

SANDOVAL TREASURER'S INVESTMENT COMMITTEE (STIC)

REGULAR MEETING MINUTES

2nd Floor Training Room – Sandoval County Administration Building

Wednesday, April 12, 2017 - 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
David Heil, County Commissioner
Larry Polanis, STO Treasury Controller
Mario Martinez, Community Member
Phil Rios, County Manager

Treasurer Staff:

Josephine Romero, Treasurer's Office

Committee Members Not Present:

Don Chapman, County Commissioner

Portfolio Manager:

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

Other Members of the Public Present:

Carol Dooley, Rio Rancho Resident

2. APPROVAL OF AGENDA

Motion to approve the April 12, 2017 agenda with an amendment to place item 6. County Investments before item 5. Status of the Treasurer's office, by Polanis; Second by Heil; All in favor; Motion carries.

3. APPROVAL OF MINUTES

Motion to approve the January 2017 minutes by Rios, second by Polanis. All in favor; Motion carries

4. STATUS OF COUNTY INVESTMENTS – Laura M. Montoya, Treasurer; Paul Dickson, NMB-T Wealth Management

Commissioner Heil had two items he wanted to discuss. One was the process and communication that takes place when investing funds, specifically, as it related to the library bond. The second question was regarding the 2016 audit.

Discussion of the investment policy as it relates to cash management (item D) was reviewed as well as a discussion of what the process was in investing the library bond monies and the collaboration between the County Manager's office, the Finance Director and the Treasurer's office. Commissioner Heil's concern was that the policy does state what we are supposed to do but not how we are going to do it. Treasurer Montoya explained the current informal process and communication and showed an example.

County Manager Rios brought up how the bond relates to arbitrage and that the libraries need to communicate better as to their spending needs and spend the money within the required time frame. It is critical that bond monies are being utilized in the time frame specified in order to avoid any arbitrage issues.

Commissioner Heil recommended a more formalized process.

Mr. Daniel described the structure of the city of Albuquerque's portfolio. All of their cash is comingled and accounted for by an accountant. It's all one portfolio in which he invests and reports to the oversight committee. They ask about performance and do a cash flow analysis. The city of Albuquerque is on a different scale as it relates to dollars.

Mr. Dickson stated the benefits of comingling within the portfolio, including the possibility of a higher rate of return and simplicity. Treasurer Montoya explained the new investment summary spreadsheet and that all funds that are general fund money are now presented on the second/bottom section of the spreadsheet. All the items on the top are items that cannot be comingled. Mr. Polanis clarified that bond funds must be separated from any other funds if you have funds that are within the bond covenant. The bond reserve for 2010 must be kept separate due to the requirements. All bond reserves or covenants must stay separate.

Mr. Daniel suggested that we comingle our general fund monies in the investment pool and that this kind of structure would be simple.

Mr. Dickson presented the entire investment portfolio to the committee by account. It is a short laddered portfolio. Less than half of the portfolio is out less than two years. Those accounts that are now out to five years are at a 2% rate of return. Yield to maturity of the total portfolio is approximately 1.7%. The portfolio has expanded to include municipal bonds. Constant maturities allow for continual reinvestments at higher rates of return. As securities come due, we will begin the process of slowly lengthening the portfolio as opportunities arise. It is expected to have at least two more hikes within this calendar year. The yield curve has moved significantly higher over recent months and the short end is higher than any period since mid-2008. The investment policy allows for eight years but we are staying much shorter than that, closer to five years.

The hospital earnings account and where the money came from were discussed. It was stressed that this money is one-time monies that the county manager requested for us to invest out longer. The money can be used for any purpose.

Treasurer Montoya discussed the letter of credit and collateralization. The letter of credit (for the banking side) is now out one year instead of being renewed on a monthly basis.

The audit was discussed briefly as it related to the obstacles with a new auditor in the county and utilizing the previous auditor as a contractor, setting clear expectations and review of roles and responsibilities through the process between the two of them and communication between all entities and departments. The Treasurer explained the audit process, lessons learned, and the difficulty of getting hit with an audit finding that could have been corrected in a prior fiscal year but due to it being during a year that the audit was being audited, you can still get a finding. The Treasurer pointed out that this was the first fiscal year in which the Treasurer's office did not get any audit findings in at least 17 years and attributes that to her team and learning from previous audits.

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

We will be having Property Tax Division (PTD) in our office to work on delinquent accounts. The auction date has not been finalized. A spreadsheet overview was presented regarding office data collections from July 2016 to current.

6. STATUS OF 2016 COLLECTIONS – Larry Polanis, Sandoval County Treasurer’s Office

Larry gave a brief presentation on the current Property Tax Maintenance Report. We are slightly ahead of last year with an overall 94.77% collection rate for our required ten year collection. The third year number which is important to review because anything delinquent more than two years will go to the state, is at 98.95%. That is a significant collection rate because we are sending over only 1% of accounts to the state. Once they go to the state, they property owner has an additional \$125 cost-to-state and all penalty and interest then goes to the state instead of staying in the county.

Commissioner Heil asked what our strategy to get such a high collection rate was. We discussed the strategy.

7. NEXT MEETING DATES – Laura M. Montoya, Treasurer

The next STIC meeting is scheduled for Tuesday, July 18, 2017 at 4:00 PM in the 2nd Floor Training Room of the County Administration Building. The meeting for the fourth quarter is scheduled for Tuesday, October 17th at 4pm.

8. NEW BUSINESS – The next Board of Finance meeting is May 18, 2017.

9. ADJOURN – Meeting adjourned at 5:23 PM.