

SANDOVAL TREASURER’S INVESTMENT COMMITTEE (STIC)

REGULAR MEETING MINUTES

1st Floor Conference Room – Sandoval County Administration Building

Thursday, January 30, 2020 - 4:00pm – 5:00pm

1. CALL TO ORDER

Meeting was called to order at 4:01 PM.

Present:

Committee Members:

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

Treasurer Staff:

Holly Aguilar, Treasurer’s Office

Committee Members Not Present:

Mario Martinez, Community Member

Portfolio Manager:

Deanne Woodring, Government Portfolio Advisors

Other Members of the Public Present: None.

2. APPROVAL OF AGENDA Motion to approve the January 30, 2020 agenda by Dave Heil; Second by Robert Bidal; All in favor; Motion carries.

3. APPROVAL OF MINUTES

Motion to approve the October 23, 2019 minutes by Dave Heil, Second by Robert Bidal. All in favor; Motion carries.

4. INTRODUCTION

5. STATUS OF TREASURER’S OFFICE

Discussed legislation and its impact on the Treasurer’s Office and Sandoval County. The delayed tax season has also affected investments. Treasurer Montoya then highlighted a couple of points within the STO Data Report. The auction in September 2019 brought in \$378,000, Sandoval County keeps all the principal; penalty and interest stays with the state. So far, the state has been paid \$175,000, which is minimal compared to previous years. The Treasurer’s Office works diligently to keep penalty and interest within the county by working with tax payers on making partial payments if they’re undergoing hardship. Their Web, IVR, and Point-of-Sale (POS). POS is receiving credit card payments in person, web is where tax payers can make an online payment, and IVR is the phone system (both English and Spanish), where tax payers can call in; Sandoval County is one of the few counties that has an IVR system. Treasurer Montoya

highlighted the amount of money between IVR and Web in order to showcase the true comparison of where the County was when Treasurer Montoya began her administration before POS was available versus today. The next number shown of \$6.9 million is a combination of all three systems utilized in the Treasurer's Office to collect payments. This is significant because utilizing technology in this form allows us to keep our staff at the current level even though the tax bill has increased. The Treasurer's Office has already brought in \$1.5 million just in January due to the delayed tax bill with IVR and POS payments.

With the Outreach program, a comparison was shown between last year and this year and so far, the number collected is already \$228,000 for outreach alone. One of the Tax Researchers, Cynthia Saiz, goes to community centers in different counties to collect property tax payments from tax payers so they don't have to drive into Bernalillo.

The final update is from Lock Box. The prior year was around \$20 million; this year it's \$21.3 million so far. The Lock Box has been completed and there was a marked increase in not just the dollar amount, but in the credits and debits; it's very similar to last year. Batch payments show around \$25 million that comes in from the large batch amounts to the Treasurer's Office. Batch payments come from the mortgage companies with escrow. Last year Treasurer Montoya worked with the bank to get a higher interest rate on the interest-bearing accounts. With the new bank contract was put into place two years ago, the contract allowed for the fed-fund rate minus one for interest-bearing accounts. Currently it's around 0.75. In the property tax payment account, she requested for it to be higher at the same amount of what a treasury was and also comparing it with LGIP at the time. Due to this request, last year the County made around \$179,000. This year, knowing that the tax bill was going to be delayed but knowing that taxpayers are used to paying their tax bill in late November/early December, The Treasurer requested that the county have the rate from November 15 through February 20th at the rate of 1.727, and that's including the -5 basis points. The 5 basis points was the negotiation of cost that was similar to what they pay in the LGIP account. For November, they only received \$1400. In December it was \$28,000. In January it's been \$77,000. Another big amount will be there in February, once it's complete on the 20th. They will have more money earned in interest than last year, even though the interest rate was not higher than last year's when it was around 2.43.

Chairman Heil and Treasurer Montoya met last week to discuss how to bring in additional income. She also spoke with the Finance Director, Cassandra Herrera, to get some direction. Treasurer Montoya is seeking the advice of the committee to determine what is needed within the month and the quarter, to get a breakdown by each account and then determine general fund investment options. Treasurer Montoya spoke with Portfolio Advisor Deanne Woodring to find out an approximate look on how much that would bring in at the interest rate of .75% and depending on the amount it's close to around \$150,000 per year. Chair Heil asked what the cost is to Sandoval County to which Treasurer Montoya responded that according to the signed contract, it is \$1,917 per month on \$20 million. They are above the \$20 Million amount so there is a flat fee of \$23,000 per year to provide the full scope of services and to manage the dedicated portfolio listed in the scope of services. If the County adds other funds, an additional fee may be assessed over the life of the contract, not to exceed 15 basis points applied to the asset value of the new proceeds.

Treasurer Montoya noted that everyone on the committee was working together on different ideas and suggestions for the investments, working hard to learn the portfolio and learning how to make the most interest and diversify the portfolio with safety at the forefront, keeping in mind both liquidity and yield; a lot of the money they're currently bringing in is not money that is recurring. The \$9.1 million that was

invested last month was put in a money market account but they were unable to do the commercial paper until this month. That was diversified into three different buckets.

Chairman Heil asked to talk about some of the accounts, specifically the Project Fund account and what is included in that. Cassandra explained that is all the bonds and loans. The Treasurer, Finance Director, County Manager and Chairman are going to review the accounts more closely to see what can be done with the money in these accounts that have money that can be invested. Direction from the Directors to see when they'll be using their funds to see exactly what is available to be invested and when monies need to be available easily so the Treasurer knows what she can invest. The Committee discussed the account for the landfill and what they can do to try to have its own account to earn interest on the funds set aside for it. There is going to be more discussion on this matter, but Treasurer Montoya feels that separating the account and doing a 1-3 year investment would be in the County's best interest.

Treasurer Montoya has requested to have a spreadsheet made available to her showing what is going out each month so that can direct her in the investments to try to earn greater return on the County's funds. Director of Finance expressed concerns that the numbers vary so she is hesitant to give firm numbers in case the money is needed and unavailable. She also noted that the DFA quarterly report needs to be separated and expressed the importance of doing a budget resolution every time money is moved; it's required as 'permission' from DFA. The journal entry is the backup for the budget resolution to include it into the quarterly report; the Department of Finance has been receiving the journal entries in arrears. The money in the Project Fund account will go into the Bond Investment Fund. Deanne will meet with the Finance Director to go over each account.

6. STATUS OF COUNTY INVESTMENTS

Deanne will continue to go over the fees with Treasurer Montoya to ensure transparency. She also talked about market rates, how they're expected to come down and trends are showing that's correct. Most of the additional money that's been discussed will be invested around 1.5%. Factoring in what economists are predicting with the growth in the overall economy and inflation projection. The more GPA understands the purpose of the funds, the better able they are to give advice on where the monies should be. Economists projecting fairly flat continued growth into the year. One outside factor that could contribute to that changing is if inflation begins picking up. So far it's been quiet overall and unemployment has been really low. Since they're going into an election year, it could change, but Deanne is expecting the rates to stay around 1.75 and 1.25.

The last page in the presentation is looking at the prediction of rates. They are very flat projections. They're making every dollar the County has without taking on risk. \$9 million of commercial paper has been invested. The VA is going to have its own cemetery in Sandoval County and they will need \$2 million for this project. MetLife, Toyota and Nestlé are those that have been invested in, which are all rated A1/P1 and 12 basis points have been added over the US Treasury.

Treasurer Montoya highlighted the portfolio is at the largest amount in seven years. Overall, they're above the benchmark and doing well on interest earned and we are saving money on monthly investment fees.

In regard to LPL Financial – 4 statements came in as part of a legal settlement with funds that came in from the previous financial advisors management. The total amount is \$2,008.07. These go into the library bond, the bond reserve, the NM PILT, and the AMI Kids. The Finance Department and Holly will work together on the allocation and reporting of the funds.

7. NEXT MEETING DATES

February 20, 2020 is the next Board of Finance meeting at 5:00 pm; Wednesday April 22nd is the next STIC meeting.

8. NEW BUSINESS

No new business discussed.

9. ADJOURN

Motion to adjourn made by Robert Bidel. Second by Chair Heil. All in favor; Motion carries. Adjourned at 5:10 p.m.