

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

## **REGULAR MEETING MINUTES**

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

Tuesday, January 23, 2018 - 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  
Linda P. Gallegos, Deputy Treasurer  
David Heil, Commission Chairman  
Christopher Daniel, Community Member  
Cassandra Herrera, Finance Director  
Larry Polanis, STO Treasury Controller

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

Victoria Romero, Treasurer's Office  
Jennie Taylor, Treasurer's Office

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

Don Chapman, County Commissioner  
Dianne Maes, County Manager  
Mario Martinez, Community Member

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

Paul Dickson, Vice President-Portfolio Manager, NMBT Wealth Management

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

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

Motion to approve the January 23, 2018 agenda by Larry Polanis; Second by Commissioner Heil; All in favor; Motion carries.

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

Motion to approve the October 17, 2017 minutes by Christopher Daniel, Second by Linda P. Gallegos. All in favor; Motion carries.

### **4. INTRODUCTION**

It was noted that County Commissioner David Heil was voted as the new Chairman at the last County Commission meeting.

### **5. STATUS OF COUNTY INVESTMENTS**

#### **Laura M. Montoya, Treasurer; Paul Dickson, NMB-T Wealth Management**

An overview of the accounts and a review of strategy were presented by Mr. Dickson. Some of the bonds in the 2020-2022 year maturity area are expected to be called well before maturity. The average duration of bonds has been about two years. The goal will be to reinvest these funds at a 2% minimum, perhaps in a two year Treasury. Two years is a relatively short portfolio and is suitable for the current market.

The Indigent Needs account has 12% cash and Treasurer Montoya wanted the current proceeds to rollover until after the Legislative Session. Near the end of the year, there will be approximately \$500,000 coming in.

The New Economic Development Incentive Account is a little less than one and one half year duration with about 50% in US Treasury Bonds and 50% in US Agency Bonds.

A portion of the Library Bond Fund has an April 2018 maturity. The other portion had a call date that was pushed out. It is not expected to be called but the cash is needed so it needs to be decided how and when to liquidate it. The Director of Finance said it is expected to be spent out by this May. The other option is to determine if a swap can be completed.

Treasurer Montoya is waiting to hear more regarding AMI Kids. This account may be used before GRT but this is County money in the account and not AMI money so the Treasurer will need to get confirmation in writing by the state board of finance and NMFA before doing anything. The Treasurer made a decision to leave 41.4% (\$+163,000) in a Money Market due to the conversations that occurred in 2017 4Q that this money may be used to supplement the rental income that AMI pays on a monthly basis. If we would have reinvested long term again as was suggested several years ago, it would be challenging to liquidate without a loss.

The items in the Bond Reserve account are not likely to be called. There is no need for cash out of this account at this time and the plan is to let the account shorten up to less than a two year duration.

The 2012 AMI Kids Maintenance Reserve account has a slightly longer duration at the direction of previous conversations with administration. It has been stated this money will not be used in the future and only saved as the reserve. When the cash portion hits 5%, it will be rolled into a security.

The *Significant Transactions* was reviewed. The \$1,900,000 that was moved to STO LGIP happened just before the last Board of Finance and does not show on this Significant Transaction list but the confirmation sheets were included for review.

The current strategy is closely aligned with the Investment Policy objectives. Yield to Maturity of the total portfolio is approaching 2.0%. Hopefully longer yields will start moving out and funds will continue to roll into short securities. We are limited to no more than 8 years final maturity to protect the portfolios from exaggerated price movements on changes in interest rates. The portfolio is significantly more secure on this front than restricted by policy. Constant maturities allow for continual reinvestments at hopefully higher rates over time.

The US Federal Reserve hiked rates in December 2017 as expected. Two additional rate hikes are expected this year, possibly even three, starting as early as March. Long rates are expected to move higher in 2018.

In looking at the US Treasury Actives Curve, it was noted that a two-year at 2% would be attractive and Portfolio Manager Dickson would recommend locking that in if that becomes available.

## **6. STATUS OF THE TREASURER'S OFFICE**

### **Laura M. Montoya, Treasurer**

Treasurer Montoya explained the current accounts. The AMI Kids Maintenance Fund only has \$91,000 and we were recently informed that the 2015 Library Bond is expected to be gone by May. The original discussion with the former county manager gave direction to invest after the library bond funds were not utilized immediately as was originally stated. The needs of the Indigent Fund cannot be predicted so it needs to remain short term due to possible changes in the legislature. Funds in the Economic Development Incentive Fund are expected to be spent so it needs to remain liquid which is why we placed a portion in the STO LGIP for one day turn around. As the funds coming out are utilized, the County will have a smaller portfolio.

Treasurer Montoya reviewed the Investment Portfolio Fee Report and noted the benefit to the county of the decrease of basis points on fees in comparison to 2013. It was also noted that the percentage basis points of investment fees was decreased when Wealth Management took over the entire portfolio.

Treasurer Montoya reviewed the County of Sandoval Letter of Credit. The County is fully collateralized at a total of \$110 million. Having the Letter of Credit is easier to manage and the County is able to redeem funds within 24 hours. It also helps the bank that they do not need to maintain 102% collateralization.

Lockbox processed over \$20 million in tax payments. Treasurer Montoya mentioned that she wanted to consider a 30 day T-Bill during tax season and would need to calculate the timing needed for the busy November and December months with the date of distribution.

Treasurer Montoya reviewed the *STO Outreach Collections* handout. In 2014 there were 53 accounts paid for a total of \$16,085 and in 2017, there were 213 accounts totaling \$105,021. This has been a beneficial program, especially in our rural communities and for our most vulnerable in our community.

Treasurer Controller Polanis reviewed the *Statement of Debt*. Intel is ending in three years and is the largest bonded debt. The final payment due is in June 2020. The \$6.5 million Energy Efficiency Lease Program was discussed. The goal is to save significantly on energy costs. The plan is to pay the debt service of this bond from energy savings. After 20 years, the County will own the equipment and there will be an even greater benefit for taxpayers.

## **7. STATUS OF 2017 COLLECTIONS**

The Tax Schedule Maintenance Report reflects a 95% 10 year collection rate which is a ¾% improvement over the same time last year. 2017's current collection so far is 56.72%, which is a full 1% above last year. This percentage is only a reflection for the current time of year and not a reflection of a full tax year. Polanis thanked the staff and taxpayers both.

Taxpayers are able to pay property taxes through the phone system in English and Spanish. Approximately \$6.5 million was paid using IVR, Web and POS. The increase in online services is useful for the taxpayers and helps keep labor low.

**8. 2018 MEETING DATES**

The upcoming STIC meetings will be Tuesday, April 17, 2018, July 24, 2018 and October 16, 2018.

**9. NEW BUSINESS**

The Board of Finance meetings will be the second Thursday in the month after STIC meetings occur which will be Thursday, February 15, May 17, August 16 and November 15. Treasurer Montoya will be working on a Banking RFP and an Investment RFP and has stated she wants to keep them separate.

**10. ADJOURN**

Meeting adjourned at 5:02 p.m.