

# **SANDOVAL TREASURER’S INVESTMENT COMMITTEE (STIC)**

## **REGULAR MEETING MINUTES**

2<sup>nd</sup> Floor Training Room – Sandoval County Administration Building

Tuesday, April 16, 2019 - 4:00pm – 5:00pm

### **1. CALL TO ORDER**

Meeting was called to order at 4:00 PM.

#### **Present:**

##### **Committee Members:**

Laura M. Montoya, County Treasurer  
Cassandra Herrera, Director of Finance  
Christopher Daniel, Community Member  
David Heil, County Commission  
Dianne Maes, County Manager  
Jennifer Taylor, Deputy Treasurer  
Larry Polanis, STO Treasury Controller  
Robert Bidal, Community Member

##### **Treasurer Staff:**

Holly Aguilar, Treasurer’s Office

##### **Committee Members Not Present:**

Mario Martinez, Community Member

**Other Members of the Public Present:** None.

2. **APPROVAL OF AGENDA** Motion to approve the April 16, 2019 agenda by Larry Polanis; Second by Commissioner Heil; All in favor; Motion carries.

### **3. APPROVAL OF MINUTES**

Motion to approve the January 7, 2019 minutes by Larry Polanis, Second by Cassandra Herrera. All in favor; Motion carries.

### **4. INTRODUCTION**

The Treasurer welcomed everyone and gave special recognition to the newest STIC committee member, Robert Bidal. She reminded everyone that the STIC agenda and minutes are posted on the website and that they have conducted the STIC meetings consistently for the past six years. They have had committed community members and she is happy to have Robert Bidal join as a part of the team. Treasurer Montoya then allowed Mr. Bidal and Christopher Daniel to share a little more about themselves and their expertise.

### **5. STATUS OF TREASURER’S OFFICE**

Treasurer Montoya brought two items of legislation to the committee’s attention.

- House Bill 429 is “an act relating to taxation, increasing the income limit for eligibility for a limitation on property tax valuation of a dwelling occupied by a person who is sixty-five years of age or older or disabled.” It allows for the Senior or Disabled Value Freeze to go up from \$32,000 to \$35,000. Senate Majority Leader Peter Wirth had the original idea of \$35,000 and Representative Rehm originally had the idea of \$50,000. The reason Representative Rehm had it

at \$50,000 is because he had a lot of retirees who are educated and had worked for the Sandia Labs or different military bases. Even though they have higher income levels, they're not getting an increase based on a consumer price index, yet their valuation of their homes are getting an increase. He was trying to figure out a way to help make sure he could continue to have the population that are elder, educated, experienced and involved in the community stay within the community.

The House Tax and Revenue Committee did not support this because \$35,000 is considered to be a good income for most of the rural communities; most people do not make \$50,000 in small rural communities and this would cause a huge discrepancy in the tax base and affect counties and cities negatively in rural New Mexico. When it was evaluated with Property Tax Division, they did an analysis of what number they would be at if they did the Consumer Price Index since the bill was passed in 1999. Their analysis came up with \$41,000. They knew that \$41,000 would not be good for the tax base. Treasurer Montoya worked with Representative Rehm to agree on a \$35,000 annual amount so that those who are right at the \$32,000 or right above that threshold, could still qualify. They also added the Consumer Price Index. It is going to be closely review to see if it works and if it becomes too high or has a negative impact, they will strip the consumer price index piece and keep it at the \$35,000. Currently Sandoval County has only 980 people who are on the Senior or Disabled Value Freeze at the income limit of \$32,000. The new legislation will not go into effect until the 2020 tax year.

- Senate Bill 473.
  - This was sponsored by Senator Rodriguez and relates to 6-10-10 NMSA. Within this bill they defined Investment Policy which is the similar to the Sandoval County Investment Policy; "supranational issuer" and "United States Government Sponsored Enterprises". Enterprises were also defined in this legislation as an effort to help newly elected Treasurers to understand what they can invest in.
  - There were also several amendments to Section G. This is only for the Class A counties and municipalities of 65,000 or more. It details what kind of investments you can have.
  - The Treasurer drafted an amendment that stated, "It shall be the duty of the Treasurer to bring amendments to the investment policy to the Board of Finance and obtain consent before such amendments take effect. The investment policy shall be reviewed at least every two years." This amendment was added because lobbyists felt that it wasn't clear enough in the body of that paragraph. "Charged with the supervision and control of the funds" was added back in because people didn't understand that it was already in 6-10-8 NMSA and Chapter 4 of the Duties of the County Commission. It was originally removed by the legislative drafters because it was not necessary to have in this section and made the sentence too long and awkward.
  - Treasurer Montoya also explained that they took out Section two of the bill because it wasn't relevant to anything anyone does in current time.
  - Investment options added in included supranationals; commercial paper rated A1 or P1, also known as "prime" quality"; and money market mutual funds.
  - The amendment in the State Treasurer's section, under the direction of the State Treasurer's Office, was to add in the same language for the Supranational issuer. They can already invest in commercial paper, corporate bonds and Money Market Mutual funds.

## **6. STATUS OF PORTFOLIO MANAGER/COUNTY INVESTMENTS**

Treasurer Montoya explained the status of the Portfolio Manager. She explained that Government Portfolio Advisors (GPA) won the bid and it was approved by the Commission on April 11, 2019 for the Treasurer to negotiate a contract with them. She is hoping to have the proposed contract approved by the Commission in coming weeks.

Treasurer Montoya stated that their goal is to always provide the Treasurer's Report by the 15<sup>th</sup> of every month. However they are still experiencing issues with the NMFA statements coming in late. The Treasurer's Affiliate is writing a letter to NMFA to see what is going on with their system.

The investment summary is included in the Treasurer's Report. The Treasurer went on to explain the outlay of the summary and how she has the investments separate from the bonds; they cannot be comingled in any way. They have almost \$500,000 in bonds. She reminded the committee that they have the Project Fund coming in that they haven't received yet but have put it in as a line item. She shared that she has the Economic Development Fund account and the Indigent account in two separate funds with both Wealth Management and in the LGIP (Local Government Investment Pool). Her Investment Policy does not allow her to directly buy or sell investments and therefore, the only option is to transfer matured assets to the LGIP, except for bond money.

Intel money that was invested into a CD was discussed.

Treasurer Montoya informed the committee that she negotiated a rate with the bank that was equivalent to current rates that would be calculated for the money in the Property Tax Payment account. This agreement would be from November 10<sup>th</sup> through January 10<sup>th</sup>. She has to distribute by the 20<sup>th</sup> of each month per statute. The 2.18% was negotiated from November 10 to January 20. They still get 1.25% rate for all interest bearing accounts. That means they made a \$150,000 in interest for those few months. For second-half tax season, she negotiated from April 10<sup>th</sup> through June 20 at 2.41%. Since April 20<sup>th</sup> is on a Saturday, it goes until the next business day.

Treasurer Montoya reported that she currently has about \$3.1 million dollars in the two Indigent accounts. The General Fund Account and Cash Management Account are both with Wealth Management as of right now. Anything that has matured since they lost the last Portfolio Manager has been placed in a Cash Management LGIP account.

Treasurer Montoya informed the committee that her office is required to attend the State Auditor's Audit Rule Training each year. She said that this year it was vibrant and energetic with the new state Auditor. Chief Deputy Treasurer Jennifer Taylor reported that there were 19 key changes made to the Audit Rule on February 4, 2019. State Auditor Brian Colon had went over those changes during the training which were briefly mentioned to the committee. Larry Polanis also shared a few of the Audit Rule changes that were key during the training as well as a short overview of PACE loans.

## **7. DISCUSS 2018 COLLECTIONS**

Treasurer Montoya went over the Tax Maintenance Report and stated that they have collected 59.14% so far this tax year which doesn't include the second half tax season and is right on target with what they have collected in previous years. AMI Kids have agreed to pay the county back what they owe for the last year. They already have the schedule set and are ready to go. The biggest thing Treasurer Montoya wanted to point out is the tax roll has increased by \$4 million dollars for the 2018 tax year. Larry Polanis also added that for the 2016 tax year, they've collected 99.1%.

Treasurer Montoya discussed the implications of HB 407 which negatively affects Assessor's and Treasurers that have a bond that has been approved before July 15<sup>th</sup> for the current election and current tax year. The Treasurer said that in regard to possible effects or consequences, to put it into perspective, 51,000 accounts come from their mortgage companies or Core Logic and similar entities; totaling \$30 million dollars just for the first half of tax season which is significant. If the tax bill has to be delayed due to this change in the law, taxpayers, mortgage companies, escrows and the entities that receive the distribution will all be affected.

#### **8. NEXT MEETING DATES**

Treasurer Montoya announced that GPA (Government Portfolio Advisors) will be in town and she would like to propose moving the next STIC meeting from Tuesday, July 16, 2019 to July 31, 2019. She asked for all committee members to check their calendars and let her know.

#### **9. NEW BUSINESS**

No new business discussed.

#### **10. ADJOURN**

Motion to adjourn made by Larry Polanis. Second by Commissioner Heil. All in favor; Motion carries. Adjourned at 4:57 p.m.