

SANDOVAL TREASURER'S INVESTMENT COMMITTEE (STIC)

REGULAR MEETING MINUTES

2nd Floor Training Room – Sandoval County Administration Building
Wednesday, January 9, 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
Christopher Daniel, Community Member
Cassandra Herrera, Director of Finance
Dianne Maes, County Manager
Holly Aguilar, Treasury Accountant
Larry Polanis, STO Treasury Controller
Mario Martinez, Community Member

Treasurer Staff:

Jennifer Taylor, Treasurer's Office

Committee Members Not Present:

Katherine Bruch, County Commissioner
Dave Heil, County Commission Chairman

Other Members of the Public Present:

Robin Hammer, County Attorney

2. APPROVAL OF AGENDA

Motion to approve the January 9, 2019 agenda by Christopher Daniel. Second by Mario Martinez; All in favor; Motion carries.

3. APPROVAL OF MINUTES

Motion to approve the October 16, 2018 minutes by Cassandra Herrera. Second by Larry Polanis. All in favor; Motion carries.

4. INTRODUCTION

Treasurer Montoya introduced Holly Aguilar, who was present in place of Linda P. Gallegos, who is now serving as the Sandoval County Assessor. She also stated that one of the newly elected County Commissioners, Katherine Bruch, and County Commission Chairman Dave Heil had informed her that they would not be able to attend.

5. STATUS OF THE TREASURER'S OFFICE

Laura M. Montoya, Treasurer

Currently, the office does not have a Portfolio Manager. In December, the commission voted against the proposal (3-2) to move forward with the process of obtaining a new Portfolio Manager. The Treasurer and Chairman Heil tried to explain the repercussions to the commission which includes the possibility of having to redo the entire procurement process. The Chairman also reminded the Commission that anyone who voted against it still had a chance to make a motion to support it. Unfortunately, no motion was made.

Per the investment policy, the Treasurer cannot directly buy or sell which is why it was important to have a Portfolio Manager in place. New Mexico Bank and Trust Wealth Management will not invest anything on Sandoval County's behalf after changes were made to the IP requiring a RIA. Anything that has matured in this last quarter has been transferred over to the State Treasurer's Local Government Investment Pool (STO LGIP).

The finance director reminded the Treasurer that they may have to go back out to RFP for the procurement compliance. The Treasurer stated she had been advised by the county attorney that they would be able to simply place it back onto the agenda. The Treasurer stated that they will have to determine what the correct way to do it moving forward is and she will accept whatever advisement.

The Letter of Credit was reviewed. The Letter of Credit is a one year collateral report to confirm county funds are collateralized. Member Christopher Daniel asked if NMB&T no longer had to collateralize any of their accounts and questioned if there is a fee at the expense of the county or bank. Treasurer Montoya clarified that the Letter of Credit is used for funds on the banking side and investments are invested on the Wealth Management side. We still pay the basis points according to the agreement based on the dollar amount of funds within the account each month. She and Larry Polanis went on to explain the process of how the fee is assessed which is a minimal cost (Investment Fee Report).

Treasurer Montoya stated that they had worked the Unclaimed Property for the entire county and collected \$13,364.00. That money went back into the General Fund in December 2018.

The Treasurer was excited to announce that she invested money from the Property Tax Payment Account after a negotiation with the bank. During the property tax season from November 10th-December 10th, they were able to negotiate the rate of 2.08% with the bank from November 10 to January 10. With that, it's expected to earn an additional \$143,951.39 that will go toward general fund. This is money that the county did not budget for but rather something the Treasurer negotiated with the bank this year for the first time.

In addition, today, the county received the \$9 million dollar Incentive Bond money that we were going to put into the LGIP. There is an \$8.4 million payment due on June 1st and another small payment due December 1st. The Treasurer wanted to invest funds in a CD but the bank can only invest three months, six months or a year. The Treasurer was able to negotiate the six month CD rate for the \$8.4 million at 2.35% and a twelve month CD \$752,000 at 2.45% based on rates that were posted on the State Treasurer's website. That is significant money coming in that was not budgeted. That prevents having to place it in the LGIP and then timing it perfect to transfer it back to the bank quick enough to make the payment on the designated dates.

6. STATUS OF COUNTY INVESTMENTS

Laura M. Montoya, Treasurer

Treasurer Montoya provided the committee with the December 2018 Investment Accounts Summary. The Sandoval Bond Reserve Account, the 2012 AMI Kids Bond, AMI Kids Maintenance Fund and the 2015 Library Bond are items that cannot be commingled. The 2015 Library Bond is closed and must remain on the summary for the current year.

The next item listed is Economic Development. They have some money in Wealth Management and the other portion of that money in the LGIP. Both are doing well with earned interest. Something that the Treasurer would like to work on with the new Portfolio Manager is consolidating the Sandoval General Fund Account and the Sandoval Cash Management accounts. The Sandoval Cash Management LGIP was opened last quarter for money that had matured in those two accounts that needed to be reinvested which was almost \$700,000.00. The other two are the Indigent Account which has \$2.1 million in the Wealth Management and another \$952,000.00 in the LGIP with the direction that the money is expected to be used by this year. All of the investments portfolio totals \$18,516,792.24.

Treasurer Montoya wanted to remind the committee of an important conversation they had pertaining to the Bond Call. There are several questions considered when getting your bond rating. (How much money do you have? Do you expect to use a lot of it in the future? How do we get your rate higher?) Pension is a big issue and the legislature already has some bills that are coming out with pension reform. If they use the Economic Development money and the Indigent money by next year, that in itself is \$6 million. When you subtract that from the \$18 million, there really

isn't a lot of money. County Manager Maes stated that she didn't anticipate them using the money that quickly. Treasurer Montoya said that was good information because when they were told to invest the money, it was told to be short term and that the money would be used in the first two years. That means we could be making a higher rate of a return if we can invest it a little further out. There has been several maturities in the last year because it was advised that the money was going to be needed quickly. County Manager Maes said that they need to figure out a way to reinvest and create a revenue stream from it. The Treasurer asked for the County Manager to let her know how much money is expected to be used this fiscal year to develop a cash flow analysis.

Treasurer Montoya reminded the committee that the AMI Kids contract that the commission agreed to and got approved by DFA is ending soon. The Treasurer stated she will have to liquidate a portion of what's in that investment account to accommodate the last two payments. She stated she wants to ensure that AMI Kids and the county are not put in a bind.

Treasurer Montoya reviewed the Investment Portfolio Fee Report. Christopher Daniel questioned where the fee for NMB&T falls. Larry Polanis explained that the fee falls under "Assets under Management" according to the current contract. Treasurer Montoya advised that she is unable to invest directly as her investment policy does not allow it. In order to have diversity, the Treasurer didn't want to liquidate monies at Wealth Management but instead is waiting for the commission to consent a Portfolio Manager. Treasurer Montoya and Larry Polanis went on to answer questions from the committee in regard to the LGIP and moving over investments once the new Portfolio Manager is hired.

7. DISCUSS 2018 COLLECTIONS & AUDIT

Larry Polanis, Sandoval County Treasurer's Office

In regard to the 2018 collections rate is 56.83% which is consistent with what they have done in previous years after first-half tax season. At the end of January, anyone who is delinquent with real property of the 2016 tax year, will be sent to the state. The county will lose the penalty and interest that otherwise would've been attained by the county. They are a hair short of 99% for the 2016 collections. Member Polanis explained that every January they will run a tax file on taxpayers who are delinquent. In particular those who are delinquent for what will be more than two years at the end of June 30th. We make one last attempt before we turn them over to the state to get as much money back to the county. Looking at 2017, we are doing well with a collection rate of 98.10%. Treasurer Montoya included that their tax roll increased this year from last year.

Larry Polanis also wanted to mention that in the last three or four years, after the reappraisal process with the Assessor's Office, it looks like they are keeping their adjustments down; much lower than they were before. Treasurer Montoya stated that they are planning to have another auction in the first or second quarter of this year. Hopefully that will be a chunk of money that will get those delinquent accounts off their books. They will be working the delinquent list Larry had referenced and sending out the *Oops* postcard to remind taxpayers who may have forgotten to pay their taxes. They will also send a delinquent letter right before the June deadline. They may even try to use a robo call to get a hold of taxpayers.

Treasurer Montoya also pointed out the Lockbox transactions listed on the handout the committee members received. She clarified that they also pay the bank and analysis fee for the Lockbox they utilized during the tax season and that helps them to not have to hire new staff for two or three months to process tax payments.

8. DEBT SERVICE/BONDS DISCUSSION

Larry Polanis, Sandoval County Treasurer's Office

Larry Polanis explained his system in paying the debt service payments. A spreadsheet was provided to the committee which showed the scheduled payments for 2019-2020. He stated that he has to plan at least a year or two ahead to ensure that he is able to provide the payment amounts for debt service to the finance department. He provided details from the spreadsheet which goes by payment date. They have the bond issues, revenue bonds and

GO bonds (General Obligation Bonds). Included are the totals indicating who they are paying, source of payment and maturity dates. Gleefully, they can look at February 1, 2019 for the 2012 GO Bond and see there is nothing to pay. On August 1, 2019, we will pay off the 2011 GO Bond and the 2000 Placitas Homestead Bond. He also showed the payments for all the NMFA Fire Loans and Equipment Loan with Curry County. He mentioned that the Environmental Loan will be added to the debt payment schedule the next time around but that will be a one-time payment in February. He explained the importance of having the debt service schedule available so that the finance department can plan the budget. The Treasurer stated in regard to the Placitas Homestead Bond, if there is money left over, they will need to determine what to do with it. Suggestions were made to lower the mill levy for those people in that area and tax year so no refunds will have to be made. Additional comments were made by Larry Polanis in regard to the Placitas Homestead Bond and the benefits of having the debt payment schedule in place to ensure the payments are made on time.

In regard to the Audit, it was completed on time. It's been released and the Treasurer's Office is expecting the final documents. The Treasurer's office had no audit findings to report. The audit was the best one they've had in the last six years. There was nothing critically serious. The Treasurer is hoping that once the auditors come in to make the presentation to the County Commission that they will get a press release that shows the taxpayers that the money in Sandoval County is accounted for.

9. NEXT MEETING DATES

Treasurer Montoya stated that she is waiting for a new Portfolio Manager to accommodate their scheduling as it relates to future meetings. Therefore, she will wait to email the committee members until then. She did remind everyone that the next Board of Finance meeting will take place next February 21st.

10. NEW BUSINESS

No new business was discussed

11. ADJOURN

Motion to adjourn made by Mario Martinez; Second by Christopher Daniel; all in favor; Motion carries. Meeting adjourned at 4:50 p.m.