



## **SANDOVAL COUNTY INVESTMENT COMMITTEE (SCIC)**

### REGULAR MEETING MINUTES

Commission Chambers – Sandoval County Administration Building

January 24, 2023 3:00 PM – 4:00 PM

**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  
Christopher Daniel, Community Member  
Kelly Wainwright, Community Member  
Robert Bidal, Community Member  
(Virtual)  
Katherine Burch, County Commissioner  
(Virtual)  
David Heil, County Commission Chairman

##### **Treasurer's Staff:**

Orlando A. Jacquez, Senior Administrative Assistant

##### **Portfolio Manager:**

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

##### **Committee Members Not Present:**

Cassandra Herrera

#### **2. APPROVAL OF AGENDA**

Motion to approve the November 1st, 2022 agenda by Chairman David Heil; Second by Jessica McParlin; All in favor via roll call vote; Motion carries.

#### **3. APPROVAL OF MINUTES**

Motion to approve the November 1st, 2022 minutes by Jessica McParlin Second by Christopher Daniel. All in favor via roll call vote; Motion carries. (Commissioner Burch comments that she is present)

#### **4. INTRODUCTION**

Treasurer Taylor began with the status of the Treasurer's Office and salutation of good wishes in the new year. This was followed by a report on the job vacancies. There is one tax researcher position open, it has not been posted yet. The goal was to have the position filled by February. Customer service continued to be a top priority, which can translate to a high collection rate. Treasurer Taylor sent a newsletter to the County Leaders and constituents regarding 2022 accomplishments as well as collection rates for 2021 and the first half of 2022 which Treasury Operations Manager Holly Aguilar will elaborate later on in the presentation. Treasurer Taylor as utilized the newsletter as an invitation to meet her and her team. The Treasurer's Office held two successful community service programs. In November a countywide food drive was organized and delivered to a food pantry in Cuba. The second event was a toy drive in which over 300 toys were delivered to three chapter houses within the county. The State of New Mexico Taxation and Revenue Department will be in the Treasurer's Office beginning January 23, 2023. This was the first time that Sandoval County Treasurer's Office has had PTD in office in more than three years. They are going to hold two auctions this year as there are approximately 7,643 properties that are eligible for auction. The

first auction is planned to happen in the early spring. The current plan is to host the auction in The County Commission Chamber, unless there is a need for a larger capacity. Chairman Heil asked what is the percentage of delinquent properties that actually end up going to auction. Treasurer Taylor responds that she is not sure of the typical number. PTD sends out courtesy letters before they go to auction to give the delinquent property owners time to become current. Cece Baca-Chavez is the expert in these matters, Treasurer Taylor will have to connect with her to get the information requested. Treasurer Taylor asked if there are anymore questions. None were asked.

Treasurer Taylor and Deputy Treasurer McParlin had the honor of attending the 2023 NMC Legislative Conference in Santa Fe. Information on the workforce and suggestions on how to improve the wellbeing of our employees to maintain retention was presented. We attended the Treasurer's Affiliate meeting, where the Manufactured Home Tax Release process and how to streamline it, the upcoming PTD property auctions, legislation that would impact County Treasurers, and the 2023 Treasurer's Affiliate Fall Conference were discussed. Sandoval County is proud to be hosting the Affiliate Conference this year. It will be taking place August 15 – 18 at the Santa Ana Star Hotel and Casino. More information will come with the next SCIC meeting. The Affiliate is still looking for sponsors for this event. If any businesses want to take part, please reach out to the Treasurer's Office and information will be provided.

One piece of legislation that the Treasurers are keeping an eye on is the CSPACE Bill, which was initially introduced and sponsored by Representative Nathan Small in 2022. The bill had originally included residential properties, but the current bill will only be pertained to commercial properties. The bill had not been filed so there was no number attached to it. The main concern of this bill, if it were to be signed into law, it would require the County Treasurer or a hired third party to collect money that is due to private companies who offer energy efficient and saving options to homes such as solar panels and energy efficient windows. As is, it is only for commercial properties, however, it would most likely be lobbied for residential properties in the future. This would all become part of the tax bill and make the County Treasurer responsible for collecting, applying liens when necessary, and if the property became delinquent, it would go before the county commission to decide if that property needed to be foreclosed on. It would be a huge responsibility put on every county and something that would not be good for the counties. The Treasurer's Affiliate is closely watching this bill, and are going to oppose it as it is now. Chairman Heil questions who is behind this bill, The Solar Panel Group? Treasurer Taylor confirms that it is the lobbyists for the "go green" and renewable energy groups, as well as the lenders. Chairman Heil asked how it would impact real estate and the people who own it. Treasurer Taylor responded by stating the cost benefits is what's being sold, and are being told it will be billed with the property tax bill, but they don't share the implications of that. Heil asked how are we engaging the real estate industry to oppose? Treasurer Taylor noted that there are several meetings to attend i.e. NAOIP to discuss with realtors our position. Treasurer Taylor stated that in her opinion, if people want to go solar or have energy efficient windows, it should be up to the individuals to purchase them without involving the government. Mr. Bidal gave the perspective of the financial institutions; their lobbyists are working to oppose this bill as well. No further questions.

The Treasurer's Office is going out for the Tax Bill/ Delinquent Notices RFP. Our amended contract with Automated Elections Services is going to expire on March 31, 2023. The goal is to have a new contract in place by April 1, 2023. RFP is scheduled to be issued on January 29, 2023.

Update on account balances. At New Mexico Bank & Trust, the General Fund is at \$51 Million and the Tax Payment account is at \$17 Million. The total of all Sandoval County accounts is at \$76.9 Million. Any questions? None.

Chief Deputy McParlin will present property tax collection data from first half of taxes. The collection is as follow: Lockbox was at \$21.2 Million, IVR/Web and point of sale \$16.1 Million, and payments processed in person \$61.8 Million. The conclusion is that it was a very successful first half tax collection. Currently have collected more than half the tax roll charged to the Treasurer. No questions.

Currently working on the print list to send out friendly reminders that will be sent to taxpayers that are delinquent starting first half of 2022 and any other prior year delinquencies. The Treasurer's staff will begin working on their delinquent lists and reaching out to taxpayers through mail, email, or telephone calls.

Treasury Operations Manager Holly Aguilar will present on Tax Maintenance Schedule which was ran the end of December and included the first half of the 2022 tax roll. There has been 57.63% of the tax roll. The remaining nine years has been brought to 99.41%. The total collection is at 94.27% for the past 10 years. Kuddos to the Treasurer's Office staff for this accomplishment on collecting taxes. On Gross Receipts Tax, for the 2022 calendar year, we collected \$21.1 Million. For the first half of the 2023 fiscal year \$11.1 Million has been collected in Gross Receipts Tax. On the Debt Schedule, another large quarterly payment has been made on the detention center loan. The balance is \$648,000 and should be paid off in the next two payments. There is only one payment left on the four fire equipment loans from 2013, they will all be paid off. There will be five items dropping off the debt schedule this fiscal year. There will be a closing on a general obligation bond and adding it to the debt at the beginning of this year as it was approved in the November election. Any questions. None.

Treasurer Taylor will present on County Investments. There is \$2.9 Million invested in the LGIP accounts, \$45.5 Million invested at Zions, the custody accounts, and \$507,000 in a CD at New Mexico Bank & Trust. \$49 Million total invested. With the termination of the AMI Kids lease agreement, the investments from the AMI Kids reserve account into the general fund investment account and move a matured investment of the same amount into the AMI Kids reserve. This brought the AMI Kids reserve to a money market account which is now fully liquid. \$31,000 has been moved into the AMI Kids rental account at New Mexico Bank & Trust which is an interest-bearing account which will cover rent in January and February of 2023 as requested. We are waiting for further instruction from County Manager and the commission for future months.

GPA Deanne and Rashad presented the quarterly invest report. Rashad is explaining the interest rate curve and the deep inversion with a front end responding to rate hikes. The curve is due to the Federal Reserve trying to combat inflation in the last six months to a year. Inflation is set to cool in the year ahead. A curve like the one shown means that rates will not remain as is for long, the next one to two years. The Fed has been on a consistent increase in the Federal Funds Rates 75 and 50 basis points to get to the 4.25 and 4.5 where they are now. They're going to meet at the end of the month to increase basis points .25. They are doing this to combat inflation that really peaked in June of 2022. 60% of the CPI is in housing, usually on a twelve-month lag. Market based forecast for inflation point toward a stabilized backdrop ahead. There is positive news with the labor market. Unemployment is staying historically low, staying at the low 4s. Wages are still rising, but not at the same rate that they recently were. Chairman Heil asked for Rashad's opinion on the impact of big tech companies. They are laying off workers in big waves, it was due to over hiring during the pandemic.

Deanne mentioned the focus and big transition for GPA is targeting the overall balances. The earning yield right now is at 1.76% and the market yield is 4.32%, that means if the entire portfolio was purchased today the interest rate would be 4.32%. Where can enhance with the bank balances. The negotiated price is every six months Jan. 1<sup>st</sup> and July 1<sup>st</sup>, to reset the bank balances 100 basis points below Fed Funds, which has been raised Jan 1<sup>st</sup> to 3.50 %. Discussion around the new strategy to put more assets in investments. Cash management liquidity is higher than investments, and it really need to be the other way around typically we run core balances at 30% / 70% with 30 % being liquid and 70 % invested with these two working together is key. All categories are complying. Changes going forward is going to move funds from bank balances to agencies and treasuries. It is important to maintain sufficient liquidity. The maturity and duration of these accounts is right around one year. Signiant impact on earnings from originally investing \$42 thousand to \$124 thousand in the shifts that we have done the goal is to be higher earning and more stable. Down about \$2 Million in unrealized losses, which is right where are expected

to be with the strategy. When the interest rates come down, we should see the opposite, those are unrealized either way. The rest of the presentation just breaks down by individual portfolios. Mr. Daniel asked if the bank has any kind of product that can sweep the balances into a money market account. Holly said it was discussed with the bank president and she believes that our letter of credit allows us to be in one, we cannot change without restructuring it at this time. New Mexico Bank & Trust does not normally do that, but they are going to look options. The topic does need to be revisited. It's been two years since the investment policy has been updated, it will need to be updated this year. If one uses the money market fund, it will be at Zion's custodial account it will be able to sweep from the money market account and made liquid. Any questions? None.

## **5. Adjourn**

Treasurer Taylor requested for a motion to adjourn, so moved by Chairman Heil, second by Mr. Wainwright.