus on investments.

County Attorney Shaffer recommended the Treasurer's Office consider a per-issuer limit within the diversity table; and, since the commercial paper is unsecured obtain additional information on the default rates for the prime quality.

Deputy Treasurer Varela said he has heard mention of developing a disaster plan with investment exemptions to address situations that were experienced with Covid.

Portfolio Balance Sheet, Call Notices, Etc.

Mr. Olachea provided the following information as of the end of May 2021:

- There are 62 operational accounts with a total of \$133,983,028.91
- GOB 2011 Series contains one account at \$3,227,929.14
- Housing has two accounts at \$4,026,887.19
- GOB 2013 Series has two accounts totaling \$3,628,887.19
- GRT 2019 Series has four accounts totaling \$9,749,861.98
- GOB 2018 Series has four accounts for \$10,796,989.54
- GOB 2021 Series has one account for \$20,467,589.49
- Core Portfolio has 44 accounts with a total of \$27,540,029.55
- The Schwab Account has 14 accounts with a total of \$29,967,876.68

Grand total at US Bank and Enterprise is 109 accounts with \$243,388,893.39

- There are four CDs at and one CDAR totaling \$1,245,000.00
- The Studio lockbox at Enterprise Bank has \$4,947,817.81

Total of those six accounts is \$6,192,817.81

- First National/Sunflower has 42 accounts for a total of \$95,719,185.16
- UBS has five accounts with \$38,456,228.22
- BNY Mellon has four accounts with \$11,738,731.95

Total of various 53 accounts is \$152,106,963.14

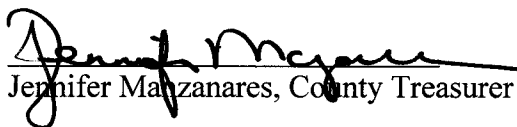
Grand total of all 185 accounts at the end of May was \$395,495,856.53

Manager Miller mentioned that some of the holdings in the Core Portfolio appear to be older than five years. Deputy Treasurer Varela said this issue came up last year and he estimated there was \$13 million that could be transitioned out of that portfolio.

Adjournment

Following motion from Manager Miller and second from Mr. Loucks, the meeting adjourned at 3:55 p.m.

Approved by:


Jennifer Manzanares, County Treasurer

Respectfully submitted by:


Karen Farrell, Wordswork

Santa Fe County
Investment Committee: June 24, 2021