ACTION SUMMARY

STATE INVESTMENT COUNCIL

January 28, 2025

Item	Action	Page #
APPROVAL OF AGENDA	APPROVED	
APPROVAL OF MINUTES		
November 26, 2024	APPROVED	
December 2-3, 2024		
STATE INVESTMENT OFFICER'S & CHIEF INVESTMENT OFFICER'S BRIEFING		
SIO Report	Reported by Jon Clark	
CIO Report	Reported by Vince Smith	
INVESTMENT MATTERS: INVESTMENT ACTIVITY & PERFORMANCE UPDATES		
Investment Committee Report	Reported by John Bingaman	
VOTE: Public Debt – Passive Treasury Strategy Contract Renewal	APPROVED	
VOTE: Public Debt – Liquid Multi-Asset Class Manager RFP Recommendation	APPROVED	
VOTE: Private Equity – Bessemer Venture Partners India II Institutional	APPROVED	
VOTE: Private Equity – Frazier Life Sciences XII	APPROVED	
VOTE: Private Equity – 776 Fund III and 776 Arete Fund II	APPROVED	
VOTE: Private Equity – Stellex Capital Partners III	APPROVED	
VOTE: Private Equity – Longshore Capital Fund II	APPROVED	
Ex-US Public Equity – Diligence Review and Prospective Portfolio	Reported by Greg Dunn, RVK	
VOTE: Ex-US Public Equity – Consent Agenda: Brandes Intl Equity, Hardman Johnston Intl, C WorldWide Intl Equities, Cedar Street Intl Small Cap Value	APPROVED	
Portfolio Liquidity Management	Reported by Smith, RVK	
GOVERNANCE METTERS: INFORMATIONAL REPORTS REQUIRING A DISCUSSION		
Investment Committee Report	Reported by Catherine Allen	
FINANCE MATTERS		
CFO Report	Reported by Brent Shipp	
CLOSING MATTERS		
Old or New Business		
Next Meeting Date: February 28, 2025		
PUBLIC COMMENT PERIOD		

MINUTES OF THE

NEW MEXICO STATE INVESTMENT COUNCIL MEETING

November 26, 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 on this date at 9:13 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
DFA Secretary Wayne Propst
Mr. Nicolas Telles, Public Member
Mr. John Bingaman, Public Member
Ms. Kelly O'Donnell, Public Member
Ms. Catherine Allen, Public Member

Members Excused:
The Honorable Michelle Lujan Grisham, Governor
Mr. Michael Messina, Public Member
Mr. Allen Sánchez, Public Member
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. 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
Ms. Dawn Iglesias, Chief Investment Operations Officer
Mr. Nino Carpenito, Risk & Performance Officer
Mr. Joel Salas, Analyst, Risk & Performance
Mr. Tom Lofton, Director, Debt Market Investments
Mr. Ryan McCauley, Analyst, Debt Market Investments
Mr. Chris Cassidy, Director, Private Equity and Venture Capital
Mr. Bruce Brown, Portfolio Manager, Private Equity and Venture Capital
Mr. Greg Dunn, Director, Public Equity
Mr. Ryan Eustice, Investment Strategist

Mr. Chris Rodriguez, IT Network Administrator
Mr. Leonard Granados, IT Systems Administrator

Guests Present:
Mr. Matthias Bauer, RVK
Ms. Marcia Beard, RVK
Mr. Matt Sturdivant, RVK
Mr. Richard Pugmire, Mercer
Ms. Amy Ridge, Mercer
Ms. Anita Umarji, Bessemer
Mr. Scott Ring, Bessemer
Ms. Ailsa Dalgliesh, Fraizer Life Sciences
Mr. Alexis Ohanian, 776
Mr. Mike Stewart, Stellex
Mr. Nick Christopher, Longshore
Mr. Ryan Anthony, Longshore
Mr. Michael Zito, Belay
Mr. Sam Khatib, Belay

b. Approval of agenda

At about 9:55 in the meeting recording, Counselor Bingaman motioned to approve the agenda, and Treasurer Montoya seconded the motion. Commissioner Garcia Richard, Treasurer Montoya, Councilor Telles, Councilor Allen, Councilor Bingaman, and Councilor O'Donnell voted in favor of the motion. There were no votes in opposition. With six votes in the affirmative, the motion was duly approved.

c. Approval of minutes

i. **November 26, 2024**

At about 10: 59 in the meeting recording, Treasurer Montoya motioned to approve the minutes of the November 26, 2024 Council meeting. Councilor Bingaman seconded the motion. The following members voted in favor: Commissioner Garcia Richard, Treasurer Montoya, Councilor Telles, Councilor Allen, Councilor Bingaman, and Councilor O'Donnell. There were no opposing votes. With six votes in favor, the motion was duly approved.

ii. **December 2-3, 2024**

At about 11:49 in the meeting recording, Councilor Allen motioned to approve the minutes of the November 26, 2024, Council meeting. Treasurer Montoya seconded the motion. The following members voted in favor: Commissioner Garcia Richard, Treasurer Montoya, Councilor Telles, Councilor Allen, Councilor Bingaman, and Councilor O'Donnell. There were no opposing votes. With six votes in favor, the motion was duly approved.

2. INVESTMENT ACTIVITY & PERFORMANCE, CAPITAL MARKETS UPDATE

a. SIO Briefing (Jon Clark)

At about 12:46 in the meeting recording, State Investment Officer Jon Clark announced that the State Investment Council (SIC) has exceeded $60 billion in assets under management. He introduced two new employees: Leonard Granados and Joel Salas. SIO Clark addressed the recent accusations related to Pemberton, clarifying that the SIC's

investment was in different fund than the one connected to Oscar Mayer. He emphasized that the SIC would be closely monitoring the situation.

b. CIO Briefing (Vince Smith)

At about 15:31 in the meeting recording, Chief Investment Officer Vince Smith referenced the forecast in the Annual Investment Plan and briefly discussed the performance of various asset classes. He informed the Council that General Petraeus had visited and provided the staff with a geopolitical briefing. CIO Smith highlighted the potential for social unrest due to the change in administration and the ongoing pressure from high prices. Councilor Allen asked CIO Smith about the current state of inflation, and the discussion continued.

c. Performance Report (Smith, Nino Carpenito, RVK)

At about 21:10 in the meeting recording, RVK Consultant Matthias Bauer presented the Performance Summary for November 2024. He noted that the capital markets reacted positively during that month, primarily due to various pro-business policies and the effects of the election results. However, much of this positive momentum diminished quickly in December. Marica Beard pointed out that there has been a rebalancing in the allocation, which is an improvement, and she commented on the composite performance.

3. INVESTMENT MATTERS: PORTFOLIO RECCOMENDATIONS REQUIRING A VOTE

a. Investment Committee Report (John Bingaman)

At about 21:10 in the meeting recording, Committee Chair Bingaman presented a brief Investment Committee report. He noted that a quorum was present and that all voting items were unanimously recommended to the full council. He said Director Dunn provided insights on the international equity diligence review and the prospective portfolio. He also emphasized the importance of evaluating the managers as part of a comprehensive package within the overall portfolio construction, presented as a consent agenda.

b. VOTE: Public Debt – Passive Treasury Strategy Contract Renewal (Tom Lofton, Ryan McCauley)

At about 32:47 in the meeting recording, Director Tom Lofton recommended that the Council renew the SIC's contract for a passive U.S. Treasury strategy that mimics the Bloomberg U.S. Treasury Index and extend the contract with BlackRock Institutional Trust Company for three years through January 31, 2028, citing satisfactory performance and competitive fees. Minor revisions were planned for contract clarity and regulatory compliance. Councilor Bingaman made the following motion, which was seconded by Councilor O'Donnell.

> **Based on the recommendations of the Council Investment Committee, SIC Staff and general fiduciary oversight from RVK,** I move that the State Investment Council approve a renewal of the SIC contract with BlackRock Institutional Trust Company for management of its US Treasury Index Strategy, 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: Commissioner Garcia Richard, Treasurer Montoya, Councilor Telles, Councilor Allen, Councilor Bingaman, and Councilor O'Donnell. There were no opposing votes. With six votes in favor, the motion was duly approved.

c. VOTE: Public Debt – Liquid Multi-Asset Class Manager RFP Recommendation (Lofton, McCauley, RVK)

At about 36:45 in the meeting recording, Director Lofton and RVK Consultant Matt Sturdivant, informed the Council that in November 2023, the NMSIC approved changes to the Shenkman Capital Management High Yield Short Duration

Strategy, transitioning it to a multi-asset Short Duration Credit mandate. This adjustment aimed to better align the strategy with modern credit markets while maintaining a focus on short-duration credit. In August 2024, NMSIC staff announced a Request for Proposal (RFP) for a Managed Account Consultant (MAC) to ensure prudent diversification. The RFP was released in September 2024, and a committee from the State Investment Office and RVK evaluated the submissions. Brown Brothers Harriman & Co. (BBH) was ultimately selected as the consultant. Councilor Bingaman made the following motion, which was seconded by Councilor Allen.

> **Based on the recommendations of the Council Investment Committee, advisor RVK, and SIC Staff,** I move that the State Investment Council approve the selection of Brown Brothers Harriman & Company to manage a multi-asset credit strategy 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: Commissioner Garcia Richard, Treasurer Montoya, DFA Secretary Propst, Councilor Telles, Councilor Allen, Councilor Bingaman, and Councilor O'Donnell. There were no opposing votes. With seven votes in favor, the motion was duly approved.

d. VOTE: Private Equity – Bessemer Venture Partners India II Institutional (Chris Cassidy, Mercer)

At about 45:05 in the meeting recording, Director Cassidy and Mercer consultant Richard Pugmire presented the recommendation, noting that it would be the SIC's first commitment to a fund managed by Bessemer Venture Partners. This commitment to BVP India II would be the inaugural investment in a venture capital fund focused on Asia. Director Cassidy indicated that they plan to pursue additional commitments across the Bessemer platform, including the Flagship, Century, and Forge funds. He emphasized their intention to be very selective with their commitments in Asia, favoring funds that are part of established global platforms like Bessemer. The Bessemer team also provided a brief overview of the firm and the fund. Councilor Bingaman made the following motion, which was seconded by Councilor Telles.

> **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 $40 million to Bessemer Venture Partners India II, Institutional 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: Commissioner Garcia Richard, Treasurer Montoya, DFA Secretary Propst, Councilor Telles, Councilor Allen, Councilor Bingaman, and Councilor O'Donnell. There were no opposing votes. With seven votes in favor, the motion was duly approved.

e. VOTE: Private Equity – Frazier Life Sciences XII (Cassidy, Mercer)

At about 1:03:22 in the meeting recording, Director Cassidy and Mr. Pugmire introduced the recommendation, highlighting that the strategy primarily focuses on venture capital investments in the life sciences sector. Fraizer Life Sciences invests at various stages, from seed-stage funding to investments in public companies, with a particular emphasis on therapeutics to address unmet medical needs. The strategy also emphasizes company creation, enabling the fund to acquire larger ownership stakes compared to focusing solely on existing companies, which is a unique aspect of their approach. After making investments, the fund plays an active role with its portfolio companies, often securing a board

seat to assist management teams in enhancing their operations. FLS has established a robust platform, leveraging over 30 years of experience in healthcare investment within this strategy. Ms. Al Sadal Gish provided an overview of the firm and its products. Councilor Bingaman made the following motion, which was seconded by Councilor Allen.

> **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 $50 million to Frazier Life Sciences XII, 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: Commissioner Garcia Richard, Treasurer Montoya, Councilor Telles, Councilor Allen, Councilor Bingaman, and Councilor O'Donnell. There were no opposing votes. With six votes in favor, the motion was duly approved.

f. VOTE: Private Equity – 776 Fund III and 776 Arete Fund II (Cassidy, Mercer)

At about 1:21:26 in the meeting recording, Director Cassidy and Mr. Pugmire introduced a recommendation for 776 Management, LLC, an early-stage venture capital firm founded in 2020 by Alexis Ohanian and Katelin Holloway. The firm aims to function like a technology company in capital deployment and is currently raising $300 million for two funds: 776 Fund III, focusing on early-stage investments, and Arete Fund II, targeting mid- to growth-stage companies. Their strategy emphasizes exploring digital infrastructure, software, and often overlooked sectors like consumer products and women's sports. Additionally, 776 has created a platform called Cerebro to support founders with essential tools for success. Founder Alexis Ohanian presented his background to the Council, including experience with Y Combinator and Reddit. Councilor Bingaman made the following motion, which was seconded by Councilor Allen.

> **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 the following commitments, not to exceed $30 million, to 776 Fund III, L.P., and 776 Arete 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: Commissioner Garcia Richard, Treasurer Montoya, Secretary Propst, Councilor Telles, Councilor Allen, Councilor Bingaman, and Councilor O'Donnell. There were no opposing votes. With seven votes in favor, the motion was duly approved.

g. VOTE: Private Equity – Stellex Capital Partners III (Cassidy, Mercer)

At about 1:39:40 in the meeting recording, Director Cassidy and Mercer Consultant Amy Ridge presented an overview of Stellex Capital Partners III LP to the Council, highlighting this potential new partnership for the SIC. They recommended committing up to $100 million to Fund III and an additional $50 million for a co-investment vehicle. Fund III will focus on middle-market companies with revenues ranging from $100 million to $500 million. The fund plans to make debt and equity investments, typically between $75 million and $150 million, across 17 to 23 platforms. Additionally, it is expected to allocate up to 20% of its investments to European markets. The investment strategy is designed to be flexible and opportunistic, emphasizing operational improvements and innovative capital structures to achieve targeted returns while managing risk through various economic cycles. Mr. Mike Stewart, co-founder of Stellex, also provided the Council with a

brief overview of the firm's operations. Councilor Bingaman made the following motion, which was seconded by Councilor Allen.

> **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 Stellex Capital Partners III, L.P., and up to $50 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: Commissioner Garcia Richard, Treasurer Montoya, Secretary Propst, Councilor Telles, Councilor Allen, Councilor Bingaman, and Councilor O'Donnell. There were no opposing votes. With seven votes in favor, the motion was duly approved.

h. VOTE: Private Equity – Longshore Capital Fund II (Cassidy, Mercer)

At about 2:05:17 in the meeting recording, Director Cassidy and Ms. Ridge provided a brief overview of Longshore Capital, noting that it would be a new relationship for the SIC's national program. The recommendation would fall under the buyout category, and they are particularly interested in it because it helps diversify the segment, focusing on the smaller end of the market. Even the fund size reflects this smaller focus. Ms. Ridge informed the Council that Mercer along with SIC staff aim to examine the buyout segment as a whole, regardless of fund size, and identify the best opportunities. Mercer believes that adding this investment will strengthen the buyout category. They recommended a commitment of up to $50 million to Longshore Capital Fund II, a lower middle-market buyout fund targeting control investments in business services companies in North America. Ms. Ridge said that Longshore focuses on specific target sectors within the broader business services landscape, including revenue cycle management, tech-enabled BPO, payments/incentives, managed services, and human capital services. Nick Christopher and Ryan Anthony, co-founders of Longshore, provided the Council with an overview of Longshore and the fund. Councilor Bingaman made the following motion, which was seconded by Treasurer Motoya.

> **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 $50 million to Longshore Capital 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: Commissioner Garcia Richard, Treasurer Montoya, Secretary Propst, Councilor Telles, Councilor Allen, Councilor Bingaman, and Councilor O'Donnell. There were no opposing votes. With seven votes in favor, the motion was duly approved.

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

At about 2:19:23 in the meeting recording, Director Dunn and RVK Consultant Matt Sturdivant informed the Council that they had presented the background on the ex-U.S. Public Equity structure study, the process surrounding the RFP, the due diligence process, and the portfolio construction process during the recent Investment Committee meeting. The members concluded that treating the recommendations as a consent agenda item would be more appropriate. In light of this decision, Mr. Dunn provided an overview of the processes undertaken to arrive at this prospective portfolio. He explained that the purpose of the portfolio is to generate significant returns for the permanent funds, ensure a high level of liquidity, and offer exposure to economic growth outside of the U.S. He noted that the next step would be the transition to the New Perspective portfolio.

j. **VOTE:** Ex-US Public Equity – Consent Agenda: Brandes Intl Equity, Hardman Johnston Intl, C WorldWide Intl Equities, Cedar Street Intl Small Cap Value (Dunn, RVK)

At about 2:57:28 in the meeting recording, Investment Committee Chair Bingman made the following motion which was seconded by Councilor Bingaman.

> **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:
> **- Brandes International Equity**
> **- Hardman Johnston International Equity**
> **- C Worldwide International Equities**
> **- Cedar Street International Small Cap Value**
> Per the recommendation of the CIC, the selections here are part of a slate of managers to be approved via consent agenda this month and next, 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: Commissioner Garcia Richard, Treasurer Montoya, Councilor Telles, Councilor Allen, Councilor Bingaman, and Councilor O'Donnell. There were no opposing votes. With six votes in favor, the motion was duly approved.

k. Portfolio Liquidity Management (Smith, RVK)

At about 2:59:22 in the meeting recording, CIO Smith gave a brief presentation to address the Council's previous questions regarding cash holdings and liquidity management. There has been ongoing discussion about whether the SIC should reserve cash for future capital calls. Mr. Smith stated that in a stressful market, a crucial function of liquidity is the ability to respond effectively. He provided the following examples: rebalancing into risk assets, primarily stocks, REITs, and a few MLPs. He informed the Council that the Investment and Accounting teams review liquidity levels every month.

4. GOVERNANCE MATTERS: Informational Reports Requiring Discussion/Vote

a. Governance Committee Report (Cathy Allen, Clark)

At about 3:07:20 in the meeting recording, Governance Committe Chair Catherine Allen provided a brief committee report to the Council. She reminded the Council that they had agreed to work on securing better pay for the staff at the off-site retreat in December. The committee had been discussing the proposed pay bands and would hopefully be ready for a vote in February. SIO Clark offered a few brief comments, thanking the Council for their efforts and acknowledging the staffing needs due to the remarkable growth in assets under management. Discussion continued.

5. FINANCE MATTERS: Informational Reports Requiring Discussion/Vote

a. CFO Report (Brent Shipp)

At about 3:23:35 in the meeting recording, CFO Brent Shipp presented the Council with a brief financial report. He discussed the year-to-date budget and the Investment Holdings Report and shared information about Moss Adams. Additionally, he informed the Council that the Audit Report was included in the meeting materials.

6. CLOSING MATTERS

a. Old or new business:

None.

b. Next SIC meeting date: Monday-Tuesday, December 2-3, 2024, 8:30 a.m., Santa Fe, NM.

7. PUBLIC COMMENT PERIOD

At about 3:35:29 in the meeting recording, Mr. Michael Zito and Mr. Sam Khatib from Belay Investment Group provided brief comments to the Council.

8. ADJOURNMENT

a. The meeting was adjourned at 12:53 p.m.