



SANDOVAL COUNTY INVESTMENT COMMITTEE (SCIC)

REGULAR MEETING MINUTES

Commission Chambers – Sandoval County Administration Building

April 26th, 2022 –3:00-4:00PM

Due to the Coronavirus (COVID-19) Emergency declared by Governor Michelle Lujan Grisham and the limit on the maximum number of persons gathering, except for essential functions, the Sandoval Treasurer Investment Committee Meeting was closed to the public. The meeting was made available via WebEx for committee members.

1. CALL TO ORDER

Meeting was called to order at 3:00 PM. Roll Call:

Present:

Committee Members:

Jennifer A. Taylor, County Treasurer
Jessica McParlin, Deputy Treasurer
Holly Aguilar, Treasury Operations Manager
Cassandra Herrera, Director of Finance*
Kelly Wainwright, Community Member
Robert Bidal, Community member
Katherine Bruch, County Commission
Christopher Daniel, Community Member
David Heil, County Commission

Treasurer's Staff:

Michelle Sandoval, Senior Administrative Assistant

Portfolio Manager:

Deanne Woodring, Government Portfolio Advisors
Garrett Cudahey, Government Portfolio Advisors
Rashad Masari, Government Portfolio Advisors

Committee Members Not Present:

Wayne Johnson, County Manager

***Appeared Virtually**

2. APPROVAL OF AGENDA Motion to approve the April 26th, 2022 agenda by Deputy McParlin;
Second by Robert Bidal; All in favor via roll call vote; Motion carries.

3. APPROVAL OF MINUTES Motion to approve the January 25th, 2022 minutes by Robert Bidal; Second
by Commissioner Heil. All in favor via roll call vote; Motion carries.

4. STATUS OF THE TREASURER'S OFFICE

Treasurer Taylor started off with the current vacancies in the Treasurer's Office. Since March 2022 two positions in the Treasurer's Office have been filled. Jamita Gachupin is the new accounting specialist and Alberto Chaidez is a new Tax Researcher. There is still a tax researcher position open and a tax researcher senior position open. There will also be a Senior Administrative Assistant position opening shortly. Due to insufficient wages offered by the County it is difficult to recruit keen candidates.

Treasurer Taylor announced that the State of New Mexico has approved the destruction of 300 boxes that have been sitting and occupying space in the basement. It was a year long process of constant rejection from the state but was finally approved and public works will be moving forward with the destruction March, 9th 2022.

The current New Mexico Bank & Trust balances are, \$49.2 Million in the General Fund, \$ 5.7 Million in the Tax Payment and the total for all is currently, \$ 68 Million dollars.

We are currently preparing to go into RFP for Banking and Depository Services in June. Current contract with New Mexico Bank and Trust will expire May 31, 2022. RFP is to be reviewed by procurement and legal to ensure posted first week of June. NMBT has extended the contact until RFP process has been concluded to ensure current interest rates and collateralization of Letter of Credit at \$110 million dollars.

Chief Deputy McParlin stated the delinquent friendly reminder was sent out on March 21, 2022 and they were effective. The list was created mid. Feb and was sent to anyone with previous balance. The Office was inundated with calls about the balance and help in collection efforts and helped discover an issue with New Mexico Bank and Trust Lockbox Services that processed 1st half payments that we misapplied. This helped to research and ensure moving forward this will not happen again. Upon talking with NMBT they are still conducting research and are still unsure what the root cause was.

Currently “knees deep” processing 2nd half tax property payments. Very happy to have new Tax Researcher Alberto Chaidez to learn hands on. As soon as processing is finished a new list will be generated to send delinquent reminder in line with the State Statute mailing date of June 10th. Then we will move on to create the State Auction list for properties delinquent two or more years. These properties will be assessed a \$125.00 cost to state fee and will be subject to State auction held by the State of New Mexico Property Tax Division.

Treasury Operation Manager, Holly Aguilar presented the Tax Maintenance Schedule coming into the 2nd half of tax season, we have already collected more than half of our 2021 taxes. As of March 31st, our collection rate was at 60.98 for 2021 and 94.97 for the past 10 years. The friendly reminder helped our collection efforts as by the end of March our collection rate generally averaged around 59.6%. For the debt schedule our largest payment this month was for the 2018 Detention Center loan only two more large debt services payments to make this FY for 2016 PILT refunding loan and 2016 GRT loan.

Before moving on the Status of the County Investments Treasurer Taylor wanted to note that Mr. Christopher Daniel was present and added to the attendance roster.

5 & 6 STATUS OF COUNTY INVESTMENTS

Treasurer Taylor moved on to the status of County Investments handing it over to Holly Aguilar. Aguilar started with the Investment Fees report reflecting that fees have increased due to an increase in the amount we have invested. Holly then moved on to the Investment Account Summary report indicates a total of \$36.3 million invested. Holly then turned in Investment portion of the meeting back to Treasurer Taylor. Treasurer Taylor was happy to announce that we had portfolio manager, Deanne Woodring, Garrett Cudahey, Rashad Masari were in person to present.

Deanne started turned the presentation to Garrett to discuss the Market Overview and background to support what’s happening with the portfolio. Garrett started the conversation with how many 25-basis points fed rate hikes are priced into the market thru calendar years 22,23,24 &25. Garrett commented on a tighter than expected labor market despite have 7 million less people employed today than pre-COVID also, non-stop inflation due to the Russian invasion on Ukraine and the lock downs in China that are larger today than they were during COVID which is upsetting the shipping and goods sectors. As soon as there is progress it evades us. The Feds must act and they do so by raising interest rates to tighten up the economy to the point where demand slows. Retail sales have slowed to a stand still & housing is facing challenges as interest raise in two months’ time. Garrett said we could expect the Fed to hike 50 basis points by May there has not been a hike that large since the 90’s. Mr. Christopher Daniel interjected with a question about the Y axes on the chart that goes up to 14 and what it’s representation was. Garrett explained it the number of 25-point basis hikes priced in the market. Garrett then went on to point out the market expects hikes very rapidly in the next six to nine months and then decrease to accomplish mission and

slow economy. He then points out this is great news for our portfolio, if we didn't go through this readjustment we would never earn anymore earnings on our invested dollars. Looking at the 2, 3- and 5-year yields which is where we invest they increased, the largest monthly and quarterly increase since the early 80's, while painful sets the stage for future returns. We started with historically low levels after COVID notable about a year ago, the two-year treasury note was only 9 basis point to today at it's about two and half. Mr. Daniels had another question about the chart and what maturity was the chart at. Garrett explained it was the broad Treasury market or duration of average maturity. Garrett went on to a chart that explains where we are in the market today. Garrett concluded with the backdrop of the market before proceeding into the portfolio. With no questions, Deanne took over with the structure of the portfolio as they stated reporting on the total assets for the County, looking at both cash and investments as assets have been growing over the past four years. Bank balances and CD's were at \$61 million as of quarter end, investment components were at \$34 million. Historically those two numbers are always reversed, it's a good thing at this time they are not, plenty of liquidity. Deanne pointed out the combined yield on those two portfolios and the attractive rate we have with the back at .35% which is not looking so attractive today as we can get that very easily in the market. The overall earning yield in the portfolio is .53% and the overall duration is the number that they look for risk is well under a year at .69, the opportunity to add in this market is very attractive. Overall bank deposits represent about 62% of the portfolio, heavily weighted through Treasuries at 27% on the investments and the rest has a little bit on the agencies. At this point, Mr. Daniels asked a question as to what the difference is between the book yield and the market yield? Deanne went on to explain that the book yield represents where you purchase the securities and the market yield is where you would be purchasing them today if you could purchase them again, which reflects where the current yield on the portfolio would be. Mr. Daniels also where what "SAND" on the slide stand for, Deanne explained they can't fit Sandoval County but that is what it stands for. Deanne then went to break down the portfolio starting with Economic Development in the liquidity component as well as the investment component which always leaves cash balances for any projects excess is invested is a zero to three year currently 1.4 Book Value, book yield @.79%, AMI Kids is in two small buckets as those are required to be separated one a little longer in two-year investment and then other one zero to three years. Capital projects is all at the bank, no investments as that's a segregated portfolio. Cash Management is pooled assets all together the investments were just increased by \$10 million up to \$30 million with a book yield at .89%. As maturities come due and we continue to reinvest we expect to see that roll up really quickly. Garrett interjected to state he was very excited about the investment strategy as the investments mature will be will adding 30 to 40 basis points a year with the cash management portfolio. Deanne presented the compliance report as stated everything was complying. Going on to historical balance GPA started to add not only the invested but liquidly. When looking at the strategy review it's a lot of information and detail of each account. Deanne stated she like to look at the trend and give a good picture of what's happening. Rest of the presentation were slides of overview for liquidly and core and balance of portfolio. Garrett went back to slide 14 to state we went through the worst quarter in bond history and what we planned worked very well. Deanne then stood for any questions. Treasurer Taylor thanked the GPA team for their guidance and requested a motion to adjourn.

6. ADJOURN Motion by Mr. Daniel, second by Deputy Treasurer McParlin: Meeting Adjourned by Treasurer Taylor.