

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

**July 28, 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 3:30 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  
Anna Hamilton, Commissioner  
Yvonne Herrera, Finance Director  
Eric Loucks, Citizen Member  
Hank Hughes, Commissioner [Alternate]

**Member(s) Excused:**

Henry Roybal, Commissioner

COUNTY OF SANTA FE )  
STATE OF NEW MEXICO ) ss INVESTMENT COMMITTEE M  
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I Hereby Certify That This Instrument Was Filed for  
Record On The 31ST Day Of August, 2021 at 02:28:13  
And Was Duly Recorded as Instrument # 1964342  
Of The Records Of Santa Fe County

**Others Present:**

Patrick Varela, Deputy Treasurer  
Lori Armijo, Treasurer's Office  
Elias Bernardino, Deputy County Manager

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

**Approval of Agenda**

Commissioner Hamilton moved to approve the agenda and Commissioner Hughes seconded. The motion passed by unanimous [7-0] voice vote.

**Approval of Minutes: June 24, 2021**

Commissioner Hughes moved to approve the minutes and Ms. Herrera seconded. The motion passed by [6-0] voice vote with Commissioner Hamilton abstaining.



SFC CLERK RECORDED 08/31/2021

## **Results from Fiscal Agent**

Treasurer Manzanares stated she met with Sunflower Bank staff and discussed the lock box issues. The bank and staff will be endeavoring to make the process easier.

## **Economic Outlooks**

Deputy Treasurer Varela shared his screen and updated the committee on the Treasury yields. He noted that, when the stock market falls the bond market rises which benefits the County. The Federal Reserve has announced that the rates will remain as they are. In May inflation was at 5 percent and reached 6 percent by July 26<sup>th</sup>. He provided an analysis of inflation since the 2002 financial crisis. The problems with the trucking/shipping industry have caused a shortage in commodities and additional problems with the economy. The Covid variant is contributing to unemployment and there is a liquidity issue throughout the country.

Manager Miller asked about the current availability of commercial papers that was discussed at last month's meeting. Mr. Varela said that there is a small window in which to purchase commercial paper with an advanced notice through a broker/dealer.

## **Delinquent Report**

Treasurer Manzanares shared a map of the County highlighting areas in where delinquencies existed. In 2020 there were 142 residences within the County that were eligible for State auction. This year those numbers climbed to 368 and were forwarded to Property Tax Division. She said she was gravely concerned because these people may incur homelessness. Because of Covid, last year's 142 delinquencies did not go to auction. She will be meeting with representatives from the Property Tax Division to determine what can be done to help these individuals stay in their homes. The map indicated the northern area of the County/District 1 had the majority of the delinquencies. The southern part of the County also contained delinquent properties. There were many properties south of La Cienega and some in Madrid. Edgewood and Stanley had a scattering. There was consensus that the map was very useful visual.

A few inconsistencies were noted on the map, e.g., Santa Fe Downs is within the tribal trust lands and not taxable. Treasurer Manzanares said she would re-review the listings.

## **Commercial Paper Proposal**

### **Core Portfolio Limit Increase**

Treasurer Manzanares reminded the committee that at the previous meeting they had discussed a diversification schedule to determine percentages, cash flow and a disaster plan.

Referring to the diversification schedule, Manager Miller said she supported adding commercial paper as a short term investment option. Her concerns centered on what percent of the portfolio could be utilized. During the last economic downturn, commercial paper in the local government pool was a \$150,000 to \$250,000 loss to the County. As a result of that loss, the County limited its investments with the local government pool. If commercial paper investment was allowed,

she proposed a very small percentage of the portfolio with a defined limit per issuer: perhaps, 5 percent of the total portfolio with no more than 20 percent of that to one issuer.

As a side note, Mr. Loucks said a stable value crypto based on a dollar value could be backed up by commercial paper. As an example, he noted that Tether is buying Chinese commercial paper. Commercial paper is typically viewed as short term and a cash equivalent. The purpose of buying commercial paper is to receive an incremental better yield than in a cash deposit or government money market fund. In today's world, it's academic because there is basically no commercial paper out there. He agreed with Manager Miller that approximately 5 percent of the portfolio would be cash and with the low yields. If we agree to commercial paper that may open up the availability to buy traditional money market mutual funds that hold commercial paper.

In response to Commissioner Hamilton's question of why even consider the commercial paper. Treasurer Manzanares said it may improve yield and deepen portfolio diversification.

Commissioner Hamilton noted that with commercial paper comes the question of the whether these are ethical corporations. Even constituents will have concerns in this regard. Environmental, Social, and Governance (ESG) is becoming more robust and measurable, stated Mr. Loucks. He sees ESG visibility as a good thing. In the past it was referred to as Socially Responsible Investing and was rather subjective while ESG is more measurable especially in terms of governance.

As far as ESG relates to commercial paper, Mr. Loucks said he has limited experience; it is just a different use of funds. Commercial paper could provide better yield than a government money market fund which is technically safer. The advantage reaching out to commercial paper in today's world is negligible.

Manager Miller asked whether it made more sense to open up the money market investing to those that hold commercial paper. She requested a copy of the County's current diversification table. At the end of the year, there was roughly \$100 million within money markets. That was a lot of money to be sitting in a market not making anything. A useful discussion may be moving into non-governmental money market funds. Mr. Loucks said based on his experience with money markets, government money market provided 1 basis point and money markets not restricted to government, around 3 or less basis points. He said it was just negligible. Non-stable value funds in a financial crisis could be troublesome. Different custodians offer different money market funds and that may be worth investigating.

Mr. Varela reminded the committee that they were restricted by state statute on money market investing. Higher yields require additional risks.

Commissioner Hughes expressed support for diversification.

Manager Miller recommended investigating the returns with local government money markets and then consider utilizing that pool for deeper diversification.

Manager Miller said she was not particularly interested in commercial paper at this time. She recommended improving the \$100 million investment in the money market.

Treasurer Manzanares said the portfolio balance sheet and schedule will be available at the next meeting and recommended continuing the conversation with more information on the LGIP investments.

#### **Portfolio Balance Sheet, Call Notices, Etc.**

Ms. Armijo provided the following information as of the end of June 2021:

- There are 39 operational accounts with a total of \$156,835,515.24
- GOB 2011 Series contains one account at \$2,055,273.12
- Housing has two accounts at \$4,026,887.79
- GOB 2013 Series has two accounts totaling \$3,628,693.40
- GRT 2019 Series has four accounts totaling \$9,693,288.10
- GOB 2018 Series has four accounts for \$9,063,903.79
- GOB 2021 Series has one account for \$20,522,169.71
- Core Portfolio has 33 accounts with a total of \$27,911,832.63
- The Schwab Account has 14 accounts with a total of \$29,878,977.77

Grand total at US Bank/Enterprise is 75 accounts with \$262,616,541.54

- 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 \$58,936,220.86
- UBS has five accounts with \$40,404,618.75
- BNY Mellon has four accounts with \$11,735,604.27

Total of various 53 accounts is \$117,269,561.69

Grand total of all accounts at the end of June was \$379,886,103.23

Mr. Varela reviewed the activities of maturing CDs and sales.

Finance Director Herrera noted that the County had received an audit finding because the value of a CD exceeded the \$250,000 FDIC insurance. Mr. Varela said they have corrected that issue and he was confident that finding would not be repeated. Manager Miller said she was pleased to hear attention was paid to addressing that audit finding.

#### **Other Business**

Treasurer Manzanares said she received an email from Deputy County Attorney Brown advising that the County participated in a class action lawsuit against Goldman Sachs & Company, LLC,


regarding price fixing of bond transitions. The outcome is that the Treasurer's office has been instrumental in assisting and assembling information for the claim and the County received a settlement of \$9,389.32.

### Adjournment

Following a motion from Manager Miller and second from Commissioner Hughes, the meeting adjourned at 4:50 p.m.

Approved by:

  
Jennifer Manzanarez, County Treasurer

Respectfully submitted by:  
  
Karen Farrell, Wordswork

SFC CLERK RECORDED 08/31/2021