



SANDOVAL COUNTY INVESTMENT COMMITTEE (SCIC)

REGULAR MEETING MINUTES

Commission Chambers – Sandoval County Administration Building

August 1, 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
David Heil, County Commission Chairman
Christopher Daniel, Community Member
Wayne Johnson, 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
Katherine Burch, County Commissioner

2. APPROVAL OF AGENDA

Motion to approve the July 25, 2023 agenda by Chief Deputy Treasurer McParlin; Second by County Manager Johnson; All in favor via roll call vote; Motion carries.

3. APPROVAL OF MINUTES

Motion to approve the April 25, 2023 minutes by Kelly Wainwright Second by Commission Chairman Heil. All in favor via roll call vote; Motion carries.

4. INTRODUCTION

Treasurer Taylor began the meeting with an apology for a miscommunication about the meeting date and time the previous week.

The Treasurer then went into the status of the Treasurer's Office. At that time the Treasurer's Office has no vacancies due to the addition of Jenn Fuller as an Accounting Specialist. The team in the vault is in the midst of audit preparation. The Tax Researchers are reaching out to Taxpayers who need to catch up on their taxes, in particular those accounts who are close to the three-year mark for delinquency, which brings with it the Cost to State fee. When this happens, the county does miss out on the penalty and interest.

The break down for the State of New Mexico Property Tax Division auction, which took place on June sixth, seventh, and eighth are as follows: The total collection from 135 accounts was \$643,100. The total penalty and interest collected was \$20,702.32. The total Cost to State Fees were \$14,500. Treasurer Taylor stated unfortunately out of the \$643,100 only \$41,056.81 stayed in the county. In addition, \$566,840.83 of excess funds went back to the taxpayers. Chairman Heil asked for clarification on the use of "Excess Money," to refer to the money that went back to the taxpayers whose property was auctioned. The Treasurer's Office will continue to work hard to make accounts current, and not get that cost to state added. There are no further questions.

An update for the New Mexico Counties Treasurer's Affiliate Fall Conference was given. It was noted that Mr. Christopher Daniel arrived.

The update to the account balances was given beginning with the General Fund which was at \$57.2 million. The Tax Payment Account was at \$1.6 million. The total of all Sandoval County accounts was at \$64.7 million. The new account towards the bottom was highlighted as it is a new account. It is the Medical Self-Insured account. This account, in addition to the other accounts, is an interest-bearing account that is earning 4.5 basis points. The interest rates were reported to have gone up from 4.0 basis points to 5.0 basis points in July. There are no questions regarding the bank accounts.

Next Chief Deputy McParlin presented the Cost to State, the Tax Maintenance Schedule, as well as DFA Reporting. For the Tax Year 2022, the County was at 97.7% and for the past ten years the collection rate was at 99.28%. The second report is requested by DFA every year to help in prepping for the tax levies for GO Bonds. It showed how the tax roll increased over the last five years as well as the collection rate for those years. For 2022 the Treasurer's Office was billed \$157.8 million and has collected 97.07%, or \$153.2 million. The next slide was the Cost to State that applied on July 3rd as in accordance with State Statute. Any account with a delinquent balance of more than two years will have \$125 fee applied to it and turned over to the State. The fee was applied to the tax year 2020. 731 accounts were charged totaling \$91,375. The current balance is \$89,152.66. The penalty and interest are not kept in the county, but turned over to the State. It is the goal of the Treasurer's Office to reach tax payers before it goes to the State in order to keep the monies in the County. There are no questions for Chief Deputy Treasurer McParlin.

Treasury Operations Manager, Holly Aguilar presented the Gross Receipts Tax. Sandoval County received \$23.2 million for the fiscal year 2022-2023. This compared to the \$17.2 million received last fiscal year and only \$12.1 million the fiscal year before that. \$6 million has been received in the last quarter of the fiscal year. Treasury Operations manager moved on to the Debt Schedule, at the close of the fiscal year, the County owed a total of \$40.6 million in principal payments and \$6.3 million in interest, totaling \$46.9 million in debt.

The next portion of the presentation was regarding the county investments. \$3 million was invested in LGIP accounts and \$53.4 million invested at Zions. There is \$508,000 in aCD that is held at New Mexico Bank & Trust. The fiscal year ended with a total \$56.9 million invested of

that, \$611,000 was earned from these investments. There were no questions for the Treasury Operations Manager.

Government Portfolio Advisors (GPA) then took over the investments portion of the presentation.

Good news on the labor front. Open jobs are coming down and voluntary quitting is down too. There is hope that the trend will continue. Looking at the historical yields, there is a three-month bill and two-year treasury note that affects the county's investments. There is a pattern where there has always lower highs in the last 30 to 40 years in interest rates, but the last cycle broke that trend. We are currently at a 22-year high yield as the FED pushed rates to 5.25% and 5.5%. It is unusual for it to stay there long. The Economy usually re-equilibrates back toward trend and inflation comes down or there is a recession that pulls growth and inflation down which then puts the Fed in a cutting cycle. We don't know when that starts or what the trigger will be, but we expect this in coming quarters. There will more than likely not be another hike in this cycle. There was a historic yield curve inversion, where short dated yields out yield longer dated yields. Interest rates moved higher in the second quarter as investors regained a sense of calm after a series of large bank failures while labor markets and domestic growth remain resilient despite the rapid increases in interest rates. Inflation continues to moderate with headline inflation at 3.0%, well below the 9.1% peak seen in the summer of 2022. With cooler housing and rent data set to enter the series in coming months, more declines are expected. Labor markets remain positive albeit on a slowing trend while wage growth continues to moderate but remains elevated over pre-pandemic levels. Labor force participation has not recovered to pre-Covid levels. Markets expect potentially one more hike out of the Fed before a series of cuts to fine-tune policy away from an overly restrictive level. The County investments have remained compliant. Treasurer Taylor interrupted to inform the Committee that the Cash Management Account is now called the Cash Core Investment Account. The market is going to continue to great growth in the County's portfolio. The County's portfolio is in a very good place. Spending needs for economic development have slowed down, so that explains the rise in liquidity.

5. Adjourn

Treasurer Taylor asked for a motion to adjourn. So moved by County Commission Chairman Heil, Seconded by Mr. Christopher Daniel.