



# SANDOVAL COUNTY INVESTMENT COMMITTEE (SCIC)

## REGULAR MEETING MINUTES

Commission Chambers – Sandoval County Administration Building

April 23, 2024 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  
Kelly Wainwright, Community Member  
Robert Bidal, Community Member  
David Heil, County Commission Chairman  
Christopher Daniel, Community Member (Virtual)  
John Garcia, Deputy County Manager

##### Treasurer's Staff:

Orlando A. Jacquez, Senior Administrative Assistant

##### Portfolio Manager:

Deanne Woodring, Government Portfolio Advisors

##### Committee Members Not Present:

Wayne Johnson, County Manager  
Katherine Burch, County Commissioner  
Cassandra Herrera (Joined late virtually)

### 2. APPROVAL OF AGENDA

Motion to approve the April 23, 2024 agenda by Chairman Heil; Second by Community Member Bidal; All in favor via roll call vote; Motion carries.

### 3. APPROVAL OF MINUTES

Motion to approve the January 23, 2023 minutes by Community Member Bidal: Second by Chairman Heil. All in favor via roll call vote; Motion carries.

### 4. INTRODUCTION

Treasurer Taylor began the meeting with the current vacancies in the Treasurer's Office. One Tax Researcher was hired in March. Jody Romero who is a seasoned county employee from Pueblo, CO. There is still a Tax Researcher position open. The interview process was put on hold as it has been busy during the second half of tax collection. Interviews will resume after second half tax collection. Property Tax Division Bureau Chief Roy Sandoval has been in communication regarding delinquent accounts since December. One contractor from PTD has been in the Treasurer's Office doing research. There will be an auction in late spring or early summer. Once they are complete they will provide a date a time for the property auction and it will be posted on the Treasurer's site. PTD will reach out the property owners one last time to update their list, once that has happened the list will be available on the PTD website with a link from the Treasurer's website under "county sales and auctions." Chairman Heil questioned why it says Valencia County on the handout, Treasurer Taylor informed him that it was because it was

the only county that had an auction at the time the image was pulled. He was satisfied with that answer. The RFP process for the credit card services has begun. Treasurer Taylor felt it was in the best interest of the County to terminate the contract a year early. RFP was posted on March 17, 2024 and proposals were due April 23, 2024 at 3:00 pm. There were no questions regarding this matter. The new Letter of Credit was received on March 29, 2024 from FHL Bank in the amount \$135,000,000. The amount should be sufficient going into 2<sup>nd</sup> tax season, however the bank assured that additional collateralization may be requested as needed. Representation from NMB&T was present at this meeting any questions about the bank can be directed to them. Bank balances are as follows: NMB&T; General Fund was at \$39,100,000 and the tax payment account was at \$8,700,000 for a total of \$55,900,000 total. Wells Fargo had an amount of \$29,400, Jemez Valley Credit Union was at \$145,600, and Century Bank was sitting with \$7,250,000. Century Bank is used for the loans made for the county.

Deputy Treasurer Jessica McParlin informed the committee that the Treasurer's Office is in the middle of the second half tax collection so information may be limited. Payments processed in office by Tax Researchers as of April 22, 2024 were \$5,960,426.05. Payments posted by Web were \$1,772,118.17 and Point of Sale at \$115,928.09. The Outreach Program had begun, Alberto Chaidez the Outreach Coordinator will be at the senior centers the following days. Today: Cuba 9:30- 11:30 and Jemez 1:00-3:00, Tomorrow: Pena Blanca 10:00-12:00 and Placitas 1:00-3:00, Thursday: Bernalillo 10:00-12:00, and Rio Rancho Broadmoor 1:00-3:00, and Friday: Corrales 10:00-12:00 and Rio Rancho Meadowlark 1:00-3:00.

Treasury Operations Manager Holly Aguilar reported on the Tax Maintenance Schedule. There is less than 40% to collect on 2023 and 5 1/2% to collect on the last 10 years. Debt Schedule shows \$112,000,000 in debt. There are 13 payments due in May consisting of \$1,900,000 and 8 payments due in June of \$971,000. Monthly payments are made on the four new loans. There were no questions. There were gross receipts tax of \$7,348,047.04 collected last quarter which is \$1,275,000 more than fiscal year 2022-2023 and \$2,000,000 more than fiscal year 2021-2022. There are no questions.

Treasurer Taylor takes over to present the investment portion. The interest earned on the accounts at New Mexico Bank & Trust from January to February 2024 were \$514,710.63 at 4.25% interest. In March 2024 the interest went up to 4.5% in which \$215,400 was earned. The total amount of interest earned in three months was \$730,197.85.

Treasury Operations Manager Holly Aguilar presents the investment summary. There was a total of \$71,300,000 invested. \$15,900,000 in short term with a 3-month ladder. That means \$5,000,000 will mature each month for any immediate county needs. Deputy County Manager asks what kind of interest is being earned on CDs. Treasurer Taylor asked Mike Sanchez if he knew the answer. An answer will be given at a later date.

Deanne at GPA began with explaining that the market is exciting. In December the two-year note was at 4.25% it is now at 4.99%. Continue to see a volatile market. Inflation is holding high. Is going to cover the portfolio positions. She began with the economic market, inflation, the Fed, and employment. Based on this data, we are at a fifteen-year high. Continue to roll the yield. It means making real dollars for the county. Expectations imply two-year and five-year treasury note yields will drop with fed funds. Front end yields trade in a correlated fashion with the fed funds rate which is predicated on economic growth and inflation. As interest rates go up your short money moves faster as they come down it will move slower. A core investment portfolio will make it stronger. The forward rate curve. The yield rate is

shorted, which means rates will go lower. Over the next two years, the Fed is projected from 5.4% down to 2.98%. The two-year note is expected to go down to 2.93%. Need to make sure to lock in that two-year rate. Will the Fed drop rates? They're holding a hard line. They are holding until 2%. The labor market started 2024 briskly as job creation remained strong, however the moderating trend appears to still be intact. All of the portfolio items are complying. Current composition of investments and cash and cash equivalents is cash is at \$53,144,571 with investments at \$66,186,854. Current earning yield on overall portfolio is at 3.82%. There is 43.7% in US Treasury, Bank deposits are at 40.4% and there is 1.9% in money market or LGIP. Average maturity is under one year. The breakdown of the portfolio, there is \$500,000 in CDs with a book yield of 3.47%, which means that CD was purchased a couple of years ago. Core investment has been moving up in yields, it is a longer investment, will have to wait longer for maturities to pull. Cash liquidity is at 4.32%. Cash matched is liquidity from the bank that was pulled out for a short term with a rate of 5.36%. The Total portfolio is at 3.81%. Looking at the compliance report currently at 43.69% in treasuries, about 9% in agency, 2.2% in Supernationals, and 40% in the bank. Everything is aligned to policy. In policy there are maturity constraints there is management for five-years but there is allowance to go out to ten-years. Looking at the balances over the years, it shows that there are consistently higher balances each year. The County ended this quarter at \$119,000,000 vs \$115,000,000 the same quarter last year. The continued growth is not expected to continue. The portfolio continues to be diversified by maturity structure, which is the goal. Risk management on credit, everything is in line with policy with diversification being the key. Holdings were \$47,669,457 in NMB&T, \$3,137,746 in the State pool, \$517,532 in CD at NMB&T, and finally Money Market funds at the custodial bank at \$2,282,760. Strategic Component Update, Core Fund Account cannot exceed \$60,000,000, currently at \$45,780,528 with a target goal of \$40,000,000. Cash Match Component cannot exceed \$30,000,000, it is currently at \$3,671,422 with a target goal of \$20,000,000. This money can always go back to the bank as needed. Liquidity is at \$54,633,158, it cannot go below \$30,000,000. There are some changes in Core Investment funds that are maturing and moving up more than 30 basis points. Technical issues arise again. Summary Overview was as follows: US Treasury is at 44.9%, Agency is 8.5%, Supernationals at 2.3%, bank deposits at 40.4%, pooled funds at 2.7% and Money Market at 1.0%. Strategy Overview show the components show is the cash deposit, the cash core, the cash liquidity, and the cash matched. The goal is to get these to the target benchmark. On the Return Management, the portfolio is under performing at 3.40 vs the 3.49 benchmark due to the duration of the portfolio. The goal is to be plus or minus 5 basis points. The benchmark is 100% Treasury, there is 20% in agencies and 14% in the other sectors. The summary overview of the matched investments is a short investment of three-months with a market yield of 5.36%. It will be used if the liquidity balances drop. The liquidity accounts are currently earning a market yield of 4.32% at NMB&T. The last is the CD at NMB&T which is earning a yield of 3.47%. The Economic Development Portfolio is currently at \$5,000,000 total, there is \$2,456,182 in cash and \$2,580,378 in investment. The goal is to keep \$1,000,000 to \$1,500,000 available in cash and invest the difference. Lastly, the Cuba center has \$53,980 in cash and \$40,040 invested. The goal of all of these investments is to get the percentages up to market yields. Deputy County Manager Garcia asked if Deanne is happy with the county's returns. She replied that she is, she is just focused on getting the higher rates. The only way is to add more money and invest it higher. Ultimately, she is pleased. If overall liquid balances increase, there will need to be a reassessment in order to get the best return. Finance Director Cassandra Herrera joined virtually and interjected to inform the Committee that there was a \$5,000,000 deposit made by the State of New Mexico to pay Intel with. She wanted to know if it was invested or if it was liquid or if invested funds

need to be liquidated. Holly Aguilar informs her that there is always \$5,000,000 maturing and there is always funds available for emergencies. Mike Sanchez from NMB&T informs the committee that CD is 3.47% and matures in October 2024. It was a one-year investment.

## **5. Adjourn**

Treasurer Taylor asked for a motion to adjourn. So, moved by Chair Heil, Seconded by Mr. Wainwright.