

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

## **REGULAR MEETING MINUTES**

2nd Floor Training Room – Sandoval County Administration Building

Wednesday, April 22, 2020 - 11:00am – 12:15pm

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

Meeting was called to order at 11:04 AM.

#### **Present:**

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

Laura M. Montoya, County Treasurer  
Jennifer Taylor, Chief Deputy Treasurer  
Katherine Bruch, County Commission  
Cassandra Herrera, Finance Director \*  
Christopher Daniel, Community Member \*  
David Heil, County Commission Chairman \*  
Dianne Maes, County Manager \*

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

Holly Aguilar, Treasurer's Office \*

##### **Portfolio Manager:**

Deanne Woodring, GPA, Portfolio Manager \*

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

Mario Martinez, Community Member  
Robert Bidal, Community Member

##### **Other Members of the Public Present:**

Rob Burpo, Sandoval County FA\*

\*attended the meeting virtually

### **2. APPROVAL OF AGENDA**

Motion to approve the April 22, 2020 agenda by Dave Heil; Second by Jennie Taylor; All in favor; Motion carries.

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

Motion to approve the January 30, 2020 minutes by Dave Heil, Second by Jennifer Taylor. All in favor; Motion carries.

### **4. INTRODUCTION**

Treasurer Montoya welcomed everyone present via WebEx meeting and introduced everyone who had joined in.

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

Treasurer Montoya discussed county financials including the 2019 property tax season and GRT. The Treasurer's Office has received several calls from their distribution recipients with concern regarding tax season, in particular hospitals. The Treasurer stated that her office has been tracking the comparison of this year's tax season with last year's tax season. Treasurer Montoya referred to the Property Tax Schedule Maintenance Report from March 2020. The overall taxes charged to the Treasurer for 2019 is \$131,633,005.04. The increase of \$11.8 million dollars is due to the hospital bond that was approved by the voters. It does not change the amount of collection to date which is 60% at the end of March 2019.

Treasurer Montoya explained the New Mexico Bank and Trust negotiation for an increased interest rate in the property tax payment account of 1.45% which resulted in approximately \$160,000 of interest earned for the first-half tax collection. The 1.45% rate is in effect until June 1, 2020 on all interest-bearing accounts with New Mexico Bank and Trust.

The county also has an account with Wells Fargo Bank in Cuba because that's the only bank that there is for their senior center to make their daily deposits. They've changed their analysis fees and rates without informing the Treasurer. The Treasurer emailed Chairman Heil to inform him of the increase as a signor on the account. The Treasurer transferred \$45,000 into the New Mexico Bank and Trust account so that they can earn at the 1.45 rate and left a balance of \$4,000 in the Wells Fargo account.

Treasurer Montoya advised the committee that she had been contacted by Larry Barker regarding the county's top delinquency list, in particular he was interested in Rio Rancho Land Partners. The Treasurer's Office is working with the Property Tax Division (PTD) to prepare the list for the 2020 auction. The Treasurer reminded the committee that an auction has to be completed annually. Due to COVID-19, PTD is teleworking and uncertain of the auction date.

Treasurer Montoya detailed the county bank accounts while explaining that there is a \$500,000 CD that was just purchased for CM and another CD in the amount of \$655,000 which was purchased over a year-and-a-half ago for Economic Development. Both CDs are part of the Investment Portfolio.

Treasurer Montoya reviewed the AMI Kids history on the Debt Service and Payment Schedule which broke down the amount that has been paid/what is expected to be paid since April 2018. The Treasurer also shared the bond reserve breakdown that included the transfer, which the STIC committee agreed to, of the AMI Kids Bond Reserve Investment account money. The remaining amount of money in the AMI Kids Bond Reserve account has been transferred to New Mexico Bank and Trust account. This is in preparation for lack of payment from AMI Kids in order for the county to have enough funds for the NMFA withdrawal the first week of each month. (attached spreadsheet)

## **6. STATUS OF COUNTY INVESTMENTS**

Deanne Woodring presented a market overview, including the effect of COVID - 19, portfolio performance and the strategic plan moving forward. There's been a major decline in interest rates. The portfolio is in great shape. There was a decline in yield. We expect low rates for possibly two years.

The Federal Reserve moved their rate to 0.25% immediately. Their response to this crisis was faster than in 2008. Congress has funded programs to support businesses and entities during this pandemic but several have still not been utilized to their full potential. The conversation is the same as it was before (in 2008) and that is how we manage to optimize the inflow streams for the county and balancing those risks in those portfolios.

Unemployment and inflation will keep the county down in yield. Unemployment numbers are the highest they've seen in history. We've never had weekly unemployment higher than a million people. The cumulative over the last three weeks was 16 million claims. That number is not only the cost for households but the cost for the government on supporting the unemployed. The other side of unemployment is the inflation projection (see attached).

Ms. Woodring also went over the comparison of the Federal Reserve rates now and the crisis in 2008. There are similarities in how our Fed fund rates have dropped which impacted the investments. When rates come down, the price of the bonds go up if you own them and the reinvestments come down if you don't. The market is not expecting any movement from the Federal Reserve in 2020 as the market is quiet. Therefore, we are projected to be low through the end of the year and into 2021.

Ms. Woodring went over the impacts of oil in the State of New Mexico. This state relies a great deal on oil revenue which means income on the state level will be significantly impacted. It then travels down to every organization within the state. The State is preparing by looking at the budget numbers to see how they will be impacted. The county will then have to wait to see how they are impacted and apply those same measures.

Maturity constraints: The county has 23% of the portfolio under 30 days. Everything the County has invested is currently under five years. The County policy reads eight years as maximum maturity. The longest maturity is at four years. The other constraint is with commercial paper. The County has commercial paper that are coming due in May 2020. There are two measures that were discussed which were effective duration and yields.

In regard to yields, we need to expect that there will be some yield deterioration as we reinvest in the market. The County's investment portfolio went from \$28 million at the end of the quarter in 2019 to \$37 million which mainly went into Treasuries and Agencies in the Cash Management account. Ms. Woodring also mentioned that as yields come down, prices go up. Some of the unrealized gain before December 31, 2019 was \$40,000 and at the end of the quarter it was \$368,000. That is how much the portfolio has appreciated.

Treasurer Montoya added that the County has a lot of liquidity; particularly with the funds in the bank account and the LGIP (Local Government Investment Pool). (we are getting a better rate at the bank at 1.45 until June than we can get in any investment at this time)

GPA is monitoring the portfolios against the benchmarks on a total return basis. We were spot on with duration this last quarter.

Ms. Woodring discussed the benefits of commercial paper in the Economic Development portfolio which the Treasurer began investing in December 2019. She reminded the committee that there is credit exposure in this portfolio with commercial paper which is a corporate debt. Treasurer Montoya added that she is thankful that the legislature got Commercial Paper, Supranationals and the Money Market Mutual Funds clarity passed earlier in the year. The Commission met in December 2019 and approved adding investments in commercial paper to their policy, which really helped the County two-fold. One, to get the rating they received in December before COVID-19; and two, to diversify the portfolio. It was also helpful that they were able to capture that before everything happened. Treasurer Montoya thanked everyone who assisted in making that happen.

Treasurer Montoya concluded the meeting after briefly reviewing the Investment Summary spreadsheet and Investment Fees Report that was included in the committee's packet. The Treasurer also mentioned that the County has a 3/12 general fund reserve requirement and a 1/12 road fund reserve requirement. At this time, \$5.77 million is required for the 3/12 reserve and \$558,129 is required for the 1/12. The County has \$24,098,000 in total in the General Fund/Cash Management portfolio. The county has not requested any funds out of the investment portfolio.

#### **7. NEXT MEETING DATES**

The next meeting is scheduled for July 22<sup>nd</sup> at 4pm.

#### **8. NEW BUSINESS**

No new business discussed.

#### **9. ADJOURN**

Adjourned at 12:01 p.m.