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STATE INVESTMENT COUNCIL

February 25, 2025

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MINUTES OF THE

NEW MEXICO STATE INVESTMENT COUNCIL MEETING

February 25, 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 Investment Committee Chairman, Councilor John Bingaman on this date at 9:00 a.m.

Members Present:
The Honorable State Treasurer Laura Montoya, Ex officio
DFA Secretary Wayne Propst, Ex officio
Mr. Nicolas Telles, Ex officio
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
The Honorable Stephanie Garcia Richard, Land Commissioner
Mr. Michael Messina, Public Member

Staff Present:
Mr. Jon Clark, State Investment Office
Mr. Vince Smith, Chief Investment Officer
Mr. Brent Shipp, 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. Tom Lofton, Director, Director of Debt Market Investments
Mr. Keith Sabol, Director, Real Estate and Real Assets
Mr. Chris Cassidy, Director, Director of Private Equity and Venture Capital
Ms. Dawn Iglesias, Chief Investment Operations Officer
Mr. Nino Carpenito, Risk & Performance Officer
Mr. Bruce Brown, Private Equity Portfolio Manager
Mr. Ryan Eustice, Investment Strategist

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

Mr. Seth Marcus, Townsend
Mr. Richard Pugmire, Mercer
Ms. Amy Ridge, Mercer
Ms. Mary Bates, Meketa
Mr. Scott Maynard, Meketa
Mr. Tad Fergusson, Meketa
Ms. Andrea Bollyky, SilverRock
Mr. Rajeev Amara, Arcline
Mr. Dave Humphrey, Bain Capital Private Equity
Mr. Matt Popoli, Bain Capital Insurance
Ms. Jin-Young Kim, 8VC
Mr. Nick Hecker, Sculptor
Mr. Alexander Sadighi, Sculptor
Mr. Matt Little, Castlelake
Mr. Evan Carruthers, Castlelake
Ms. Betsy Sylvester, Castlelake

b. Approval of agenda

At about in the 3:33 meeting agenda, Treasurer Montoya moved to approve the agenda, and Councilor Sommer seconded the motion. Member Bingaman asked the Council if there were any objections to the approval of the agenda. The following members voted in favor: Treasurer Montoya, Councilor Telles, Councilor Allen, Councilor Bingaman, and Councilor O'Donnell, Councilor Sánchez and Councilor Sommer. There were no opposing votes. With seven votes in favor, the motion was approved.

c. Approval of minutes

At about 4:22 in the meeting, Treasurer Montoya moved to approve the meeting minutes from January 28, 2025. Member Sánchez seconded the motion. The following members voted in favor: Treasurer Montoya, Councilor Telles, Councilor Allen, Councilor Bingaman, Councilor O'Donnell, and Councilor Sánchez. Councilor Sommer abstained, having missed the January meeting. 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 about 5:06 in the meeting recording, State Investment Officer Jon Clark notified the Council as of Friday, February 21 the total net asset value exceeded $61 billion, with potential growth from new SIC legislation. Last year, three out of twelve proposed new fund bills were passed, bringing this year's total to twelve separate funds managed by the SIC. Mr. Clark reported that the SIC staff is monitoring 30 bills potentially impacting the SIC this session, with about 15 aimed at creating new funds. He anticipates one to three will pass, including Senate Bill 1, which is proposing a $1 billion appropriation for a new behavioral health trust fund to be managed by the SIC. Legislation of this kind requires appropriate resources and could strain our four-person accounting team, which we hope to expand to six in the near future. Mr. Clark expressed concern about Senate Bill 162, suggesting its $700 million cap would threaten the New Mexico private equity program and might be unconstitutional. Mr. Clark indicated he will work to have the bill amended. Legislators have recently structured additional inflows to the Severance Tax Permanent Fund (STPF) to increase distributions to the general fund to offset anticipated declining oil and gas revenues in the future. STPF investment returns have lagged those of the Land Grant Permanent Fund in part due to NM private equity and other economically targeted investments, including the Small Business Investment Corporation and a legislative loan fund created during

the pandemic. Mr. Clark said that the Council has taken substantial steps to improve returns however and change the trajectory of the New Mexico program in the past few years, and he looks forward to clarifying our strategy and policy goals with the legislature.

b. <u>CIO Briefing</u> (Vince Smith)

At about 8:41 in the meeting recording, Chief Investment Officer Vince Smith updated the Council on the State Investment Council (SIC) staff's ongoing exploration of strategies for managing cash exposure, which may lead to adjustments in interim targets. Currently, the SIC holds approximately $3 billion in cash, reduced from $8 billion last year, with cash yields around 4%. As interest rates remain stable, the SIC is modifying its banking arrangements due to fluctuating rates, requiring continual attention. He said while progress has been made, further work is necessary. The investment team plans to propose changes to the interim targets that align with long-term goals. In March, the Council will discuss long-term capital market assumptions. In April, a black dot analysis will compare risk and expected returns against other large public plans. Updates on inflows and performance are anticipated in May, with the 2026 Annual Investment Plan expected to be completed by June.

c. Performance Report: December 2024 (Smith, Nino Carpenito, RVK)

At about 23:18 in the meeting recording, Mr. Matthias Bauer with RVK highlighted the fourth quarter executive summary, noting that despite geopolitical headwinds and inflation, 2024 was a strong year for investment returns, particularly for U.S. large-cap stocks, which rose 25%, driven by major tech companies. While most asset classes saw strong returns, real estate is slowly recovering. Fourth-quarter performance was mixed due to expectations of slower rate cuts in 2025, but diversification in the portfolio proved beneficial. Ms. Marcia Beard summarized portfolio performance. She said that four funds—Land Grant, Sance Tax, Early Childhood, and Tax Stabilization—were slightly outside their interim target ranges, although discrepancies were minimal. The Land Grant fund reported an 8% return, surpassing its annual target, while overall, the total fund reached $59 billion with a net gain exceeding $4 billion. About 60% of U.S. equity in public asset classes is passive and underperformed, whereas non-U.S. equity and public fixed income outperformed their benchmarks, although economically targeted investments (ETIs) underperformed against cash.

d. Performance: Real Estate PMR – Q3 2024 (Sabol, Townsend)

At about 39:09 in the meeting recording, Real Estate and Real Assets Director Keith Sabol and Mr. Rob Kochis of Townsend provided the Council with a brief overview of the Real Estate PMR. They noted that the reporting reflects a shift in the benchmark, resulting from a recent structural study that moved from Odyssey to Odyssey Plus. This change includes a 75 basis point premium, emphasizing increased capital appreciation over income in the real estate portfolio. Mr. Sabol mentioned that he has observed a nominally positive return for the quarter, with strong performance over the 10-year horizon. Mr. Kochis stated that not much has changed since the last report. The main factors affecting real estate are the ongoing market correction and efforts to meet the long-term allocation target. He informed the Council that the program currently stands at approximately $4.1 billion invested, below the target of about $6 billion; this represents 12% of the total plan. While the program is within strategic ranges, it remains below target due to a slow market environment.

e. Performance: Real Return PMR – Q3 2024 (Sabol, Mercer)

At about 51:12 in the meeting recording, Director Sabol and Ms. Amy Ridge from Mercer discussed the Q3 Real Return PMR. Sabol noted a strong performance quarter for real assets with returns of around 4%, mainly driven by the infrastructure sector. Master Limited Partnerships (MLPs) also performed well over the past year. Ms. Ridge reported positive performance across all periods, with a quarterly gain of 3.99% in Q3 2024, translating to about $132 million in profits since inception. The net internal rate of return (IRR) rose to 6.9% from 6.6% in Q2, with the real assets portfolio generating $1.5 billion in total gains. The presentation detailed contributions by strategy, showing that agriculture investment returns were flat, while other segments boosted overall portfolio returns. NAV increased by $140 million in Q3, with 40 funds showing gains and 14 experiencing losses. Director Sabol and Ms. Ridge informed the Council that

the Real Assets Portfolio is outperforming its benchmark of CPI plus 3%, and further discussions regarding the Real Assets Structure Study are planned for next month.

f. Performance: Private Debt PMR – Q3 2024 (Tom Lofton, Meketa)

At about 58:27 in the meeting recording, Private Debt Director Tom Lofton and Ms. Mary Bates of Meketa presented the Q3 Private Debt PMR, reporting an IRR of 9.9% for the program, deemed more representative than longer-term performance data. They pointed out that target allocations include 20% direct lending, 25% asset-based lending, 30% special situations, and 15% diversifying assets. Currently, direct lending is at 26%, asset-based lending is at 9%, special situations are at 25%, and diversifying assets is at 40%. A 10% target for commercial real estate debt will be detailed next quarter. The portfolio has 59 investments totaling $9.3 billion, with capital of $7.2 billion committed after excluding liquidations. Asset-based lending totals $775 million, with direct lending at $2.2 billion, with a net IRR of 11%. The diversifying component comprises 16 investments totaling $1.9 billion, yielding a net IRR of 10.2%. Legacy commitments are $310 million with a 4.2% IRR, affecting overall performance. Special situations have 14 commitments totaling $2.4 billion with a net IRR of 9%. Overall IRR stands at 6.2%, including liquidations and legacy components, returning to 9.9% when excluded.

g. Performance: National Private Equity PMR – Q3 2024 (Chris Cassidy, Mercer)

At about 1:09:45 in the meeting recording, Private Equity Director Chris Cassidy and Mr. Richard Pugmire with Mercer reported to the Council that the National Private Equity Program portfolio is performing well, outperforming its index over one, three, and five years. In Q3 2024, the program achieved a 3% gain, totaling $122 million, its strongest performance in years. The one-year return is 7.6%, and since inception, it's 12.1%, with over $4 billion in gains. Net assets increased by approximately $418 million, with $374 million in net contributions for 2024. Mr. Pugmire detailed that benchmarking goals aim for above-median performance, with most vintages exceeding the median since 2011. There was underperformance relative to the Russell 3000 on public market equivalents, but better results against the Russell 2000 and MSCI All Country World Index, which outperformed by 3.3% and 2.9%, respectively. Mr. Pugmire noted that one factor in the decline in net IRR since 2011 to 15.1%, is related to J-curve effects related to SIC's increased investment pacing. He noted staff is working on strategies to help mitigate this issue moving forward.

h. Performance: New Mexico Private Equity PMR – Q3 2024 (Cassidy, Mercer)

At about 1:15:48 in the meeting recording, Director Cassidy and Mr. Pugmire presented the 3rd quarter PMR for the New Mexico Program. The Internal Rate of Return (IRR) decreased by 3.8%, following a 3.6% decline last quarter, primarily due to write-downs in the Sun Mountain managed co-investment funds, which make up 29% of the program's net asset value. While most investments' long-term performance has been positive, the co-investment funds have struggled, in part due to portfolio concentration. New fund commitments contributed a net gain of $35 million, and The Recovery Fund also had a positive impact. Progress in diversification of the NM portfolio is evident; as of the end of 2018, 75% of net asset value was with one manager, but that has been reduced to 20% today. Three companies accounted for 76% of the total portfolio value, and now that's down to 24%. The portfolio net asset value increased by $31 million this quarter despite $19 million in losses from co-investment funds, offset by new investments and gains elsewhere. In 2024, we recorded net contributions of $122 million. From an economic development perspective, since inception, $550 million has been invested in 126 New Mexico companies with related job numbers at 5,316, and approximately 2,900 of those positions still in existence with annual payroll of $232 million and a similar amount also expended on New Mexico goods and services.

3. <u>INVESTMENT MATTERS: PORTFOLIO RECCOMENDATIONS REQUIRING A VOTE</u>

a. Investment Committee Report (John Bingaman)

At about 1:20:20 in the meeting recording, Investment Committee Chairman John Bingaman delivered a brief committee report. He expressed that it was a productive session and extended his gratitude to State Treasurer Laura Montoya for

attending as well as Councilor Nick Telles, and CIC Members Mary Rohman and John Ulrich. He noted that a quorum was maintained throughout the meeting. The committee unanimously recommended all the voting items presented today. However, advisory member Mary Rohman did not participate in the final item, 3j, as she could not attend the previous meeting where the strategy was discussed. Despite this, the committee still achieved a unanimous recommendation on that matter.

b. VOTE: Private Debt – Silver Rock Co-Investment (Tom Lofton, Meketa)

At about 1:21:10 in the meeting recording, Director Lofton and Ms. Bates presented the private credit program's plan to expand co-investments in private debt, explicitly highlighting a unique opportunity with Silver Rock. They recommended a commitment of up to $100 million to Silver Rock's Lobo Fund Class B, aligning with their investment strategy. Ms. Bates noted that New Mexico SIC is already invested with Silver Rock, targeting a net IRR of 12% to 15%. The co-investment is offered on a no-fee basis, only for overflow investments, with prudent diversification limits set by the GP. Silver Rock representatives expressed appreciation and shared their experience, emphasizing that this co-investment provides additional exposure with no fees or carried interest. Ms. Andrea Bollyky from Silver Rock said they are excited to expand their relationship with the New Mexico State Investment Council by offering co-investment opportunities in their Silver OCT tactical allocation strategy. Since 2010, they have managed over $10 billion in opportunistic private credit investments, with about a third allowing for co-investments. This additional exposure would be provided on a no-fee, no-carry basis within the existing vehicle, avoiding extra costs. Treasurer Montoya made the following motion, which was seconded by Councilor Telles:

Based on the recommendations of the Council Investment Committee, advisor Meketa, SIC Staff and general fiduciary oversight from RVK, I move that the State Investment Council approve a commitment of up to $100 million to Silver Rock Lobo Fund Class B Co-Investment vehicle, as discussed and memorialized today by the Council, 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.

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

c. VOTE: Private Debt – Castlelake APC-III E (Lofton, Meketa)

At about 1:32:32 in the meeting recording, Director Lofton and Ms. Bates discussed Castlelake's asset-based financing strategy, which provides diversification from corporate lending. They reviewed the asset-based Private Credit III Evergreen fund and noted that it has no fixed end date, allowing investors to request quarterly redemptions after a one-year lockup period. The program also offers a reinvestment option for greater long-term portfolio efficiency. There were Council inquiries about Castlelake's relationship with Brookfield. Brookfield Asset Management owns 51% of Castlelake and also oversees Oak Tree Capital Management, which manages over $200 billion. The council has active commitments with both firms totaling around $2 billion, with a current net asset value of about $1.3 billion. The council's policy limits exposure to any single general partner (GP) and its affiliates to 10%. The SIC is within this limit, with total assets under management of more than $60 billion. Ms. Mary Bates emphasized that the Debt Markets Investment team would focus on the asset-based credit space, which Castlelake specializes in. The strategy targets income-oriented loans, with roughly 45% allocated to specialty finance, 45% to real assets, and 10% to aviation. Mr. Matt Little, Mr. Evan Carruthers and Ms. Betsy Sylvester from Castlelake provided a few brief comments about their fund and strategy. Councilor Bingaman made the following motion, which was seconded by Councilor Allen.

Based on the recommendations of the Council Investment Committee, advisor Meketa RVK, and SIC Staff, I move that the State Investment Council approve a commitment of up to $300 million to "Castlelake Asset-based Private

Credit III Evergreen" as discussed and memorialized today by the Council, 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.

The following members voted in favor: Secretary Propst, Councilor Telles, Councilor Allen, Councilor Bingaman, Councilor O'Donnell, Councilor Sánchez, and Councilor Sommer. Treasurer Montoya voted against the motion. With seven votes in favor, the motion was approved.

d. VOTE: Private Equity – Arcline Capital Partners IV (Chris Cassidy, Mercer)

At about 1:57:06 in the meeting recording, Director Cassidy provided the Council with an overview of Arcline Capital, which focuses on investing in best-in-class industrial compounders. This distinctive buyout strategy is supported by a strong base of limited partners, primarily private endowments and foundations, aiming to create a portfolio similar to an endowment model in private equity. Ms. Ridge highlighted that Arcline Capital would represent a new relationship for SIC in the buyout category. She said the firm has a unique structure with four teams focused on business development, research, underwriting, and value creation. They plan to acquire five to seven larger platforms and have performed strongly across three previous funds, ranking in the top quartile. Although distributions are limited due to the funds' ages (the first launched in 2019), confidence remains in their operational growth and successful add-on acquisitions. Additionally, their terms align with market standards, and they maintain an above-average general partner commitment, strengthening their alignment with limited partners. Co-Founder and CEO Rajeev Amara provided a few brief remarks about Arcline and the fund. Councilor Sánchez made the following motion, which was seconded by Councilor Sommer.

Based on the recommendations of the Council Investment Committee, advisor 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 Arcline Capital Partners IV 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.

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

e. VOTE: Private Equity – Bain Capital Fund XIV (Cassidy, Mercer)

At about 2:07:27 in the meeting recording, Director Cassidy and Mr. Pugmire gave the Council an overview of the recommendation. They highlighted that Bain organizes its investments into six funds to accommodate limited partner preferences for regional or strategic options. Mr. Pugmire discussed Bain's strong relationship with the National Private Equity program. The State Investment Council (SIC) previously committed $50 million to Fund 13. Bain has over 122 investment professionals and pursues a diverse buyout strategy across various sectors, employing a cautious approach to capital deployment. While historical performance has varied, recent improvements have enhanced results. Bain prioritizes alignment by being the largest investor in their funds and operates separate accounts with no management fees or carried interest for SIC-approved investments. Mr. Dave Humphrey, Partner, provided a brief personal introduction and overview of Bain Capital. Councilor Sánchez made the following motion, which was seconded by Councilor Sommer.

Based on the recommendations of the Council Investment Committee, advisor Mercer, SIC Staff and general fiduciary oversight from RVK, I move that the State Investment Council approve a commitment of up to $150 million to Bain Capital Fund XIV, L.P., and up to $300 million to a side-by-side co-investment vehicle, 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.

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

f. VOTE: Private Equity – Bain Capital Insurance Fund II (Cassidy, Mercer)

At about 2:25:23 in the meeting recording, Director Cassidy introduced Bane Capital Insurance Fund 2, emphasizing its strategy as one of the most intriguing funds in our portfolio. Mr. Pugmire provided the Council with a brief overview of the recommendation, noting that the State Investment Council (SIC) has previously committed $60 million to this fund series, which is part of the broader Bane Private Equity platform. This strategy focuses on control buyout investments across North America and Europe in the insurance industry. The team utilizes a strong network of industry executives to identify unique opportunities. Fund I is already generating top-quartile performance, and the firm has also secured two robust deals for fund II. The general partner has a significant commitment, ensuring alignment between the general and limited partners. Matt Popoli, Partner and Global Head of Bain's Insurance business, joined the presentation to provide the Council with a brief overview of the fund. Councilor Sánchez made the following motion, which was seconded by Councilor Sommer.

Based on the recommendations of the Council Investment Committee, advisor 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 Bain Capital Insurance 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.

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

g. VOTE: NM Private Equity – 8VC Fund VI (Cassidy, Mercer)

At about 2:32:23 in the meeting recording, Director Cassidy presented a recommendation for 8VC Fund VI as part of the New Mexico Private Equity Investment Program. He highlighted two key elements identified in their strategy over the past five years. First, they focus on creating company engines that attract qualified start-ups and founders to the state, including local, national, and international participants. Second, they seek national managers who strategically invest in sectors that align with New Mexico's strengths, which are appealing to founders seeking capital. 8VC uniquely combines these elements through its Build initiative, which allows employees to create businesses when existing opportunities are lacking. Director Cassidy said they consider themselves one of the most entrepreneurial venture capital firms globally and believe they can significantly contribute to the program. They anticipate beneficial long-term synergies from collaborating with 8VC. Mr. Pugmire added that while 8VC has a history of considering investments in New Mexico, it has yet to finalize a deal. However, its specific focus on deep tech aligns well with the strengths of the local venture ecosystem. In addition to potential new investments, existing portfolio companies could expand into the state or utilize the Build program to establish new startups. Jin-Young Kim, a partner at 8VC, joined the presentation and briefly commented on the firm and the fund. Councilor Sánchez made the following motion, which was seconded by Treasurer Montoya.

Based on the recommendations of the Council Investment Committee, advisor 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 8VC Fund VI, 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.

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

h. VOTE: Real Estate – Sculptor Real Estate Fund V (Keith Sabol, Townsend)

At about 2:39:55 in the meeting recording, Director Sabol introduced the recommendation and emphasized Sculptor's distinctive focus on performance and non-traditional assets, particularly in the U.S. and Europe, where returns are expected to be in the mid-to-upper teens. The firm targets mid-market assets in secondary and tertiary markets, using limited capital to find better opportunities through a detailed, bottom-up underwriting approach focusing on idiosyncratic deals. Mr. Kochis pointed out that Sculptor's fund series has excelled, with the first three vintages ranking in the top quartile among U.S. peers based on internal rate of return (IRR) and outperforming Odyssey's equivalent IRR. Due to low asset correlation, this strategy helps create a resilient, diversified portfolio. With over $20 billion invested across 200 deals in niche properties like ski resorts and cold storage facilities, Sculptor has demonstrated a strong alignment of interests. The team has reinvested profits, contributing up to $50 million in general partner co-investment and retaining significant promoted interests. Nicker Hecker, Chief Investment Officer, and Alexander Sadighi, Managing Director of the Client Partner Group, joined the presentation to offer brief remarks. Councilor Sánchez made the following motion, which was seconded by Treasurer Montoya.

Based on the recommendations of the Council Investment Committee, advisor Townsend, SIC Staff and general fiduciary oversight from RVK, I move that the State Investment Council approve a commitment of up to $200 million to Sculptor Real Estate Fund V, L.P., and up to $100 million to a related co-investment vehicle, 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.

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

i. Ex-US Public Equity – Diligence Review and Prospective Portfolio (Greg Dunn, RVK)

At about 2:55:26 in the meeting recording, Director Dunn informed the Council that his presentation was a continuation of one he delivered last month. He highlighted several key points, noting that he conducted a structure study that the Council approved in May of the previous year. Dunn reviewed information regarding the structure study, its recommendations, the RFP due diligence process, and the portfolio construction process**.** Discussion continued.

j. VOTE: Ex-US Public Equity – Consent Agenda: Arga Investment Management, Causeway Capital Management, Lazard Asset Management, Acadian Asset Management, Dimensional Fund Advisors, Man Numeric, EAM Investors, Driehaus Capital Management (Dunn, RVK)

At about 3:14:01 in the meeting recording, Director Dun opened the floor for questions. There was a brief discussion about the portfolio and process. Councilor Telles made the following motion, which Councilor Allen seconded.

Based on the recommendations of the Council Investment Committee, advisor RVK, and SIC Staff, I move that the State Investment Council approve commitments to the following Ex-US public equity managers:

- Arga Investment Mgmt
- Causeway Capital Mgmt
- Lazard Asset Mgmt

- Acadian Asset Mgmt
- Dimensional Fund Advisors
- Man Numeric
- EAM Investors
- Driehaus Capital Mgmt
The selections here are part of the slate of managers approved by the Council via consent agenda in January and February, under terms discussed and memorialized today, 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.

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

4. <u>GOVERNANCE MATTERS: INFORMATIONAL REPORTS REQUIRING DISCUSSION/VOTE</u>

a. Governance Committee Report (Cathy Allen)

Governance Committee Chair Allen provided a brief report from the committee. She said that the governance committee has been actively meeting to discuss recommendations related to pay bands, new hires, and improving compensation for staff members. Mr. Clark reported that discussions with the governance committee have been productive and yielded valuable feedback. He is making further adjustments to the materials from last week's meeting and plans to present pay bands for consideration at the March State Investment Council meeting. He appreciates the strong support from the governance committee and the Council regarding the agency's staffing needs while recognizing the importance of using public funds responsibly.

b. VOTE: Open Meetings Resolution (Amy Chavez-Romero)

At about 3:21:16 in the meeting recording, Deputy General Counsel and Compliance Officer Ms. Amy Chavez-Romero presented the 2025 Open Meetings Resolution. She provided a markup of the 2024 Open Meetings Resolution, highlighting the proposed changes for this year. She briefly discussed the substantive changes recommended for this year's resolution and reminded the Council that the Open Meetings Resolution includes the notice requirements and procedures for State Investment Council meetings and its committee meetings. Councilor Bingaman made the following motion, which Treasurer Montoya seconded.

Based on and consistent with the resolution set forth in the public meeting materials, I move that the State Investment Council approve the 2025 Open Meetings Resolution.

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

5. <u>FINANCE MATTERS: Informational Reports Requiring Discussion/Vote</u>

a. Audit Committee Report (Nick Telles)

At about 3:30:15 in the meeting recording, Audit Committee Chair, Councilor Telles, provided an update on the committee's review of relevant items and the audit schedule. He reported a productive discussion with the state investment officer regarding legislation impacting the State Investment Council (SIC) and managed funds. Mr. Telles stated that the committee is in the early stages of the audit process, following annual procedures led by CFO Brent Shipp. While

potential changes from the state auditor were considered, they are unlikely to be adopted by OSA at this time. The audit process will begin at the end of the fiscal year, and preparations will start soon.

b. CFO Report (Brent Shipp)

At about 3:32:01 in the meeting recording, Mr. Shipp, the CFO, informed the Council that Agreed Upon Procedures (AUP) reports will now be publicly accessible. These reports will maintain their current focus on purchases, sales, and private investments. Future changes to Requests for Proposals (RFPs) for auditing services that adopt a more market-driven approach may occur, but these changes will not impact Moss Adams's current fiscal year. Concerns that audit fees may increase due to market conditions exist, as our current fees appear relatively low, considering the size of SIC's assets. He also mentioned that legislative pushback on the investment fee language in our appropriation request could affect the management of excess fees.

6. CLOSING MATTERS

a. Old or new business: None.

b. Next SIC meeting date: Tuesday, March 25, 2025, 9:00 a.m. PERA Conference Room

7. PUBLIC COMMENT PERIOD

None.

8. ADJOURNMENT

a. The meeting was adjourned at 12:43 p.m.