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STATE INVESTMENT COUNCIL

June 24, 2025

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Old or new business

Next State Investment Council (SIC) meeting: Thursday-Friday, July 17-18, 2025 9:00 a.m. Los Poblanos Historic Inn & Organic Farm

MINUTES OF THE

NEW MEXICO STATE INVESTMENT COUNCIL MEETING

June 24, 2025

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 Public Council Member Nicolas Telles, on this date at approximately 9:00 a.m. Roll call was taken.

Members Present:
The Honorable Laura Montoya, State Treasurer, Ex officio
DFA Secretary Wayne Propst, Ex officio
Mr. Nicolas Telles, Ex officio
Ms. Catherine Allen, Public Member
Mr. Allen Sánchez, Public Member
Mr. John Bingaman, Public Member
Ms. Kelly O'Donnell, Public Member

Members Excused:
The Honorable Michelle Lujan Grisham, Governor
The Honorable Stephanie Garcia Richard, Land Commissioner, Ex officio
Mr. Kurt Sommer, Public Member

Staff Present:
Mr. Jon Clark, State Investment Office
Mr. Vince Smith, Chief Investment Officer
Mr. Brent Shipp, Chief Financial Officer
Mr. Charles Wollmann, Chief Communications Officer
Ms. Helen Calles, Investment Staff & Operations Manager
Mr. Evan Land, Chief Counsel
Ms. Amy Chavez-Romero, Deputy General Counsel & Compliance Officer
Mr. Nino Carpenito, Risk & Performance Officer
Ms. Dawn Iglesias, Chief Investment Operations Officer
Mr. Keith Sabol, Director, Real Estate and Real Assets
Mr. Chris Cassidy, Director, Private Equity and Venture Capital
Mr. Bruce Brown, Portfolio Manager, Private Equity and Venture Capital
Mr. Chris Rodriguez, IT Network Administrator III
Mr. Leonard Granados, IT Systems Administrator II
Mr. Kevin Dominguez, Human Resources Manager

Guests Present:
Ms. Marcia Beard, RVK
Mr. Matthias Bauer, RVK
Mr. Matt Sturdivan, RVK
Mr. Richard Pugmire, Mercer
Mr. Gurjeet Dosanjh, Mercer
Ms. Mary Bates, Meketa

b. Approval of agenda

At approximately 15:18 in the meeting recording, Acting Chair Nick Telles opened the floor for discussion on the agenda, due to concerns that the Council would potentially lose its quorum prior to being able to complete today's scheduled review and voting on action items. Councilor Sánchez moved to revise the Council agenda by removing the iCON follow-up commitment (Item 3n.4), moving items 3a through 3m to the Consent Agenda, and rescheduling the SIO Briefing, CIO Briefing, and April Performance Review (Item 2) to take place after the Consent Agenda vote. The motion was seconded by Councilor Bingaman.

The following members voted in favor: Secretary Propst, Councilor Telles, Councilor Allen, Councilor Bingaman, Councilor O' Donnell and Councilor Sánchez. There were no opposing votes. With six votes in favor, the motion was approved.

c. Approval of minutes

At approximately 16:57 in the meeting recording, A motion was made by Councilor Sánchez to approve the May 27, 2025, New Mexico State Investment Council (SIC) meeting minutes. The motion was seconded by Councilor Bingaman.

The following members voted in favor: Secretary Propst, Councilor Telles, Councilor Allen, Councilor Bingaman, Councilor O' Donnell and Councilor Sánchez. There were no opposing votes. With six votes in favor, the motion was approved.

d. Consent Agenda:

At approximately 17:50 in the meeting recording, Councilor Telles introduced the investment items under the Consent Agenda (Item N), noting they were thoroughly reviewed by the Investment Committee the previous week. Councilor Bingaman, who chaired the meeting, confirmed that a quorum was present and all items were unanimously recommended for Council approval. Councilor Sánchez moved to approve the items, and the motion was seconded by Councilor Bingaman.

> Based to the recommendations of investment consultants, SIC staff, the Council Investment Committee, and general fiduciary oversight of RVK, I move that the State Investment Council approve the following commitments, up to the stated amounts on today's Council agenda, contingent upon meeting New Mexico legal requirements, New Mexico State Investment Council policies, negotiations of final terms and conditions and completion of appropriate paperwork.

i. ($100MM) Arlington Capital Partners VII (Re-Up) (Cassidy, Mercer)
ii. ($50MM) CRV XX (Re-Up), (Cassidy, Mercer)
iii. ($100MM) Lead Edge Capital VII (Re-Up) (Cassidy, Mercer)
iv. ($250MM) Sandbrook Climate Infrastructure II & Co-Invest (Re-Up) (Sabol, Mercer)

v. ($35MM Aggregate) Playground Ventures IV & Playground Leader Fund II (Re-up) (Cassidy, Mercer)
vi. Strategy: Asset Allocation, BHTF & MTF
vii. ($50MM) Playground NMSIC Next-Gen Compute SMA (Cassidy, Mercer)
viii. ($25MM) Root Ventures IV (Cassidy, Mercer)
ix. ($75MM) Greenoaks Capital Opportunities 6 (Cassidy, Mercer)
x. ($35MM) DCVC VII (New Fund Series with Existing Manager)
xi. ($50MM) Antler U.S. New Mexico (Top Up) (Cassidy, Mercer)
xii. ($50MM Aggregate) Khosla Ventures IX, Seed G, and Opp III (Re-Up) (Cassidy, Mercer)
xiii. ($200MM) Mercer NMSIC Private Investments (Top Up) (Cassidy, Mercer)
xiv. ($200MM) Principal Investments Program - SMA (Sabol, Mercer)
xv. ($225MM) Nova Infrastructure II & Co-Invest (Sabol, Mercer)
xvi. ($150MM) Ember Infrastructure II (Sabol, Mercer)
xvii. ($250MM) Fortress Asset-based Credit II (Lofton, Meketa)

The following members voted in favor: Secretary Propst, Councilor Telles, Councilor Allen, Councilor Bingaman, Councilor O' Donnell and Councilor Sánchez. There were no opposing votes. With six votes in favor, the motion was approved.

2. INVESTMENT ACTIVITY & PERFORMANCE, CAPITAL MARKETS UPDATE

a. **SIO Briefing** (Jon Clark)

At approximately 26:13 in the meeting recording, State Investment Officer Jon Clark reminded Council members to RSVP to Ms. Moradi regarding the July 17–18 Council retreat in Los Ranchos. He also highlighted a new $1 billion geothermal project by XGS Energy and Meta in New Mexico, was made possible in part by SIC's investment through Anzu Industrial 3. Mr. Clark credited the Council and staff for their role in supporting the updated Strategic Venture Capital Program that helped enabled this achievement.

b. **CIO Briefing** (Vince Smith)

At approximately 29:58 in the meeting recording, CIO Vince Smith provided an economic and market update, noting that Fed Chair Powell indicated no interest rate cuts are expected at the upcoming meeting, with the Fed maintaining its focus on controlling inflation. Mr. Smith emphasized that while inflation has declined, the economy is still adjusting to a higher price level. He also highlighted long-term economic trends, stating that several major cycles—economic, interest rate, debt, inflation, and social—are converging, potentially leading to increased volatility over the next 7 to 10 years. He cautioned that while growth remains the primary investment objective, the Council should also remain mindful of capital preservation. Mr. Smith noted these themes will be further explored in the upcoming Annual Investment Plan presentation in August.

c. **Performance Report: March 2025** (Nino Carpenito, RVK)

At approximately 40:09 in the meeting recording, Risk & Performance Officer Nino Carpenito Nino Carpenito introduced the monthly performance report, noting it covers public markets only, with future reports to include deeper coverage of private assets. Matthias Bauer of RVK provided an overview of April performance, highlighting continued market volatility, strong year-to-date performance in non-U.S. and emerging markets, and a steepening yield curve. U.S. large-cap equities showed modest gains, while developed non-U.S. markets outperformed significantly. Marcia Beard presented the revised performance report structure, which now organizes funds by size and reports net-of-fee returns. She reviewed performance by fund and asset class, noting that the Land Grant fund achieved strong fiscal year-to-date and one-year outperformance.

New reporting features include a breakout of Economically Targeted Investments (ETIs) into SBIC and Recovery Loan Program components, as well as the inclusion of pooled funds and manager-level data in the appendix.

3. INVESTMENT MATTERS: INFORMATIONAL ITEMS

a. **STRATEGY: Asset Allocations, BHTF and MTF** (Smith, RVK)

At approximately 52:18 in the meeting recording, CIO Vince Smith outlined the fund allocation framework for the new Behavioral Health Trust Fund and the Medicaid Trust Fund, both of which were created by the legislature during the 2025 session, and will fall under SIC direction when they are first funded in fiscal year 2026. He explained that while managing four funds as the Council did for many years was straightforward, the recent increase to more than a dozen funds for the Council to oversee has added complexity to the overall portfolio. Funds are categorized by statutory language and purpose into either high-growth or more stable, cash-flow-oriented portfolios, with new funds assigned allocations consistent with similar funds. The first Behavioral Health Fund fits within the Growth category, aligned with the Land Grant Permanent Fund, while the second falls under Enhanced Liquidity. Acting Chair Nick Telles asked if first-year drawdowns could place the trust corpus at risk before returns build, and Vince confirmed this was possible. Treasurer Laura Montoya inquired about estimates for the Medicaid Trust's June 30 and July 1 receipts, after which CIO Dawn Iglesias joined the discussion, clarifying that the Medicaid Trust would receive $100 million early in FY26, while funding for the BHTF would arrive later in the year in an amount not yet fully determined

b. **VOTE: NM Strategic Venture Capital Program: Playground NMSIC Next-Gen Compute SMA** (Cassidy, Mercer)

At approximately 1:00:29 in the meeting recording, Director Chris Cassidy outlined Strategic Venture Capital Program activity, including additional commitments to Playground Global and its new $50 million New Mexico–focused "NextGen Compute" fund targeting quantum computing and AI. Playground leadership highlighted their deep tech expertise, collaborations with Los Alamos and Sandia National Labs, and projects such as advanced semiconductor manufacturing that could drive significant economic impact in the state.

c. **VOTE: NM Strategic Venture Capital Program: Root Ventures IV** (Cassidy, Mercer)

At approximately 1:16:47 in the meeting recording, Mr. Richard Pugmire introduced Root Ventures as a new relationship in the Strategic Venture Capital Program, recommending a $25 million commitment to Root Ventures 4, which targets pre-seed and Series A investments in deep technology. The firm, founded in 2013 and led by four engineers, general partners, focuses on building tools for engineers and supporting technical teams tackling major global challenges such as AI, robotics, synthetic biology, and energy transition. Mr. Avidan Ross, General Partner, highlighted the firm's strong ties to New Mexico's national labs and the Space Force, with multiple portfolio companies already providing advanced AI and engineering solutions in defense and aerospace applications. She noted that the state's deep tech ecosystem is attracting startups and offers significant potential for collaboration, innovation, and economic growth.

d. **VOTE: National Private Equity: Greenoaks Capital Opportunities 6**(Cassidy, Mercer)

At approximately 1:29:28 in the meeting recording, Mr. Pugmire presented a recommendation to commit to Greenoaks Capital Opportunities Fund VI, a new relationship in the National Private Equity Program. Greenoaks is a late-stage venture capital firm founded in 2012, focused on software and tech-enabled internet companies, and is differentiated by its data-driven approach to identifying high-quality founders and businesses with potential to become industry leaders. Mr. Neil Mehta, Co-Founder, outlined the firm's strategy of concentrated investments in a select number of companies, deep pre-

engagement research, and focus on long-term free cash flow generation. He noted that all prior funds have delivered top-quartile or better performance, with portfolio companies including Stripe, Coupang, Rippling, and New Mexico–founded Scale AI.

e. **VOTE: NM Strategic Venture Capital Program: DCVC VII** (Cassidy, Mercer)

At approximately 1:36:47 in the meeting recording, Richard Pugmire presented a recommendation to commit to DCVC 7, a new fund series with an existing manager in the Strategic Venture Capital Program. DCVC focuses on deep technology across sectors such as AI, robotics, space, computational healthcare, defense, and cybersecurity, and has portfolio companies operating in New Mexico, including one headquartered in Hobbs. The firm's large, multidisciplinary team blends investment, technical, scientific, and operational expertise, with additional operating partners providing post-investment support in areas such as regulatory guidance, strategic introductions, fundraising, and communications. DCVC also operates an "alpha program" targeting smaller, earlier-stage investments. A representative from DCVC described the firm's long-standing deep tech strategy, its alignment with New Mexico's innovation ecosystem, and examples of current portfolio activity, including a New Mexico–based water treatment company repurposing produced water for data centers and agriculture.

f. **VOTE: NM Strategic Venture Capital Program: Antler U.S. New Mexico** (Cassidy, Mercer)

At approximately 1:52:44 in the meeting recording, Richard Pugmire recommended increasing the commitment to Antler US New Mexico, citing strong deal flow from local founders and companies relocating to the state. Ryan Somerville and Cash Alred reported four investments to date and a pipeline exceeding current capacity, with portfolio companies in drug discovery, clinical trial access, cardiovascular health, and housing. Antler has also supported over 100 local entrepreneurs, hosted retreats bringing more than 60 companies to New Mexico, and established an Albuquerque presence. The expansion aims to boost economic development while addressing key state needs. Councilor Allen, Councilor Telles, and Treasurer Montoya commended Antler for its visible presence, collaboration with the New Mexico Innovation Hub, and commitment to reinvesting in the state.

g. **VOTE: NM Strategic Venture Capital Program: Kholsa Ventures IX, Seed G and Opp III**(Cassidy, Mercer)

At approximately 2:01:08 in the meeting recording, **Richard Pugmire** presented a recommendation to commit to Khosla Ventures' latest fund series, noting the Strategic Venture Capital Program's prior investment in the firm's earlier funds. Khosla Ventures, a founding member of the New Mexico Venture Capital Consortium through Roadrunner Venture Studios, has been active in the state, including leading a seed investment in Spiritus, a New Mexico–based carbon capture company. Founded by Vinod Khosla, the firm has additional managing directors and invests across multiple sectors, from consumer and enterprise software to deep tech fields such as AI, manufacturing, and robotics. Known for its strong brand, extensive network of universities and labs, and hands-on post-investment support, Khosla Ventures has a track record of above-median and top-quartile fund performance. **Peter Buckland** of Khosla Ventures highlighted the firm's diversified investment approach, technical depth with numerous PhDs and advanced degrees, and commitment to engaging with New Mexico's innovation ecosystem, particularly in climate technology, fusion energy, and other disruptive deep tech areas.

h. **VOTE: National Private Equity Program: Mercer NMSIC Private Investments** (Cassidy, Mercer)

At approximately 2:07:00 in the meeting recording, Director Cassidy presented an update and recommendation on the Principal Investments Program, launched in late 2023 to pursue co-investments that reduce fees and deploy capital more quickly. The program operates through a Mercer-managed separately managed account (SMA) and side-by-side vehicles with existing managers, with the goal of increasing its share of the overall portfolio over time. The SMA is particularly useful for accessing opportunities with smaller managers where side-by-side structures are less feasible, with an emphasis on

middle-market buyouts. The proposed increase is intended to further expand the program and generate substantial fee savings, thereby improving net returns. Councilor Allen Sánchez highlighted the value of the program's fee savings, noted strong internal controls described by Mercer representatives, and expressed support for the approach as a cost-effective way to enhance investment performance.

i. **VOTE: Real Assets: Principal Investments Program** (Sabol, Mercer)

At approximately 2:14:58 in the meeting recording, Director Sabol presented a recommendation to establish a separately managed account (SMA) with Mercer for real asset principal investments. Modeled after the private equity co-investment program, the SMA aims to invest more efficiently in the asset class and reduce total fees. While side-by-side vehicles with main fund managers are preferred, smaller managers often provide less frequent co-investment opportunities, making the SMA a valuable tool for capturing episodic deal flow. The structure would also allow participation in New Mexico–related projects with managers outside the current real assets' portfolio, provided they pass Mercer's due diligence. Mr. Pugmire noted the similarities to the private equity structure but emphasized that the infrastructure portfolio has fewer managers, increasing the importance of flexibility to invest with external managers. Mr. Gurjeet Dosanjh of Mercer highlighted the firm's experienced global infrastructure team, rigorous investment selectivity, and the SMA's ability to access a broad range of opportunities while maintaining strict approval standards. Treasurer Montoya stressed the importance of strong oversight and careful management of operational risks, particularly those affecting New Mexico, and Councilor Telles underscored the safeguards in place. Discussion continued.

j. **VOTE: Real Assets: Nova Infrastructure II & Co-Invest** (Sabol, Mercer)

At approximately 2:25:26 in the meeting recording, **Director Sabol** introduced Nova Infrastructure, noting it as part of a new focus in the real assets portfolio on middle market and lower middle market infrastructure investments, in contrast to the portfolio's traditional large-cap holdings. Nova, founded in 2018 by **Chris Beall** and **Allison Kingsley**, targets niche, founder-owned infrastructure businesses—often without prior institutional capital—across sectors including environmental services, transportation, energy transition, and digital infrastructure. **Gerene** highlighted Nova's strong proprietary sourcing, attractive entry valuations, and solid track record. **Mr. Beall** and **Ms. Kingsley** emphasized the competitive advantages of the lower middle market, their fully proprietary investments in Fund I, and continued focus on the same strategy in Fund II. They noted Nova's active presence in New Mexico, with prior and current investments in the energy transition sector, and described their team's operational and financial expertise, disciplined risk processes, and hands-on value-add approach.

k. **VOTE: Real Assets: Ember Infrastructure II** (Sabol, Mercer)

At approximately 2:32:34 in the meeting recording, **Director Sabol** introduced Ember Infrastructure Partners, noting the proposed commitment to Fund II and the firm's distinctive focus on energy transition, resource efficiency, and climate resilience—with particular expertise in water, wastewater, and related infrastructure solutions. He highlighted Ember's strong, experienced 15-person investment team, many with prior tenure at Global Infrastructure Partners and Credit Suisse, and its emphasis on downside protection through structured transactions. **Mr. Dosanjh** of Mercer emphasized Ember's well-defined, sustainability-focused middle market strategy, experienced leadership, and track record in Fund I. **Founder and Managing Partner Elena Savostianova** and **Head of Investor Relations Brad Yankiver** described Ember's solution-oriented investment approach, targeting proven, essential-service businesses in underrepresented infrastructure sectors, and leveraging operational partners to support growth and M&A execution. They stressed the firm's ability to adapt focus among sectors based on market dynamics and its commitment to long-term contracts and stable cash flows. Ember's New Mexico connections include Fund I's investment in SunShare, the largest awardee of the state's inaugural community solar RFP, and Fund II's investment in H2O Innovation, which delivers wastewater treatment and reuse systems and provides operations support to a New Mexico community.

l. **VOTE: Private Debt: Fortress Asset-based Credit II** (Lofton, Meketa)

At approximately 2:47:33in the meeting recording, Director Lofton presented a recommendation to commit to an asset-based lending strategy with Fortress Investment Group, citing the firm's extensive experience, conservative underwriting, and strong structuring capabilities. He noted the strategy's diversification potential compared to corporate cash-flow lending and emphasized the importance of selecting seasoned managers in this complex space. Ms. Mary Bates of Meketa highlighted Fortress's long track record, low loss history, deep team expertise, and strong incumbent deal flow, as well as favorable negotiated terms for New Mexico, including a fee-free, no-carry co-investment structure. She acknowledged potential concerns regarding competing vehicles within Fortress but noted the adoption of an industry-standard allocation policy and the breadth of opportunities in the asset-based lending space. Ms. Jill Chanis, Senior Member of Fortress's Client Product & Solutions Group, and Mr. Dominic Ruggiero, Global Head of Asset-Based Credit, described the firm's global platform, diversified investment strategies, and rigorous asset management approach, stressing the downside protection, control over assets and cash flows, and alignment of interests embedded in their structuring. In response to Treasurer Montoya's question regarding ownership, they confirmed that Mubadala is an independent Abu Dhabi–based investment entity, with no operational control, and that Fortress management retains board control and day-to-day oversight. Discussion followed on ownership structure, alignment of interests, and the strategy's risk management approach.

4. FINANCE MATTERS: Informational Reports Requiring Discussion/Vote

a. CFO Report (Brent Shipp)

At approximately 3:10:12 in the meeting recording, CFO Shipp noted the fiscal year transition and upcoming appropriation request process, with initial discussion planned for the August meeting. **Member Telles** inquired about the audit timeline; Shipp confirmed it has not yet begun but is in the process of starting. Telles thanked him and the accounting team for their work on the agreed-upon procedures, noting the ongoing audit work of sampling investment transactions has been consistent and without problems.

5. **PUBLIC COMMENT PERIOD**

None.

6. CLOSING MATTERS

a. Old or new business:

None.

b. Next State Investment Council (SIC) meeting date: Thursday-Friday, July 17-18, 2025 Los Poblanos Historic Inn and Organic Farm, Los Ranchos, NM.

7. ADJOURNMENT

The meeting was adjourned at 1:15 p.m.