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STATE INVESTMENT COUNCIL

September 24,2024

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MINUTES OF THE

NEW MEXICO STATE INVESTMENT COUNCIL MEETING

September 24, 2024

Santa Fe, New Mexico

1. OPENING MATTERS

a. Roll call and introduction of guests: quorum present.

A regular meeting of the New Mexico State Investment Council was called to order by the Honorable Stephanie Garcia Richard, State Land Commissioner Chair, Vice Chair, on this date at 9:00 a.m. in the Governor's Cabinet Room, Santa Fe, New Mexico. Introductions were made, and a quorum was declared:

Members Present:
The Honorable Stephanie Garcia Richard, Land Commissioner
The Honorable Laura Montoya, State Treasurer
Mr. Wayne Propst, Secretary, Department of Finance & Administration
Mr. Allen Sánchez, Public Member
Mr. John Bingaman, Public Member
Ms. Kelly O'Donnell, Public Member
Ms. Catherine Allen, Public Member
Mr. Kurt Sommer, Public Member

Members Excused:
The Honorable Michelle Lujan Grisham, Governor
Mr. Michael Messina, Public Member
Mr. Nicolas Telles, Public Member

Staff Present:
Mr. Jon Clark, State Investment Office
Mr. Vince Smith, Chief Investment Officer
Mr. Brent Sharp, Chief Financial Officer
Mr. Evan Land, Chief Counsel
Mr. Charles Wollmann, Director of Communications, Legislative & Client Relations
Ms. Helen Tindel, Investment Staff & Operations Manager
Ms. Amy Chavez-Romero, Deputy General Counsel & Compliance Officer
Mr. Keith Sabol, Director, Real Estate and Real Assets
Ms. Dawn Iglesias, Chief Investment Operations Officer
Mr. Nino Carpenito, Risk & Performance Officer
Mr. Juan Treviso, Real Estate & Real Asset Analyst
Ms. Francesca Moradi, Special Projects Coordinator
Mr. Chris Rodriguez, Network Administrator

Guests Present:
Ms. Marcia Beard, RVK
Mr. Matthias Bauer, RVK
Mr. Rob Kochis, Townsend

Mr. Seth Marcus, Townsend
Mr. Richard Pugmire, Mercer
Mr. Aaron Maeng, American Securities
Ms. Amy Harsch, American Securities
Ms. Jillian Detmer, American Securities
Mr. Jim Kim, Builders VC
Mr. Greg Bohannon, Builders VC
Mr. Stewart Alsop, TK Media & Entertainment
Mr. Jim Ward, TK Media & Entertainment
Ms. Kathleen McCarthy, Blackstone
Ms. Alexanda Hill. Blackstone

b. Approval of agenda

At about 6:01 in the meeting agenda, Commissioner Garcia Richard asked the Council if there were any objections to the approval of the agenda, hearing none, the motion was approved by unanimous consent.

c. Approval of minutes

At about 6:15 in the meeting, Member Bingaman moved to approve the meeting minutes from August 27, 2024. Commissioner Garcia Richard inquired if there were any objections to the approval of the agenda. Hearing none, the motion was approved by unanimous consent.

2. INVESTMENT ACTIVITY & PERFORMANCE, CAPITAL MARKETS UPDATE

a. SIO Briefing (Jon Clark)

At about 6:33 in the meeting recording, State Investment Officer Jon Clark told the Council that the SIC now has over $58 billion in assets under management, making it larger than the Texas Teachers' Permanent Fund. Only Alaska's organization manages more assets among domestic sovereign wealth funds. By 2024, the SIC is expected to give over $2 billion to the state for its budget, funding about 27% of K-12 education and 58% of early childhood education and care programming. State economists now estimate that by 2039, the SIC's distributions will surpass oil and gas as the main funding source for the state's general fund. Mr. Clark pointed out that the SIC is well-prepared for this opportunity, with plans to optimize its processes and structure. He mentioned creating two new positions in the agency: a Chief Investment Operations Officer and a Risk and Performance Officer, with those roles to be filled, respectively, by current SIC Strategists Dawn Iglesias and Nino Carpenito. These roles will oversee internal investment operations and manage various risks and performance reporting. Mr. Clark also mentioned upcoming discussions about changes to the Investment Policy Statement. Land Commissioner Garcia Richard expressed support for the staffing choices and direction of the changes.

b. CIO Briefing (Vince Smith)

At about 12:08 in the meeting recording, Chief Investment Officer Vince Smith reported that the Fed has moved interest rates down 50 basis points, more than the market expected. He mentioned that historically, a 50-basis point drop in interest rates indicated economic trouble and required an aggressive response. Mr. Smith noted that the labor market was softening, unemployment was rising slowly, and the housing market was slowing. Additionally, he stated that the stock market had reached new highs domestically, but overseas markets were facing more economic trouble. He expressed confidence in the portfolio's position for the long term and emphasized the importance of having extra cash and bonds available based on stock market valuations. He also mentioned the upcoming establishment of an Operations Office, which had been discussed for a couple of years.

3. INVESTMENT MATTERS: PORTFOLIO RECCOMENDATIONS REQUIRING A VOTE

a. Investment Committee Report (John Bingaman)

At about 14:42 of the meeting recording, Council Member John Bingaman reported that the Investment Committee had a productive meeting last week. There was a quorum, and they reviewed and recommended all of the voting items except for 4c American Securities Partners IX. Mr. Bingaman informed the Council that he had to recuse himself due to an investment in a fund with that manager. He mentioned that the committee reviewed and discussed proposed Investment Policy changes but did not vote on them.

b. Vote: Investment Policy Statement – Incorporation of Council-Approved Changes, New Funds, and Legislative Updates (Smith, Dawn Iglesias, RVK)

At about 15:38 in the meeting recording, Chief Investment Operations Officer Dawn Iglesias reported that one of her first tasks in her new role was to ensure that the SIC has an updated Investment Policy Statement (IPS) that reflects all the changes approved by the Council since the last formal update. She clarified that all the changes in the IPS were new and had been approved by the Council, especially if it was a legislative change being incorporated into the statute. Ms. Iglesias reviewed the types of changes discussed in the IPS, including new funds under management received since 2020, strategic asset allocations approved from 2023 to the present, as well as structural study changes such as benchmarks and minor technical and language changes to enhance clarity. She emphasized that all these policy changes were previously voted on by the Council. Ms. Iglesias also offered to go through the IPS line by line if necessary and asked for any further changes to be brought to her attention. Member Kurt Sommer motioned to approve the resolution, which was seconded by Member Bingaman.

Based on the recommendation of the Council Investment Committee, SIC staff and general fiduciary oversight from RVK, I move that the State Investment Council authorize updating the Council's Investment Policy Statement with the technical changes as provided to and discussed by the Council today.

Commissioner Garcia Richard, Treasurer Montoya, Secretary Propst, Member Allen, Member Bingaman, Member O'Donnell, Member Sánchez and Member Sommer voted in the affirmative. With eight votes in the affirmative, the motion passed.

c. Blackstone Presentation and Update (Treasurer Montoya, Blackstone)

At about 19:32 in the meeting minutes, Treasurer Laura Montoya updated the Council on the progress with Blackstone. She expressed her initial concerns in 2023, but after more recent discussions with Blackstone representatives and actions taken by the firm, she is now confident about their partnership. She requested Blackstone's representatives address the Council and provide more information about their activities, partnership with SIC, and efforts in diversity, equity, and inclusion. Ms. Kathleen McCarthy from Blackstone provided an overview of their investment performance and discussed the broader impact they deliver for SIC as fiduciaries. She also highlighted the sectors in which SIC's investments are concentrated. Ms. McCarthy emphasized that Blackstone takes its responsibility to the SIC, residential owners, managers, and employees seriously. She highlighted their commitment to their workers, stating that their workforce is crucial for their performance. Ms. McCarthy also discussed Blackstone's partnership with labor unions, noting that they believe in working together for mutual benefit. She mentioned positive feedback from Unite Here and other unions. In response to the questions, she explained that Blackstone had been working to resolve a collective bargaining agreement conflict with Unite Here Local 11 representatives from southern California. She emphasized that Blackstone strives to take a constructive approach and had already provided higher wages and benefits and encouraged engagement to resolve the new contract. McCarthy explained that the conflict had unique circumstances, and Blackstone had yet to be given the chance to engage as they wanted. Ultimately, the parties reached an agreement with higher wages and benefits. Land Commissioner Garcia

Richard highlighted Blackstone's significant presence and expressed gratitude for their commitment to resolving the issues. McCarthy also emphasized Blackstone's concern for reputational risk and its impact on the SIC. Commissioner Garcia Richard asked if the Risk Performance Officer would evaluate qualitative risk like this in his new position. SIO Clark said the reputational risk and governance risk were a form of risk the SIC would be concerned about. He clarified that a large part of what Mr. Carpenito would be working on would be quantifiable risk. The staff must recognize the risk to reputation and governance, which would be assessed on a case-by-case basis. Member O'Donnell asked Ms. McCarthy about Blackstone's efforts to preserve naturally occurring affordable housing in New Mexico amidst concerns about rent increases. Ms. McCarthy explained that Blackstone always offers lease renewal to residents in good standing and is mindful of the affordability for communities and people in the area. She mentioned that rent reflects the supply of housing and comparable rents in the area. She also discussed the challenge of affordability in the United States and the need for more housing to meet population growth and household formation rates. Ms. McCarthy stated that Blackstone believes build-to-rent properties can help address this challenge, especially given the higher interest rates for home sales. She mentioned that Blackstone is beginning to be part of the developing build-to-rent program. Member O'Donnell expressed concerns about investors purchasing single-family homes and turning them into rentals, which could impact the availability of homes for purchase. Ms. McCarthy acknowledged the tension surrounding institutional acquisitions of single-family homes and noted that only one-half of one percent of all single-family homes are owned by institutional owners.

d. <u>Performance Report: July 2024</u> (Smith, RVK)

At about 55:42 in the meeting recording, Matthias Bauer provided an overview of the July 2024 Preliminary Performance Summary to the Council. He highlighted positive results across major asset classes in recent market performance. The S&P, representing large cap, increased by 1.2%, while the Russell 2000 underperformed, showing a 10% increase in the large-cap segment. This shift was partially driven by the interest rate environment and is expected to continue affecting the market. The fixed income market saw a 2% increase for July, and with rates decreasing throughout the quarter, fixed income experienced a 6% increase for the quarter. This trend wasn't limited to fixed income; assets sensitive to interest rates also benefited from the decrease in rates. Public fixed income outperformed private income due to its duration profile and greater exposure to the public. Mr. Bauer also mentioned that cash maintained its purchasing power and had a positive real yield. Marica Beard continued the presentation by noting that July marked the first month of the new fiscal year. She reported that the portfolio was up 1.38%, and the Land Grant Permanent Fund (LGPF) was up 1.41%, both outperforming the interim policy benchmarks. The LGPF also outperformed the policy benchmark over the past ten years. Ms. Beard discussed the interim target allocations for the LGPF and Severance Tax Permanent Fund (STPF), explaining that these targets were necessary due to a large influx of money and the challenge of deploying the funds into investments. She highlighted that there were $3.5 billion in net cash inflows in the calendar year 2024 and $2.8 billion in investment gains. Ms. Beard provided further details about the composite performance.

4. <u>INVESTMENT MATTERS: Informational Items and Performance Updates</u>

a. <u>VOTE: Strategy: FY 25 Annual Investment Plan</u> (Smith)

At about 1:06:14 in the meeting recording, CIO Vince Smith presented the Council with the Annual Investment Plan for the fiscal year 2025, covering the macroeconomic landscape, inflows, portfolio analysis, pacing, and asset class plans. He began by providing a brief overview of current economic concerns, including high debt loads, labor shortages driven by generational changes, and inflation influenced by deglobalization. Mr. Smith noted that the SIC is well-prepared for market volatility with a diversified portfolio and strong liquidity positions. He discussed the macroeconomic picture, indicating that we are in a period of low growth due to demographic factors. Additionally, he mentioned a slowdown in the M2 money supply that helps offset inflation and keeps interest rates lower. He pointed out that the overall investment strategy has remained unchanged since 2022. Chief Investment Operations Officer Dawn Iglesias then presented an Inflows Analysis to the Council. She reported that the SIC received $14 billion in inflows during 2022 and 2023, with an additional $7 billion expected in 2024. Ms. Iglesias emphasized that net inflows are projected to exceed net distributions by $4.8 billion. The SIO staff closely monitors the energy market and has maintained its expectations and projections. She highlighted a table showing expected NAV (Net Asset Value) growth and distribution growth broken down by funds. Ms. Iglesias also noted

that the legislature has focused on increasing distributions to the general fund to help counteract the anticipated decline in oil and gas revenue. Risk Performance Officer Nino Carpenito provided an overview of the aggregate portfolio, emphasizing that it continues the trends seen over the past few years, with inflows driving commitments across private asset classes. A recurring theme is that funds are taking longer to invest due to a challenging fundraising environment where institutional investors require significant inflows, as the SIC does. To adjust for this, the SIO staff changed their input methods and added a year to the pacing model last year, with plans to do so again this year. Mr. Carpenito noted that the commitment activity has been much higher than previous levels, akin to starting a new portfolio from scratch and facing challenges similar to those encountered by new investors, including excess cash and changes in positioning on the J-curve. The current NAV of the SIC's private asset classes is approximately $20 billion, meaning the staff will need to make about $5 billion in commitments each year over the next five years to achieve the target allocation. He updated the Council on the SIC's current status compared to the plan year-to-date, reporting that the SIC had committed $4.4 billion against a planned commitment of $3.8 billion, driven by substantial investment opportunities in Private Debt and Private Equity. The SIC experienced about $1.4 billion in net cash outflows and aimed for closer to $3 billion. He concluded by advising the Council to consider pacing as a guide and to remain open to current market conditions, encouraging asset-class teams to act opportunistically. Mr. Sommer congratulated Mr. Carpenito on his promotion but voiced concerns about staffing shortages. Mr. Carpenito replied that the staff size is about the same as when he joined the SIC 16 years ago when the NAV was $15 billion. Land Commissioner Garcia then asked if there were any questions or additional comments. Member Bingaman made the following motion, seconded by Member Sommer.

Based on the recommendation of the Council Investment Committee, SIC staff and general fiduciary oversight from RVK, I move that the State Investment Council authorize updating the Council's Investment Policy Statement with the technical changes as provided to and discussed by the Council today.

A roll call vote was conducted, with Commissioner Garcia, Secretary Propst, Member Allen, Member Bingaman, Member O'Donnell, Member Sánchez, and Member Sommer voting in favor. There were no opposing votes. With seven votes in favor, the motion passed.

b. <u>VOTE: Real Estate: Structure Study</u> (Keith Sabol)

At about 1:52:50 in the meeting recording, Mr. Sabol introduced Rob Kochis and Malcolm Blake from Townsend to the Council. He explained that their presentation would focus on structure study components requiring a vote to amend the Investment Policy Statement. Specifically, they would address the permissible ranges of investments, which impact the balance between core and non-core investments, and a change in the benchmark to align with this revised investment mix. Mr. Kochis continued the presentation, recommending a shift in the risk profile of the Real Estate program to align with the previously discussed growth in cash flows and liquidity. Historically, institutional investors, like the SIC, invest in real estate for its returns and diversification benefits. Real estate typically appreciates consistently with inflation, providing capital conservation and downside protection associated with investing in tangible assets. The proposed recommendation and vote aim to adjust priorities in line with the SIC's growth and liquidity profile, focusing on slightly higher-risk and higher-return strategies expected to yield greater long-term returns. Mr. Sabol noted that the proposed shift from a 60% core and 40% non-core allocation to a 40% core and 60% non-core allocation could be implemented within the current Investment Policy Statement. However, he clarified that the vote was intended to create a margin of safety around these target allocations. Mr. Kochis emphasized that while this would change the risk profile, it would not significantly increase the overall program risk. He indicated that the SIC has a very efficient portfolio mix and that the only way to enhance the portfolio's return profile would be to move up the return curve. Mr. Sabol also pointed out the importance of correctly benchmarking the portfolio mix. Finding an appropriate benchmark that accurately compensates the SIC for the risks in the portfolio construction was crucial. Ultimately, they decided to use the same standard prevalent in most markets: an ODCE plus a premium benchmark construct. Mr. Sabol concluded his presentation by stating that the liquidity of the SIC's funds allows for the acceptance of well-compensated risks, thereby increasing the portfolio's expected returns. He recommended changes that would facilitate this transition. Land Commissioner Garcia Richard asked him to review the definitions, and Mr. Kochis provided an overview and examples of industry norms. Mr. Smith wrapped up the presentation by explaining the

significance of structure studies for asset class directors to address individual markets, create expectations regarding the types of investments the Council and staff should anticipate, and inform the strategy team about the portfolio composition and structure. Member Bingaman made the following motion, seconded by Member Sommer.

Based on the recommendations of the Council Investment Committee, Real Estate Consultant Townsend, SIC Staff and general fiduciary oversight from RVK, I move that the State Investment Council approve the updated Structure Study for the Council's Real Estate Portfolio, as presented to and discussed by the Council today.

A roll call vote was conducted, with Commissioner Garcia, Secretary Propst, Member Allen, Member Bingaman, Member O'Donnell, Member Sánchez, and Member Sommer voting in favor. There were no opposing votes. With seven votes in favor, the motion passed.

c. VOTE: Private Equity: American Securities Partners IX (Chris Cassidy)

At about 2:22:02 in the meeting recording, Mr. Cassidy addressed the Council and mentioned that middle market buyouts constitute over half of the buyout index. This has been a critical area of focus in building the portfolio over the past couple of years, especially since it had been underweighted. He presented a recommendation to commit up to $100 million, along with an additional commitment of up to $100 million for a side-by-side co-invest vehicle to be managed by American Securities. This middle market buyout fund specializes in industrials and essential businesses. This would mark a new relationship for the SIC. Mr. Cassidy noted that when the SIC initiated the co-invest program last year, the Asset Class team considered establishing side-by-side vehicles with managers where feasible. This approach is an efficient way to allocate capital. The current recommendation would be the fourth side-by-side vehicle with the same unique situation. Mr. Pugmire from Mercer provided the Council with a brief overview of American Securities Partners, founded in 1994. He explained that the firm initially aimed for a larger fund target, but they revised it to a smaller size due to a challenging fundraising environment. Consequently, they have refined their strategy to focus on sectors where they have experienced success, although some team members have departed to reflect this change. Nevertheless, they maintain continuity with their four investment committee members and a sizable team, which Mercer views as a positive aspect. He reviewed their track record and fund terms, after which representatives from American Securities discussed the firm's history and values. They outlined their goal of generating market-leading returns for the SIC and explained their value creation process, which industry experts drive. Member Sommer made the following motion, seconded by O'Donnell.

Based on the recommendations of Private Equity Consultant Mercer, SIC Staff and general fiduciary oversight from RVK, I move that the State Investment Council approve a commitment of up to $100 million to American Securities Partners IX, L.P., L.P., and an additional side-by-side co-investment commitment of up to $100 million, subject to and contingent upon New Mexico legal requirements, New Mexico State Investment Council policies, negotiations of final terms and conditions and completion of appropriate paperwork.

A roll call vote was conducted, with Commissioner Garcia, Secretary Propst, Member Allen, Member O'Donnell, Member Sánchez, and Member Sommer voting in favor. Member Bingaman recused himself. There were no opposing votes. With six votes in favor, the motion passed.

d. VOTE: NM Private Equity: Builders VC Fund III (Cassidy)

At about 2:35:33 in the meeting recording, Mr. Cassidy presented the Council with some critical comments regarding the recommendations for the NM Program. He emphasized that deep tech would remain at the program's core, particularly in technology transfer and commercialization. However, the SIO staff believe there are opportunities to support other sectors where entrepreneurial activity is evident. The two recommendations introduced represent new sectors for the program: select software-driven businesses and media and entertainment technology. Mr. Pugmire introduced the Builder VC Fund III, founded by Jim Kim. He explained that their strategy focuses on early-stage venture capital investment to develop

technologies that can benefit traditional industries such as agriculture, industrials, and healthcare. They source investments through their networks and utilize scout networks to identify opportunities in local geographies. After investing, they collaborate with company CEOs—typically serving as board members—and leverage their operating partners to assist in sales, marketing, engineering, graphic design, team building, public relations, and back-office support. This support is precious for companies lacking those resources. Regarding performance, Mr. Pugmire noted that the Builders Firm is still evolving, with many values yet to be realized. However, he stressed that the overall performance is attractive to the NM Program. He expressed enthusiasm from the asset class team about the economic development possibilities in the state. Mr. Jim Kim continued the presentation, highlighting that the firm focuses on modernizing industries that have yet to invest in technology over the past decade. These industries now face rising commodity prices, labor shortages, and significant regulatory hurdles. The Builders Firm believes these sectors can only address these issues through innovation and adaptation. Member Bingaman made the following motion, seconded by Member Sánchez.

Based on the recommendations of the Council Investment Committee, Private Equity Consultant Mercer, SIC Staff and general fiduciary oversight from RVK, I move that the State Investment Council approve a commitment of up to $60 million to Builders VC Fund III, L.P., subject to and contingent upon New Mexico legal requirements, New Mexico State Investment Council policies, negotiations of final terms and conditions and completion of appropriate paperwork.

A roll call vote was conducted, with Commissioner Garcia, Secretary Propst, Member Allen, Member Bingaman, Member O'Donnell, and Member Sánchez voting in favor. Member Sommer recused himself. There were no opposing votes. With seven votes in favor, the motion passed.

e. <u>VOTE: NM Private Equity: TK Media Tech Ventures</u> (Cassidy)

At about 2:55:30 in the meeting recording, Pugmire presented an overview of the recommendation regarding TK Media Tech Ventures, a New Mexico-based fund founded and operated by two residents: Mr. Stewart Alsop and Mr. Jim Ward. He explained that the fund's strategy focuses on forming companies centered around technological investments in the media and entertainment industry. The team is expected to advise management post-investment on strategy, team building, and securing additional financing. Mr. Pugmire acknowledged that TK Media is a new fund without a track record but emphasized that its members have histories of success from their previous firms. Mr. Alsop and Mr. Ward then shared their media backgrounds, investment experience, and ties to New Mexico. Mr. Ward expressed excitement about the unique creativity stemming from the diverse cultures in New Mexico. He noted that TK Media recognizes the potential for these creative elements to thrive alongside emerging technologies, viewing this as a significant opportunity. He mentioned that the state can build on its investments in traditional film and television production while capitalizing on the new convergence of technologies. TK Media believes this approach could attract investment to New Mexico and help cultivate a new generation of creative talent. Member Allen expressed her impression of the proposal and highlighted the opportunities available in the for-profit and non-profit sectors. Further discussion was on how the non-profit sector can effectively leverage technology platforms. Member Bingaman inquired about any potential connection to Meow Wolf, given his investment in the organization. The TK Media team clarified that there would be no direct investment in Meow Wolf; however, one of its founders might create a different firm where they could invest. Member Bingaman made the following motion, seconded by Member Sommer.

Based on the recommendations of the Council Investment Committee Private Equity Consultant Mercer, SIC Staff and general fiduciary oversight from RVK, I move that the State Investment Council approve a commitment of up to $15 million to TK Media Tech Ventures, L.P., subject to and contingent upon New Mexico legal requirements, New Mexico State Investment Council policies, negotiations of final terms and conditions and completion of appropriate paperwork.

A roll call vote was conducted, with Commissioner Garcia, Secretary Propst, Member Allen, Member Bingaman, Member O'Donnell, Member Sánchez, and Member Sommer voting in favor. There were no opposing votes. With seven votes in favor, the motion passed.

5. **GOVERNANCE MATTERS: Informational Reports Requiring Discussion/Vote**

    a. **Governance Committee Report (Cathy Allen)**

At about 3:15:05 in the meeting recording, Member Allen provided the Council with a brief report on the recent meetings of the Governance Committee, which took place in September. She mentioned that they reviewed the Investment Policy Statement and emphasized the importance of involvement from all members in the process. The SIO will revise the document based on feedback from Council members, and it will be reviewed again in October; however, no vote will take place at that time. Member Allen also noted that SIO Clark will provide a list of the educational interests of Council members, which will be taken into account during the revisions of the Investment Policy Statement. Member Sommer asked Member Bingaman whether the Investment Committee had reviewed the Investment Policy Statement. Member Bingaman confirmed that the review had taken place and stressed the importance of adopting a firm policy if the Council transitions to the new framework. This policy would prohibit Council members from recommending investments or referring managers to staff. SIO Clark continued the discussion by informing the Council about the changes, updates, and the overall process. Commissioner Garcia Richard asked about reporting and how ERB and PERA approved investments. SIO mentioned that it would be updated and include more information. Secretary Propst answered that ERB and PERA's boards do not approve individual investments. Member Sommer said that the proposed changes would allow the Council more time to review overall performance. Member Allen added that it would incorporate best practices and expressed appreciation to the SIO staff on their work.

6. **FINANCE MATTERS: Informational Reports Requiring Discussion/Vote**

    a. **CFO Report (Brent Shipp)**

At about 3:38:07 in the meeting recording, CFO Brent Shipp gave an update to the Council. He mentioned that his team would prepare a budget adjustment request in the coming months. This request will include adjustments for management fees, as they need to adequately account for the significant inflows and new funds allocated by the legislature, which were beyond their forecasting abilities.

7. **CLOSING MATTERS**

    a. **Old or new business:**

None.

    b. **Next SIC meeting date: Tuesday, October 29th, 9:00 a.m., Santa Fe, NM.**

8. **PUBLIC COMMENT PERIOD**

None.

9. **ADJOURNMENT**

    a. The meeting was adjourned at 12:40 p.m.