

BILL

50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO PUBLIC FINANCES; AMENDING DUTIES OF THE PRIVATE
EQUITY INVESTMENT ADVISORY COMMITTEE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 6-8-20 NMSA 1978 (being Laws 1987,
Chapter 219, Section 3, as amended) is amended to read:

"6-8-20. PRIVATE EQUITY INVESTMENT ADVISORY COMMITTEE
CREATED--MEMBERSHIP--DUTIES--TERMS--LIABILITIES--CONFLICT OF
INTEREST.--

A. There is created the "private equity investment
advisory committee" to the council. The committee consists of
the state investment officer, a member of the council appointed
by the council and three members who are qualified by
competence and experience in finance and investment and
knowledgeable about the private equity investment process and

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1 who are appointed by the council.

2 B. Members appointed by the council, except the
3 council member, shall be appointed for three-year terms;
4 provided that the terms of the initial committee members shall
5 be staggered so that the term of one member expires each year.
6 After the initial appointments, all appointed members shall be
7 appointed for three-year terms. Members shall serve until
8 their successors are appointed. A vacancy occurring other than
9 by expiration of term shall be filled in the same manner as the
10 original appointment, but only for the unexpired term.

11 C. The committee shall review and make
12 recommendations to the council on investments authorized
13 pursuant to Sections 7-27-5.15 and 7-27-5.26 NMSA 1978 and all
14 other private equity investments and shall advise the council
15 in matters and policies related to such investments. The
16 committee shall establish policies for national private equity
17 fund investments, New Mexico private equity fund investments
18 and New Mexico film private equity fund investments not less
19 often than annually and shall make copies available to
20 interested parties.

21 D. The committee shall review and make
22 recommendations to the council on economically targeted
23 investments, and the council shall not make an economically
24 targeted investment until the investment has been reviewed and
25 approved by the committee. The committee shall identify

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1 performance measures and for each economically targeted
2 investment made by the council shall track:

3 (1) the impact of the investment on the
4 economy;

5 (2) the return on investment of the
6 investment;

7 (3) the number of jobs created as a result of
8 the investment; and

9 (4) other economic impacts of the investment.

10 ~~[D-]~~ E. Members of the committee shall receive per
11 diem and mileage as provided for nonsalaried public officers in
12 the Per Diem and Mileage Act and shall receive no other
13 compensation, perquisite or allowance.

14 ~~[E-]~~ F. The committee shall elect annually a chair
15 from among its members and may elect other officers as
16 necessary. The committee shall meet upon the call of the chair
17 or the state investment officer.

18 ~~[F-]~~ G. Members of the committee are public
19 employees within the meaning of the Tort Claims Act and are
20 entitled to all immunity and indemnification provided under
21 that act.

22 ~~[G-]~~ H. A person shall not be a member of the
23 committee if any recommendation, action or decision of the
24 committee will or is likely to result in direct, measurable
25 economic gain to that person or that person's employer.

1 ~~[H.]~~ I. The state investment officer may enter into
2 contracts with investment advisors for private equity fund
3 investments and film fund investments authorized pursuant to
4 Sections 7-27-5.15 and 7-27-5.26 NMSA 1978 and all other
5 private equity investments and may pay budgeted expenses for
6 the advisors from the assets of any fund administered under the
7 supervision of the council, as applicable.

8 ~~[I.]~~ J. As used in this section:

9 (1) "economically targeted investment" means
10 an investment made with the collateral intent to assist in the
11 improvement of the economic well-being of New Mexico, its
12 localities and residents and selected for its economic benefit
13 apart from its investment return; and

14 (2) "private equity investments" means any
15 legal entity that has as its primary business activity the
16 investment of funds in return for equity in or debt of
17 businesses for the purpose of providing capital for startup,
18 expansion, new product development, recapitalization or a
19 similar business purpose."

20 SECTION 2. EFFECTIVE DATE.--The effective date of the
21 provisions of this act is July 1, 2011.