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**TORRANCE COUNTY
BOARD OF COUNTY COMMISSIONERS
ORDINANCE NO. 2024-02**

TORRANCE COUNTY FINANCIAL RESERVE ORDINANCE

WHEREAS, since 2019, Torrance County has approved numerous repower or new Renewable Energy Industrial Revenue Bond agreements; and

WHEREAS, these agreements include an annual Payment in lieu of Taxes (PILT) payments to school districts and Torrance County; and

WHEREAS, current and future PILT payments will exceed \$2.5 million dollars in combined revenue; and

WHEREAS, historically the County has experienced economic downturns and unforeseen increases in expenses; and

WHEREAS, the County's enhanced revenue picture provides an opportunity to create a reserve fund to address future economic crises in order to protect the health, safety, and welfare of the people of Torrance County in uncertain economic times; and

WHEREAS, a healthy reserve will improve the financial health of the County; and

WHEREAS, it is the desire of the Commission to protect the County's ability to continue to deliver basic services despite the onset of economic downturns.

NOW, THEREFORE BE IT ORDAINED BY THE BOARD OF COUNTY

COMMISSIONERS OF TORRANCE COUNTY, NEW MEXICO that the attached

document entitled The Torrance County Financial Reserve Ordinance is hereby enacted and

supersedes Torrance County Ordinance No. 2020-05, Torrance County Financial Reserve

Ordinance.

1 DONE THIS 9th DAY OF October, 2024.

2

3

4 APPROVED AS TO FORM ONLY:

BOARD OF COUNTY COMMISSIONERS

5

6

7 Michael I. Garcia
Michael I. Garcia, County Attorney

Ryan Schwebach
Ryan Schwebach, Chair, District 2

8 Date: 10.9.24

9

Kevin McCall
Kevin McCall, Vice Chair, District 1

10

11

12

Samuel D. Schropp
Samuel D. Schropp, Member, District 3

13 ATTEST:

14 Linda Jaramillo
15 Linda Jaramillo, County Clerk

16 Date: 10/9/2024

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The Torrance County Financial Reserve Ordinance

T O R R A N C E C O U N T Y
L I N D A J A R A M I L L O , C L E R K
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Book 359 Page 834
3 of 5
10/10/2024 10:00:29 AM
BY SYLVIA

1 **Section 1 – Definitions**

2
3 “County” means Torrance County, NM.

4
5 “PILT” means Payment in lieu of Taxes from renewable energy sources derived from the
6 issuance of Torrance County Industrial Revenue Bonds.

7
8 “General Fund” is defined as Torrance County’s general operating fund.

9
10 “Mandated Reserve” is defined as the state required three-twelfths General Funds budgetary
11 reserve.

12
13 “County Reserve” is an unassigned minimum two-twelfths reserve created as a segregated
14 account within the General Fund.

15
16 “Fully Funded” is defined as the amount equal to two-twelfths of the General Fund.

17
18 **Section 2 – Funding Procedures**

19
20 The County Reserve shall be an unassigned reserve within the County’s General Fund equal to
21 two-twelfths of the General Fund. Forty percent (40%) of annual PILT funds received in excess
22 of eight-hundred thousand dollars (\$800,000) shall be placed in the County Reserve, not to
23 exceed one-third (1/3) of the total amount of the County Reserve annually. Once the PILT funds
24 placed in the County Reserve have reached one-third (1/3) of the County Reserve or the County
25 Reserve is Fully Funded, one hundred Percent (100%) of PILT revenue shall be placed in the
26 County’s General Fund. The required annual County Reserve balance shall be the greater of the
27 current fiscal year required amount or that of any previous fiscal year. Interest earnings in the
28 County Reserve shall be retained in the County Reserve and may be used to meet the annual
29 required County Reserve balance.

30
31 **Section 3 – Authorized Uses / Fund Replenishment**

32
33 **A. Reimbursable Expenses**

34 The County Reserve may be used for short-term reimbursable expenses where
35 reimbursement is expected not later than the close of the fiscal year immediately
36 subsequent to the fiscal year in which the expense incurred. Examples of reimbursable
37 expenses contemplated by this section include, but are not limited to, approved grants,
38 and Legislative Capital Outlay, Replenishment of County Reserve funds shall begin no
39 later than the close of the fiscal year immediately subsequent to the expenditure.

40
41 **B. Emergencies / Disaster Relief**

42 Upon the issuance of an Emergency Declaration by the Board of County Commissioners,
43 the County Manager is authorized to utilize County Reserve funds to support expenses
44 related to the declared emergency as defined by the Emergency Declaration.
45 Replenishment of County Reserve funds shall begin no later than the close of the fiscal
46 year immediately subsequent to the expenditure.

1
2 **C. Delayed Reimbursement**

3 Should reimbursement of funds, as described in Sections 3(A) and 3(B), occur after the
4 fiscal year immediately subsequent to the fiscal year in which the expenditure is made,
5 said reimbursement shall be placed into the Torrance County Financial Reserve until it
6 reaches its Fully Funded level. Excess reimbursement funds shall be placed into the
7 County's PILT fund.
8

9 **D. Non-reimbursable Expenses**

10 County Reserve funds may be used for non-reimbursable expenses at the discretion of the
11 Board of County Commissioners. Replenishment of the County Reserve shall begin in
12 the fiscal year immediately following the approved expenditure as described in Section 2.
13

14 **E. Replenishment Waiver**

15 The Board of County Commissioners may issue a Replenishment Waiver to address
16 unforeseen economic circumstances in order to maintain the health, safety, and welfare of
17 the citizens of Torrance County. Replenishment Waivers shall be required to be issued
18 and approved by the Board of County Commissioners on an annual basis and shall be
19 limited to one fiscal year.
20

21 **F. Additional Deposits**

22 Nothing shall prohibit the Board of County Commissioners from directing additional
23 PILT deposits into the County Reserve in any fiscal year. Said additional deposits, if any,
24 shall be deemed to increase the required annual balance going forward to all future fiscal
25 years.
26

27 **Section 4 – Repeal**

28
29 This ordinance shall only be repealed by a unanimous vote of the Board of County
30 Commissioners.