



SANDOVAL COUNTY INVESTMENT COMMITTEE (SCIC)

REGULAR MEETING MINUTES

Commission Chambers – Sandoval County Administration Building

April 25, 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 3:01 PM. Roll Call:

Present:

Committee Members:

Jennifer A. Taylor, County Treasurer
Jessica McParlin, Deputy Treasurer
Holly Aguilar, Treasury Operations Manager
Kelly Wainwright, Community Member
Robert Bidal, Community Member
Katherine Burch, County Commissioner
(Virtual)
David Heil, County Commission Chairman
John Garcia, Deputy County Manager

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
Christopher Daniel, Community Member
Wayne Johnson, County Manager

2. APPROVAL OF AGENDA

Motion to approve the April 25, 2023 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 January 24, 2023 minutes by Kelly Wainwright Second by Robert Bidal. All in favor via roll call vote; Motion carries.

4. INTRODUCTION

Treasurer Taylor began with public introduction and the acknowledgement of Stephen Montoya from New Mexico Bank & Trust in attendance to answer any questions regarding the County's accounts. Announcement of DCM in place of CM.

Status of County Investments. Holly Aguilar, Treasury Operations Manager, took over the presentation to go over the Investment Account Summary. The Cash Management Investment has increased by \$5.3 million in this quarter. A cash matched account was opened at Zion's that will earn 4.41% in interest. \$3.5 million was placed into this account. Prior to the 1st half of the tax season, the General Fund liquidity was at \$50 million. There is now \$56 million. There is a totally of \$57 million invested and a goal to invest more at the conclusion of the second half tax season.

In the event to save time while working on technical issues with audio/visuals for GPA, Treasurer Taylor went on to discuss the updated Investment Policy. Deputy McParlin gave a brief overview of changes that were submitted by the member of this committee. Those changes were grammatical and language usage. Treasurer Taylor went over the changes made based on the recommendations of Committee Member Christopher Daniels as well as GPA advisor Deanne Woodring. The Treasurer's goal is to have the Investment Policy approved by the Commission acting as the Board of Finance. The Treasurer requested the motion to approve the Investment Policy. So, moved, by Chairman Heil and seconded by Commissioner Bruch. Roll Call.

With technical issues still looming, Treasurer Taylor continued the meeting with the Status of the Treasurer's Office. The Treasurer stated that there was one position open in the Office. The hiring process for a new Tax Researcher is in progress. The State of New Mexico Property Tax Division (PTD) has moved forward with the auction of delinquent properties and an auction will be held at Bernalillo High School Gymnasium. The Auction will take place on the 6th, 7th, and 8th days of June 2023. There are approximately 400 accounts that are set to be auctioned off. There have been taxpayers who responded to the notices and paid their delinquent tax bill. The information for the auction will be posted on the Treasurer's webpage 30 days prior in accordance with state statute. The Sheriff's Office and the Bernalillo Police Department are scheduled to be in attendance for security.

Update to House Bill 228, which has been signed into law by the Governor. This is not something that the County Treasurers and members of the banking community of the state supported. This was previously discussed at the SCIC meeting in January. This bill posed many concerns as it would make the County Treasurer act as a third-party financing agent for participating solar and other energy efficient companies. Putting private loan balances on a property tax bill will threaten the integrity of the tax bill. It would also make the County responsible for putting liens on property. A substituted bill was later submitted on February 14, 2023. In this substitute, it was clarified that the adoption of the act would be made by each Board of County Commissioners and would be effective only by county ordinance. It also established the lien priority junior to ad valorem liens and finally, it clarified that these programs are **not** for residential customers. It would also repeal the 2017 Solar Energy Improvement Special Assessment Act. Discussions between Sandoval County Manager and Treasurer determined that this would not be good for Sandoval County. No questions were asked.

The meeting has moved on to RFP, of which there were two. The first one is the 2023 Printing of the Tax Bill and Delinquent Notices, which was completed on March 14, 2023. It was awarded to Automated Election Services for \$42,053. The second RFP went out on March 26, 2023 for the Portfolio Manager Services with a due date of April 27, 2023. The awardee will be announced at the July SCIC meeting. There were no questions regarding these.

Next was an update to the account balances at New Mexico Bank & Trust. The General Fund was at \$56.7 Million while the tax payment account was at \$6.1 Million. The total of all the accounts was at \$71.9 Million. There were no questions regarding the accounts.

Chief Deputy McParlin took over the meeting to discuss Tax Collection Data. The Treasurer's Office is in the middle of the second half tax collection season. The 10-year collection rate was at 95.18% as of 25 April 2023. The Collection rate for the tax year 2022 was at 64.35%, which left a difference of 35.65% from 100%. There were still payments from the big title companies not accounted for but are expected to arrive closer to the deadline.

Treasury Operations Manager Holly Aguilar then took over. She began with the March Statement of Debt, which showed that the 2018 detention center loan was paid off. The general obligation bond was closed on 7 April 2023 for \$1.885 Million. On the gross receipts tax, a total of \$6 Million was received in the first quarter which added to the total of \$17.2 Million this fiscal year.

The meeting moved on to GPA and their Quarterly Investment Report as of 31 March 2023. Interest rates rallied sharply at the end of the first quarter driven by concerns emerging in the banking sector and more evidence the economy is slowing, and price pressures are easing. Re-steepening out of inversion is a typical occurrence before the end of a hiking cycle and the onset of an economic downturn. It is very common for the interest rate curve to re-steepen ahead of a recession. The Fed rate hikes and deposit outflows led to several bank failures. Good news, Sandoval County is safe with NMB&T with our letter of credit protecting us. Inflation is cooling. While the causes appear unique and isolated, vigilance is needed to ensure contagion is avoided. The combination of large and rapid deposit outflows combined with significant losses on securities held to satisfy those deposits. Banks were unable or unwilling to pay depositors the same rate that could be earned in money market funds or securities. The banks are going to reduce lending. Inflation continues to moderate, albeit at a slower pace than most had hoped. There will probably be a rate hike 3 May 2023. Chairman Heil interjects and questioned if the announcement of people with good credit pay higher fees and people with low credit paying lower fees for home mortgages, is going to lead to another situation like 2008? Garrett argued that that would probably not happen as it would not erode bank capital. Next topic was the portfolio. There has been a lot of progress, especially since the team was able to negotiate a higher interest rate on deposit balances. The book yield is 3.3% and the market yield was just over 4.17%. GPA was happy to see quicker progress with that than they thought they would. If rates go down, there are still ultra-low yields that will roll out. There was duration above the benchmark at 2.15%. Everything was in full compliance during the first quarter. There has been continued growth of balances for Sandoval County investments. There were no questions or comments on this.

The meeting was turned back to Treasurer Taylor who asked Mr. Montoya to elaborate regarding a change to the letter of credit Mr. Montoya explained the consolidation of charters for Heartland Financial. New Mexico Bank and Trust will retain its name and identity. The charters are being consolidated into a single bank entity out of Colorado. With this change we will move out of the district that FHLB Dallas is in and we will move to FHLB Topeka. The letter of credit will be issued by a different Federal Home Loan Bank but will not change the terms to our Letter of Credit. Mr. Montoya went on to explain how FHLB affects several other large Financial entities. No questions were asked. Treasurer Taylor requested a motion to adjourn.

5. Adjourn

Treasure Taylor moves to adjourn. So moved by Chief Deputy McParlin, Seconded by Commissioner Bruch.