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STATE INVESTMENT COUNCIL
 November 22, 2022

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MINUTES OF THE
NEW MEXICO STATE INVESTMENT COUNCIL MEETING
November 22, 2022
Santa Fe, New Mexico

1. OPENING MATTERS

a. Roll call and introduction of guests: quorum present

A telephonic meeting of the New Mexico State Investment Council was called to order by Commissioner Garcia Richard, Vice Chair, on this date at 9:04 a.m.

A telephonic roll call was held, and a quorum was declared:

Members Present by Phone:

The Honorable Stephanie Garcia Richard, Land Commissioner, Vice Chair

The Honorable Tim Eichenberg, State Treasurer [left the call at 9:40 a.m./rejoined at 10:30 a.m./left the call at 10:41 a.m.]

The Honorable Debbie Romero, Secretary, Department of Finance & Administration

Leonard Lee Rawson, Public Member

John Bingaman, Public Member

Harold Lavender, Public Member

Catherine Allen, Public Member

Tim Jennings, Public Member

Nicolas Telles, Public Member

Members Absent:

The Honorable Governor Michelle Lujan Grisham, Chair

Michael Messina, Public Member

State Investment Office Staff Present by Phone:

Steven K. Moise, State Investment Officer

Vince Smith, Deputy State Investment Officer & CIO

Brent Shipp, Chief Financial Officer

Charles Wollmann, Director of Communications,
Legislative, & Client Relations

Evan Land, Chief Counsel

Andee Dunick, Recorder, Executive Assistant

Dawn Iglesias, Investment Strategist

Tom Lofton, Director of Fixed Income

Starla Bennett, Director of Public Equity

Asa Scott, Public Equity Analyst

Chris Cassidy, Private Equity Portfolio Manager

Mikhail Kuznetsov, Investment Strategist

Nino Carpenito, Investment Analyst

Bruce Brown, Deputy Counsel

Keith Sabol, Director of Real Estate & Real Assets

Guests Present by Phone:

Marcia Beard, Matthias Bauer/RVK

Seth Marcus, Stephen Hertenstein, Teddy Grendzynski/Townsend

Richard Pugmire, Amy Ridge/Mercer

Trevor Jackson, Dylan Herman, Leo Fletcher-Smith, Afolabi Oliver/Aksia

Mary Bates, Amy Hsiang, Tad Fergusson/Meketa

Gilman Louie, Lilian Wan/America's Frontier Fund, Inc.

David Silverman, Matt Bigge/Crosslink Capital

Peter Manos, Michael Lustbader, Matthew Altman/Arlington Capital Partners

Alfredo Marti, Ken Ryan/Sandbrook Capital

Joseph Cannon, Lili Dunn, Zach Daughtry, Kathryn Wright/Bell Partners, Inc.

Ryan Flohre, Ari Barzideh/Strategic Value Partners, LLC

b. Approval of agenda

Mr. Jennings moved approval of the agenda. Mr. Lavender seconded the motion, and a roll call vote was taken. The motion passed 9-0 with Commissioner Garcia Richard, Secretary Romero, Treasurer Eichenberg, Mr. Lavender, Mr. Rawson, Ms. Allen, Mr. Telles, Mr. Jennings, and Mr. Bingaman voting in favor.

c. Approval of Minutes: October 25, 2022

Mr. Lavender moved approval of the minutes of the September 27, 2022, SIC meeting, as submitted. Mr. Rawson seconded the motion, and a roll call vote was taken. The motion passed 9-0 with Commissioner Garcia Richard, Secretary Romero, Treasurer Eichenberg, Mr. Lavender, Mr. Rawson, Ms. Allen, Mr. Telles, Mr. Jennings, and Mr. Bingaman voting in favor.

2. STATE INVESTMENT OFFICER'S & CHIEF INVESTMENT OFFICER'S BRIEFINGS

a. SIO Report

Presenters: Steve Moise, State Investment Officer and Charlie Wollmann, Director of Communications, Legislative, & Client Relations

Mr. Moise reported that distributions for the last 12 months (as of October) totaled \$1,196,553,316 and contributions to the Land Grant Permanent Fund (LGPF) in October totaled \$302,085,337 (a new record). He stated the net asset value (NAV) as of Friday, November 18 was \$38,341,948,118.71 and provided oil prices, rig counts, and natural gas prices. He commented that the Audit Exit Conference was completed and reviewed the upcoming meeting schedule for the Council. He reported that the SIC is looking forward to welcoming Ryan McCauley as the Fixed Income Analyst in January and that the SIC is pursuing another Investment Strategist and Private Equity Analyst. He thanked Treasurer Eichenberg for his service to the Council (the new State Treasurer, Laura Montoya, will assume the position in January). Mr. Wollmann stated that the SIC welcomed its 27th client, the City of Rio Rancho. He thanked Secretary Romero for approving the Joint Powers Agreement (JPA) and stated there continues to be interest in the SIC investment pools, including the City of Santa Fe.

b. CIO Report

Presenter: Vince Smith, Deputy State Investment Officer & Chief Investment Officer

Mr. Smith provided a macro update, stating the federal interest rate was raised to 75 basis points at the beginning of November. He stated that gets the rate 3.75-4.0% (it was at 0% 10 months ago). He commented that the market is expecting to increase another 50-75 basis points in December, the stock market is in a classic downtrend, and a recession is still expected next quarter. He remarked that the SIC has excess cash in the portfolio due to the very high inflows and it is currently being held in bonds and cash as it takes time to deploy cash in the private market. He concluded by stating that he looks forward to welcoming Ryan McCauley as Fixed Income Analyst (starting January 9th).

c. Performance Report: RVK Q3 2022 and September 2022

Presenters: Matthias Bauer and Marcia Beard, RVK

Mr. Bauer presented the Q3 2022 executive summary, and the capital markets review as of September 30, 2022. Commenting on the federal funds rate increase, he remarked that continued volatility is expected. Ms. Beard discussed fund performance and asset allocation for September. She commented that the LGPF is within the target policy range. Over the trailing five-year period, the LGPF Total Fund Composite returned 5.92% vs. the policy index of 5.97% and the Severance Tax Permanent Fund (STPF) returned 4.62% vs. 5.25% for the policy index. She remarked that while in the short-term period (3-year and 5-year) the policy index was underperformed, in the longer term (10-year period) the policy

expectations were exceeded. Ms. Beard discussed performance attribution for both funds and performance of the total fund vs. peers. She stated that the SIC's diversification has provided protection in a volatile market.

d. Real Estate PMR: Q2 2022

Presenters: Keith Sabol, Director of Real Estate and Real Assets, and Seth Marcus, Townsend

Mr. Sabol and Mr. Marcus presented the Real Estate PMR for Q2 2022. Mr. Sabol discussed the private market valuation process and lag on performance reporting. Mr. Marcus stated the real estate portfolio produced a 2.9% net return for Q2 2022. The portfolio outperformed the NFI-ODCE Index on a net basis over all time periods since 2011 except for Q2 2022. The quarterly underperformance resulted from the current market environment. Mr. Marcus remarked that Townsend anticipates core returns for the second half of 2022 to be flat.

e. Real Assets PMR: Q2 2022

Presenters: Keith Sabol, Director of Real Estate and Real Assets, and Seth Marcus, Townsend

Mr. Sabol and Mr. Marcus presented the Real Assets PMR for Q2 2022. Mr. Marcus reviewed the performance of the Real Return and Real Assets portfolios. The SIC has a total Real Return allocation of 10% and this allocation is further broken down between a 20% allocation to Financial Assets (MLPs and Debt Investments) and an 80% allocation to Real Assets (Infrastructure, Energy, Timber, and Agriculture). The Real Assets portfolio generated a 14.1% net return over the one-year period ending June 30, 2022. Each underlying sector positively contributed to this annual return. Infrastructure was the top contributor to performance followed by energy.

f. National Private Equity PMR: Q2 2022

Presenters: Chris Cassidy, Director of Private Equity, and Richard Pugmire, Mercer

Mr. Cassidy introduced Mr. Pugmire to review the National Private Equity PMR for Q2 2022. Mr. Pugmire stated that in Q1 2022 there was a slight gain but performance in Q2 decreased, with a quarterly net IRR of 3.3% (which equates to a quarterly loss of \$127M). He added the benchmark was down 5.4%. The National Program has generated a net IRR of 12.8% since inception. Mr. Pugmire reported that distributions outpaced contributions by approximately \$32M in Q2, which is a sign of strength with the portfolio getting realization activity despite the weakness in the overall market. He added the portfolio is still generating good value despite market volatility.

g. New Mexico Private Equity PMR: Q2 2022

Presenters: Chris Cassidy, Director of Private Equity, and Richard Pugmire, Mercer

Mr. Pugmire presented the New Mexico Private Equity PMR for Q2 2022. He reported that the quarterly returns were down 6.3% with negative performance in categories with the largest exposure (co-investment funds and newer fund commitments). The Recovery Fund was up by 1% (a quarterly net gain of \$0.6M) and the older fund investments were up 3.5%. Across all funds, the portfolio experienced a \$30.6M net loss in Q2. He stated there was a sizeable decline in Co-Investment Funds (down 6.8%), which was driven by a decline in a publicly traded holding and another private company that was marked down. Distributions outpaced contributions by approximately \$22M for the quarter. Since inception, the New Mexico Program has a gain of approximately \$50M.

Member Bingaman requested that the Dashboard Mercer provides start showing the dollars in minus the dollars out (net dollars in the program divided by the STPF balance) to get a sense of the allocation. Mr. Pugmire responded that he would add that to the report and stated that figure is currently 6.8%.

h. Non-Core Fixed Income: Q2 2022

Presenters: Tom Lofton, Director of Fixed Income, and Trevor Jackson, Aksia

Mr. Lofton stated this meeting will be Aksia's last meeting with the Council and thanked Mr. Jackson and the Aksia team for their professionalism and contribution to the SIC. He commented that he is excited about the prospects for the 2022 vintage year given the opportunities in the current stress markets. He added that the ability to deploy this year was due to the momentum that Mr. Sabol created in the Fixed Income portfolio prior to moving to Real Estate and Real Assets. Mr. Jackson presented the Q2 2022 performance report for Non-Core Fixed Income. He stated that the Aksia team enjoyed working with the Council and wished the Council the best. Mr. Jackson reported that during Q2 there were significant down drafts in the public markets but that the private markets held up. The portfolio was down .9% for Q2 and YTD it was flat (down 0.2%). Mr. Jackson discussed the portfolio allocations and diversification, stating it was a good mix of opportunities in a dislocated market. Commissioner Garcia Richard thanked the Aksia team for their great consulting work over the years.

i. Inflow Forecast for the Land Grant Permanent Fund

Presenter: Dawn Iglesias, Investment Strategist

Ms. Iglesias presented an inflow forecast report for the LGPF. Based on royalty contributions received through October and staff estimates for the remaining two months of the year, the LGPF is expected to receive about \$2.6B in inflows for CY2022 (a 98% increase over last year). Ms. Iglesias stated that inflows are primarily a function of commodity prices and production levels and the data showed higher commodity prices were the primary driver of this year's growth and inflows. She remarked that various scenarios were developed to determine future inflows based on external data sources that forecast energy prices and oil and gas production in the U.S. and New Mexico. She stated that current oil price projections average approximately \$70/bbl over the next decade, and natural gas prices approximately \$5/mcf. She commented that prices are inherently volatile, and projections are subject to considerable uncertainty. She reviewed various scenarios and reported that NM oil and gas production is projected to follow national trends, with continued growth expected to peak in the 2030s, then the state could enter a period of declining production trends through 2050 due to the nature of decline rates for NM wells. Based on this analysis, estimated future inflows to the LGPF could exceed \$2B annually over the next decade. She pointed out that LGPF inflows could vary considerably from the current outlook if actual prices or production are higher or lower than currently estimated. She stated that staff will regularly monitor the oil and gas markets and update inflow estimates as market expectations change.

Commissioner Garcia Richard thanked Ms. Iglesias for the analysis. Mr. Rawson inquired about the forecast and the administration's desire to slow drilling on State Lands as opposed to a more aggressive approach to drilling. Ms. Iglesias responded that the scenarios studied include the Energy Information Administration's (EIA) data under current law and make no expectations of any future regulatory changes that may accelerate an energy transition or reduce the amount of drilling allowed on state or federal lands. Mr. Rawson stated the analysis does not include data that illustrates restraint on drilling and lower revenue as a result. Ms. Iglesias stated she would send him data on those parameters. Mr. Jennings asked if the loss of stripper well production was factored in the analysis which accounts for roughly 20% of revenue from oil and gas. Ms. Iglesias responded the analysis takes a total forecast approach to NM oil and does consider drilling on top tier acreage but that a specific scenario of that sort has not been developed and would be considered in future stress testing. Mr. Jennings asked if federal bans on leases was taken into consideration. Ms. Iglesias responded that in general, the current scenarios do consider leasing bans with the caveat that 90-95% of all currently drillable acreage on federal land is already leased. She added that there was a study performed a year ago when the leasing ban was announced that analyzed available federal acreage and what a ban could mean for future production, and she would send it to Mr. Jennings. She added that the study showed relatively limited total impact relative to what NM currently produces. She stated another caveat is that the scenarios presented today specifically refer to State Trust Lands and not federal lands. She added these scenarios are a baseline analysis and there will be stress testing in the future. Mr. Jennings commented that we need to

stay on top of decisions that impact NM revenue streams. Commissioner Garcia Richard remarked that for the last four years, the inflows to the LGPF have broken record after record (including another record this month).

3. INVESTMENT MATTERS: INVESTMENT MATTERS REQUIRING DISCUSSION/VOTE

a. Investment Committee Report

Presenter: Harold Lavender, Council Investment Committee Chair

Mr. Lavender stated the Committee Members unanimously recommended all of the investments being presented to the Council. He disclosed that as an employee of CNM, which holds a venture fund that includes Crosslink, he would recuse himself from that investment vote.

b. VOTE: New Mexico Private Equity: Frontier Fund I

Presenters: Chris Cassidy, Director of Private Equity, and Richard Pugmire, Mercer, and Gilman Louie and Lilian Wan, America Frontier Fund, Inc.

Mr. Cassidy introduced American Frontier Fund Inc.'s (AFF) Frontier Fund I (Fund I), stating that a fund commitment of up to \$100M is being recommended. He remarked in light of the Covid pandemic, competition with China and the war in Ukraine, this investment follows a macro theme of growing interest to invest in a better-secured supply chain and critical technologies. He added New Mexico is well-positioned to become a leading center of excellence for Frontier Technology due to its federal labs and universities and would serve as the first (and national) headquarters of a network of for-profit venture studios. To help advance New Mexico's technology ecosystem, AFF intends to build a new for-profit venture studio headquartered in Albuquerque and with satellite offices around the state, that will connect technology, talent, and capital to promote local innovation and commercialization of Frontier Technology startups, which should have significant economic benefit for the state.

Mr. Pugmire highlighted Mercer's due diligence report, remarking that AFF's Fund I strategy of creating companies has the potential to attract more capital to the state and compliments other commitments in the NM Program. He stated that AFF has a network of strong industry relationships to manage the strategy and referencing the experienced team, he introduced Gilman Louie, Co-Founder of AFF and former Commissioner on the Congressional Commission on Research and Development for the U.S. Intelligence community. Mr. Louie discussed the investment strategy and technologies in more depth. He stated AFF's vision is to transform New Mexico into a global leader for Frontier Technology innovation.

Based on the recommendations of the Council Investment Committee, consultant Mercer, SIC Staff and general fiduciary oversight of RVK, Mr. Lavender moved that the State Investment Council approve a commitment of up to \$100M to Frontier Fund I, subject to and contingent upon New Mexico legal requirements, New Mexico State Investment Council policies, negotiation of final terms and conditions, and completion of appropriate paperwork. Mr. Telles seconded the motion, and a roll call vote was taken. The motion passed 9-0, with Commissioner Garcia Richard, Secretary Romero, Treasurer Eichenberg, Mr. Lavender, Mr. Jennings, Mr. Rawson, Mr. Telles, Ms. Allen, and Mr. Bingaman voting in favor.

c. VOTE: New Mexico Private Equity: (i) Crosslink Ventures X and (ii) Crosslink Endeavor II

Presenters: Chris Cassidy, Director of Private Equity, and Richard Pugmire, Mercer, and David Silverman and Matt Bigge, Crosslink Capital

Mr. Cassidy stated staff, in conjunction with consultant Mercer, recommend a commitment of \$20M to Crosslink Ventures Fund X and \$15M to Endeavor II Fund for early-stage venture capital investments in promising technology companies. The proposed commitment would be the SIC's third commitment to Crosslink's early-stage flagship fund series and its first commitment to the Endeavour fund series. Mr. Pugmire discussed Mercer's due diligence, stating Mercer recommends a

commitment to both funds. He remarked that Crosslink has been a contributor to the positive performance of the NM Program in addition to the economic development it has brought to state. Mr. Silverman discussed Crosslink's track record and strategy. He commented on the firm's venture investing activity in NM, including partnerships with the national laboratories and universities through its local portfolio companies and joint programs. The firm has completed two investments in New Mexico-based companies for a total of \$37M as of September 30, 2022. Crosslink invested approximately \$24M in Descartes Labs and \$13M in X-Bow and these NM-based portfolio companies have raised \$150M in capital. Mr. Bigge thank Member Lavender for his introduction to X-Bow (which manufactures solid state fuel used in rocket motors important for future space exploration and other national security focused programs) and discussed Crosslink's investment in X-Bow.

Based on the recommendations of the Council Investment Committee, consultant Mercer, SIC Staff and general fiduciary oversight of RVK, Mr. Telles moved that the State Investment Council approve a commitment of up to \$35M in aggregate to (i) Crosslink Ventures X and (ii) Crosslink Endeavor II, subject to and contingent upon New Mexico legal requirements, New Mexico State Investment Council policies, negotiation of final terms and conditions, and completion of appropriate paperwork. Mr. Bingaman seconded the motion, and a roll call vote was taken. The motion passed 6-0, with Commissioner Garcia Richard, Secretary Romero, Mr. Rawson, Mr. Telles, Ms. Allen, and Mr. Bingaman voting in favor. Mr. Lavender recused himself from the vote due to an association with Crosslink. Treasurer Eichenberg had to leave the call and Mr. Jennings was disconnected from the call during the vote. (Mr. Jennings returned to the call and stated he would have voted in favor.)

d. VOTE: Private Equity: Arlington Capital Partners VI

Presenters: Chris Cassidy, Director of Private Equity, and Richard Pugmire, Mercer, and Peter Manos, Michael Lustbader, and Matthew Altman, Arlington Capital Partners

Mr. Cassidy stated staff, in conjunction with consultant Mercer, recommend a commitment of up to \$75 million in Arlington Capital Partners VI, L.P. ("Fund VI"), a buyout fund that will invest primarily in U.S. middle market companies operating within certain government-regulated and adjacent verticals. Specifically, Fund VI will focus on control investments in companies that operate in industries such as government services and technology, aerospace and defense, healthcare, and business services and software. He commented on the firm's Fund V portfolio company BlueHalo (a leading provider of advanced engineering and technology) that has substantial operations in New Mexico. Mr. Pugmire remarked that Arlington's uniquely focused strategy fits well in the National Program and enhances portfolio diversification. He discussed the team and its track record of favorable performance. Mr. Pugmire stated Mercer recommends a commitment of up to \$75M in Fund VI. Mr. Manos discussed Arlington's investment strategy and 20-year track record, and Mr. Lustbader discussed the firm's investments in New Mexico companies.

Based on the recommendations of the Council Investment Committee, consultant Mercer, SIC Staff and general fiduciary oversight of RVK, Mr. Lavender moved that the State Investment Council approve a commitment of up to \$75M to Arlington Capital Partners VI, subject to and contingent upon New Mexico legal requirements, New Mexico State Investment Council policies, negotiation of final terms and conditions, and completion of appropriate paperwork. Mr. Jennings seconded the motion, and a roll call vote was taken. The motion passed 8-0, with Commissioner Garcia Richard, Secretary Romero, Mr. Lavender, Mr. Jennings, Mr. Rawson, Mr. Telles, Ms. Allen, and Mr. Bingaman voting in favor.

e. VOTE: Real Return: Sandbrook Climate Infrastructure Fund I and Co-Investment

Presenters: Keith Sabol, Director of Real Estate and Real Assets, and Amy Ridge, Mercer, and Alfredo Marti and Ken Ryan, Sandbrook Capital

Mr. Sabol introduced an investment to Sandbrook Climate Infrastructure Fund I for the Real Return portfolio. He discussed the experienced team with 118 years of cumulative experience in renewables and energy. He highlighted items from the due diligence report and stated that after weighing the fund's benefits and risks, staff and Mercer recommend a

commitment of up to \$75M to Sandbrook Climate Infrastructure Fund I and up to \$75M to the associated co-investment vehicle. Ms. Ridge discussed the key findings of Mercer’s due diligence. Mr. Ryan discussed the team’s experience, Sandbrook’s founding in 2021 to invest in infrastructure solutions combating climate change, and track record with previous investments while working together at the firm Riverstone. Mr. Marti reviewed Sandbrook’s investment strategy, which revolves around the creation of purpose-driven climate enterprises (primarily in the wind/solar/transmission space) with stable cash flows.

Based on the recommendations of the Council Investment Committee, consultant Mercer, SIC Staff and general fiduciary oversight of RVK, Mr. Lavender moved that the State Investment Council approve a commitment of up to \$75M to Sandbrook Climate Infrastructure Fund I and \$75M to Sandbrook Climate Infrastructure Co-Investment, subject to and contingent upon New Mexico legal requirements, New Mexico State Investment Council policies, negotiation of final terms and conditions, and completion of appropriate paperwork. Mr. Telles seconded the motion, and a roll call vote was taken. The motion passed 8-0, with Commissioner Garcia Richard, Secretary Romero, Mr. Lavender, Mr. Jennings, Mr. Rawson, Mr. Telles, Ms. Allen, and Mr. Bingaman voting in favor. Commissioner Garcia Richard commented that she was pleased NM is in the first funding round for this important venture.

f. VOTE: Real Estate: Bell Value-Add Fund VIII

Presenters: Keith Sabol, Director of Real Estate and Real Assets, and Seth Marcus, Townsend, and Lili Dunn and Joseph Cannon, Bell Partners, Inc.

Mr. Sabol presented a re-up opportunity with Bell Partners, Inc.’s Value-Add Fund VIII as the next vehicle in its series of closed-end value-add apartment funds. He stated staff and consultant Townsend recommends a commitment of up to \$100M to Fund VIII (the SIC invested in Fund VII in 2020). The Fund will acquire mostly higher grade, mid to large sized apartment communities in growth neighborhoods within major markets with institutional liquidity, where value can be added through renovations and operational improvements to increase NOI. The strategy is national, targeting neighborhoods with attractive supply/demand fundamentals in 14 markets with population and employment growth well in excess of the national average. Mr. Marcus discussed the investment strategy and the multi-family sector exposure in the portfolio. He commented that Bell offers a dedicated multi-family focused strategy, providing expertise in consistently evolving investment environment. This commitment would move the portfolio to its benchmark of 30% and provide strong returns as Bell has consistently generated good absolute and relative returns in the fund series since 2006. Ms. Dunn, CEO and President of Bell Partners, Inc. presented the investment strategy and discussed the firm’s culture, team and track record.

Based on the recommendations of the Council Investment Committee, consultant Townsend, SIC Staff and general fiduciary oversight of RVK, Mr. Lavender moved that the State Investment Council approve a commitment of up \$100M to Bell Value-Add Fund VIII, subject to and contingent upon New Mexico legal requirements, New Mexico State Investment Council policies, negotiation of final terms and conditions, and completion of appropriate paperwork. Mr. Rawson seconded the motion, and a roll call vote was taken. The motion passed 8-0, with Commissioner Garcia Richard, Secretary Romero, Mr. Lavender, Mr. Jennings, Mr. Rawson, Mr. Telles, Ms. Allen, and Mr. Bingaman voting in favor.

g. VOTE: Non-Core Fixed Income: Strategic Value Capital Solutions Fund II, L.P.

Presenters: Tom Lofton, Director of Fixed Income, and Trevor Jackson, Aksia, and Ryan Flohre and Ari Barzideh, SVP Global

Mr. Lofton stated that staff and consultant Aksia recommend a commitment of up to \$150M to Strategic Value Capital Solutions Fund II (SVCS Fund II). SVCS Fund II is the second fund in a strategy that has broad flexibility to capture the full spectrum of opportunities in distressed situations that require industry and operating level expertise to effectively underwrite. SIC has an existing relationship with SVP that began with a \$100MM commitment to SVP’s Special

Situations Fund V in 2020. Mr. Jackson discussed Aksia's due diligence and SVCS' investment strategy and track record, stating that the strategy features a hybrid of both liquid and illiquid investments with a focus on the GP's core asset-heavy sectors of specialty (manufacturing, infrastructure, capital goods, and power generation). He added the strategy fits well in the portfolio as part of the Distressed and Other sub-category, to maintain the overall Non-Core Fixed Income long-term target allocation. Mr. Barzideh of Strategic Value Partners, LLC, presented the firm's background and track record, and discussed Fund II's investment.

Based on the recommendations of the Council Investment Committee, consultant Aksia, SIC Staff and general fiduciary oversight of RVK, Mr. Lavender moved that the State Investment Council approve a commitment of up to \$150M to Strategic Value Capital Solutions Fund II, L.P., subject to and contingent upon New Mexico legal requirements, New Mexico State Investment Council policies, negotiation of final terms and conditions, and completion of appropriate paperwork. Mr. Bingaman seconded the motion, and a roll call vote was taken. The motion passed 8-0, with Secretary Romero, Commissioner Garcia Richard, Mr. Jennings, Mr. Lavender, Mr. Rawson, Mr. Telles, Ms. Allen, and Mr. Bingaman voting in favor.

h. VOTE: Subscription to Hedgeye Risk Management Research Services

Presenter: Chris Cassidy, Director of Private Equity

Mr. Cassidy stated that SIC staff recommends a subscription to Hedgeye Risk Management Research Services, an investment research firm that offers an online research portal with news and insights on specific sectors and companies, macroeconomic factors, and market trends. Hedgeye also makes analyst teams available for institutional clients as part of the subscription. The investment staff has used the research on a trial basis and found the quality of research to be excellent and unvarnished (the Private Equity and Public Equity teams, in particular, have found Hedgeye's research very useful as part of its due diligence of managers in their portfolios).

Based on the recommendations of the Council Investment Committee and SIC Staff, Mr. Lavender moved that the State Investment Council approve a subscription to Hedgeye Risk Management Research Services as set forth in the meeting materials and discussed by the Council today. Mr. Rawson seconded the motion, and a roll call vote was taken. The motion passed 8-0, with Secretary Romero, Commissioner Garcia Richard, Mr. Jennings, Mr. Lavender, Mr. Rawson, Mr. Telles, Ms. Allen, and Mr. Bingaman voting in favor.

4. FINANCE MATTERS: COMMITTEE & INFORMATIONAL REPORTS: DISCUSSION, VOTE

a. CFO Report

Presenter: Brent Shipp, Chief Financial Officer

Mr. Shipp highlighted the Budget-to-Actual Schedule, Investment Holdings Report, and Beneficiary Schedule provided to the Council. He remarked that due to the recent Constitutional Amendment, there will most likely be increased distributions to the Common Schools in FY23. Secretary Romero commented that it will most likely impact the beneficiary schedule in FY24.

b. Audit Committee Report

Presenter: Nick Telles, Committee Chair

Mr. Telles commented that the Audit Committee had a productive year-end meeting, and the committee discussed the mandatory communications and next steps for the audit. He commented all audit deadlines have been met.

c. Moss Adams Audit Exit Conference

Presenters: Nick Telles, Committee Chair and Brent Shipp, Chief Financial Officer

Mr. Telles stated there were no findings on the FY22 audit and it should be released in January once DFA and the State Auditor review and approve it. Commissioner Garcia Richard commended the team for the clean audit and Mr. Lavender echoed those remarks, congratulating the team on another successful audit.

5. CLOSING MATTERS

a. Old or new business:

1. 2023 Meeting Schedule

The proposed 2023 meeting schedule was presented to the Council and accepted.

Secretary Romero stated this is her last meeting as she is retiring at the end of the year after nearly 45 years in state government. She remarked it has been a privilege working with the Council. Commissioner Garcia Richard thanked the Secretary for steering the state budget with a steady hand and remarked she will be missed. Mr. Telles thanked the Secretary for all her contributions to the Council and the State of New Mexico. Mr. Lavender, Ms. Allen, and Mr. Jennings, and Mr. Moise echoed that appreciation for Secretary Romero's contributions. Mr. Jennings commended Treasurer Eichenberg for his many years of service.

b. Next scheduled NMSIC meeting date: Tuesday, January 24, 9:00 a.m., Santa Fe, NM

6. PUBLIC COMMENT PERIOD:

No public comments.

7. ADJOURNMENT

As SIC business was completed, the meeting adjourned at 12:09 p.m.