

SANDOVAL TREASURER'S INVESTMENT COMMITTEE (STIC)

REGULAR MEETING MINUTES

Sandoval County Treasurer's Conference Room

October 1, 2014

1. CALL TO ORDER

Meeting was called to order at 4:00 PM.

Present:

Committee Members:

Laura M. Montoya, County Treasurer
Larry Polanis, STO Treasury Controller
James Dominguez, Community Member
Joe "Skip" Kruzich, Community Member
Don Chapman, Commissioner

Treasurer Staff:

Judi Walker, STO Deputy Treasurer
Trish Greene, STO Accounting Supervisor

Committee Members Not Present:

Linda Montoya Roseborough, Chief Investments Officer, Office of the State Treasurer
Mario X. Martinez, Community Member
Phillip Rios, County Manager

Portfolio Managers:

Paul Dickson, Vice President-Portfolio Manager, NMBT Wealth Management
Sheila Duffy, Director-Investment Advisory Services, Public Trust Advisors

Sandoval County Residents:

Carol Dooley, Taxpayer
Jean Montoya, Taxpayer

Other Members of the Public:

Rob Burpo, Sandoval County Financial Advisor

2. APPROVAL OF AGENDA

Motion to approve the October 1, 2014 agenda by Kruzich; Second by Dominguez; All in favor;
Motion carries.

3. APPROVAL OF MINUTES

Motion to approve the July 23, 2014 regular meeting minutes by Polanis; Second by Kruzich; All in
Favor; Motion carries.

4. STATUS OF THE TREASURER'S OFFICE—Laura M. Montoya, Treasurer

Audit –The Treasurer's Office portion of the audit has been completed and all items were turned in on time. Judi Walker was the main contact for the Treasurer's Office. Antonio Corrales, liaison for the County, assisted with the same controls for the entire County and placed the data requested onto a secure portal. Treasurer Montoya expects that the same findings as in 2013 will be on the 2014 Audit Report; she expects to have resolution for next year's report after having a clear discussion with the Auditor.

Investment Policy – There is nothing new to report since last quarter’s meeting. It has been turned into the County Manager in February. Treasurer Montoya was told to expect comment on it after the new County Financial Advisor’s contract took effect in April. Nothing has been received, including the independent third party review of assets to be completed by the County Financial Advisor.

FIS – FIS is the Treasurer’s contractor used for online payments. The office is adding “Point of Sale” as another feature for taxpayers and is expecting a completion date of November 1st for the installation of the card readers at the windows. Convenience fees will remain the same as those currently being charged for online payments. Treasurer Montoya was able to negotiate debit transactions with a fee payment of \$3.95 or 2.39% of the total.

Budget Balances – Due to a software error during the conversion to Tyler software the Finance Department and Treasurer’s Office have had different beginning fund balances for several years. The Tyler representative, Finance Director and Treasurer’s Office staff have found the errors and adjusted accordingly. The Finance Director and this office will document the detailed recollection of the problem.

Auction – Property Tax Division (PTD) conducted an auction earlier today for the County. There were 79 accounts on the list: 17 were paid in full prior to auction; 5 accounts were removed by PTD as uncollectable and 57 sold at a total of \$104,600.

Bonds – The Library Bond has been liquidated and placed in an account at New Mexico Bank & Trust where it is earning 20 basis points until the money has been spent. After speaking with Bond Counsel, Treasurer Montoya confirmed it best to place the funds in an account segregated from the General Fund. There are four County bonds on the November ballot. Treasurer Montoya stated that not only will this office be collecting those taxes should the bond issues pass, but also work on future investment portfolios. She believes that is important to have all necessary information to make an informed decision when voting. Treasurer Montoya reviewed the bond flyers from the County and the flyer her office created.

5. STATUS OF COUNTY INVESTMENTS – Laura M. Montoya, Treasurer; Paul Dickson, NMBT Wealth Management; Sheila Duffy, Public Trust Advisors

Treasurer Montoya stated that NACo President Riki Hokoma appointed her to the Program and Services Committee as well as being appointed Vice-Chair of the Fiscal Policy and Pensions Subcommittee and the Finance, Pensions and Intergovernmental Affairs Steering Committee. She reviewed the “New Liquidity Coverage Ratio Rule Issued for Banks” which she received from NACo. The final rule excluded municipal securities from the category of securities that met the HQLA (High Quality Liquid Assets) definition. However, corporate bonds were among the securities classified as HQLA despite evidence showing investment grade corporate bonds have a default rate 36 times higher than the default rate on investment grade municipal bonds.

(The non-compliant legacy mutual fund assets were liquidated and put into Money Market Fund which collateralized those assets and kept them liquid to transfer to US Bank. All but one account was transferred to US Bank. All cash has been accounted for as shown on the spreadsheet. Online access is still available at NMB-T even though some of the accounts were transferred.)

Portfolio Manager Paul Dickson, NMB-T, reviewed the County's investments under management. NMB-T now has three accounts which are ladderred for liquidity in Treasuries and other government backed securities. It's predictable income, very low volatility and avoids credit issues. Over time treasuries have rolled off and been reinvested. Municipal securities have gone from 4% of the portfolio to about 1%; treasuries have gone from 95% to about 74% and agency bonds make up the remaining 25%. 40% of the portfolio is up to 2 years; 20% is 2-3 years and 17% is 3-4 years. The remaining percent is in callable securities and the maturity will be shorter. The investments have gained approximately \$84,000. Legacy assets that were deemed inappropriate under the Investment Policy were liquidated and deposited into a 100% Treasury Money Market Fund. All cash in funds being held in safekeeping with NMB-T were transferred to US Bank on September 30, 2014. 2011 GO Library Bond fund was liquidated and placed into an account from which the funds will be expended by December.

Portfolio Manager Sheila Duffy, Public Trust Advisors reviewed the investment strategy. The mutual funds have been liquidated which given what has happened to PIMCO was a smart choice to make. 17% of the portfolio was in PIMCO. PTA worked with NMB-T and the Treasurer's Office to ensure a smooth transfer of funds. Safety, liquidity, yield, compliance and transparency are important. PTA will help build a portfolio that meets the cash needs of the County.

6. STATUS OF 2013 COLLECTIONS/NEW 2014 TAX ROLL – Larry Polanis, Sandoval County Treasurer's Office

Polanis reviewed the Tax Schedule Maintenance Report for both August and September 2014. The collection rate for all years is 99.42%. In 2010, current tax collections were 91.80% and have climbed to almost 95% by 2012. These numbers do not include what was collected at the auction earlier in the day. The collection rate for the 2011 tax year is 99.37%. This is the tax year that will be turned over to the State for collection as it is more than two years delinquent. Once turned over to the state, the County does not keep the penalty and interest. Polanis ran the 2014 tax roll and commented that the new servers the County invested in made the process much faster than in prior years. There are over 149,000 accounts and \$115,146,019 of taxes to collect.

7. NEXT MEETING DATES – Judi Walker, Sandoval County Treasurer's Office

After discussing tentative dates, it was agreed upon to have the STIC meeting on Tuesday, January 13, 2015 at 4:00pm.

8. NEW BUSINESS

9. ADJOURN--Motion was made to adjourn at 4:40 pm by Polanis; Second by Dominguez; All in Favor; Motion Carried.