



NEW MEXICO STATE INVESTMENT COUNCIL



INVESTMENTS & PENSIONS OVERSIGHT COMMITTEE

NM ECONOMIC BENEFITS DELIVERED BY PERMANENT FUNDS & THE STATE INVESTMENT COUNCIL

SENATOR GEORGE MUNOZ, CHAIR
REPRESENTATIVE MONICA YOUNGBLOOD, VICE-CHAIR

SEPTEMBER 15, 2015

STATE INVESTMENT OFFICER STEVE MOISE



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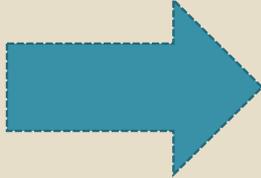
Overview of SIC Funds as of 6/30/15



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**Land Grant
Permanent Fund:
\$14.8 billion**

**Severance Tax
Permanent
Fund: \$4.7
billion**



**Tobacco
Settlement
Permanent Fund:
\$216 million**

**Governmental
Clients: \$788
million**

**Water Trust Fund:
\$47 million**

SIC Investment Pools

**Total assets:
\$20.6 billion**



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LGPF Benefits

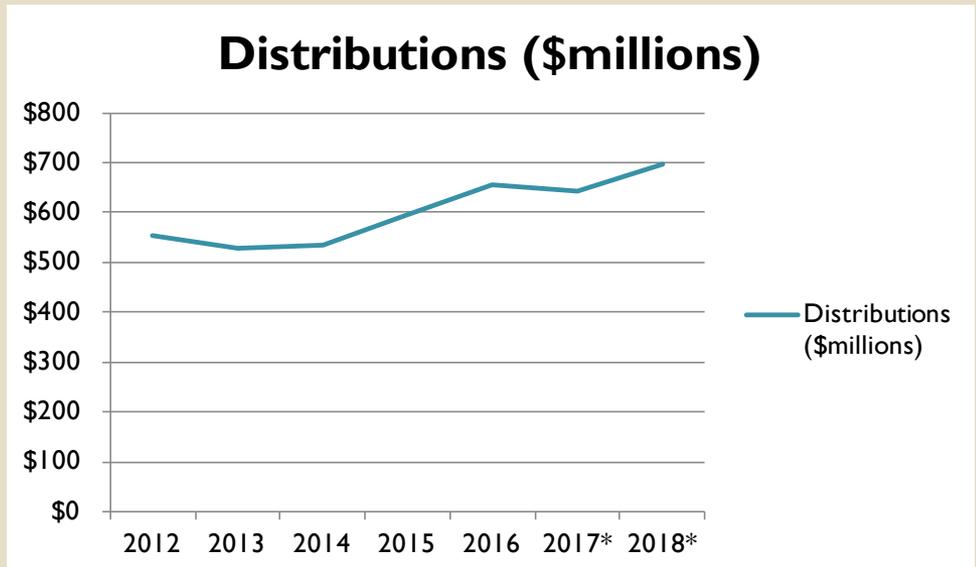


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- Land Grant Permanent Fund
 - Distributes 5.5% of 5-year average of calendar-year-end value
 - Distribution rate will drop to 5.0% in FY17
 - Estimated total distribution to resume growth in FY18

Fiscal year	Distributions (\$millions)	Dist. Rate
2012	\$553	5.8%
2013	\$527	5.5%
2014	\$535	5.5%
2015	\$596	5.5%
2016	\$656	5.5%
2017*	\$642	5.0%
2018*	\$698	5.0%

* Estimated distributions. Assumes 6/30 LGPF values for 12/31/15 & average annual returns (7.5%) & below-average (\$420m) LGPF contributions for CY16.





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LGPF Impact by Beneficiary, FY15



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BENEFICIARY INSTITUTIONS	% OF FUND	FY15 LGPF INCOME DISTRIBUTION (\$1000s)
PUBLIC SCHOOLS	84.1848%	\$ 502,757
UNM	1.4132%	\$ 8,286
NMSU	0.4523%	\$ 2,651
NM TECH	0.1965%	\$ 1,158
ENMU	0.0814%	\$ 479
WNMU	0.0261%	\$ 154
NM HIGHLANDS	0.0260%	\$ 153
NORTHERN NM COLLEGE	0.0209%	\$ 123
NMMI	3.2295%	\$ 18,991
NM SCHOOL FOR THE DEAF	1.9614%	\$ 11,559
NM SCHOOL BLIND/VIS. IMPAIR	1.9570%	\$ 11,534
NM STATE PENITENTIARY	1.9568%	\$ 11,556
PRISON REFORM	0.8366%	\$ 4,906
NM BOYS SCHOOL	0.0058%	\$ 33
DHI MINERS HOSPITAL	0.9345%	\$ 5,493
N.M. STATE HOSPITAL	0.2867%	\$ 1,830
CARRIE TINGLEY HOSPITAL	0.0015%	\$ 9
PUBLIC BUILDINGS	1.0964%	\$ 6,491
WATER RESERVOIR	1.0549%	\$ 6,185
IMPROVE RIO GRANDE	0.2372%	\$ 1,388
UNM SALINE LANDS	0.0406%	\$ 256
	100%	\$ 595,994



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STPF Benefits

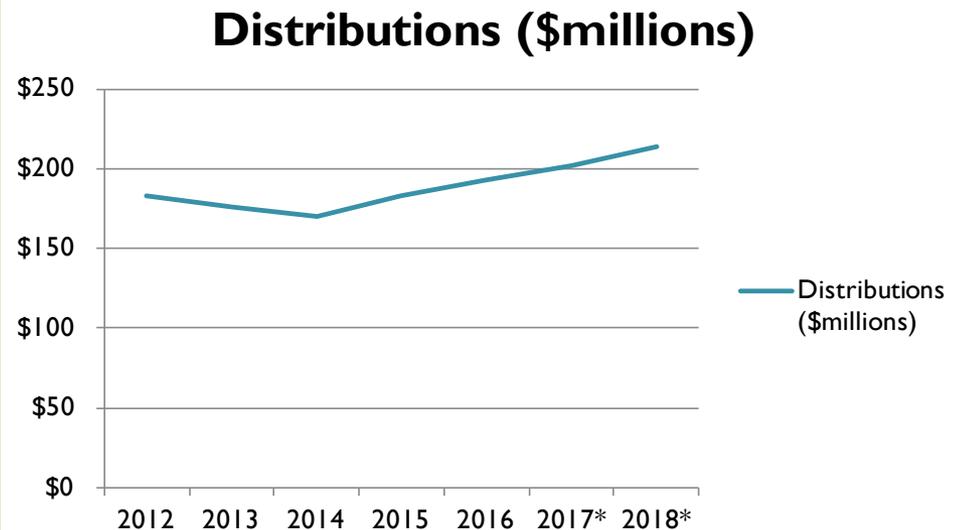


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- **Severance Tax Permanent Fund**
 - Distributes 4.7% of 5-year average of calendar-year-end value
 - FY16 distribution of \$193m set new high, topping \$191m in 2009
 - 100% of distributions go to state general fund

Fiscal year	Distributions (\$millions)	Dist. Rate
2012	\$183	4.7%
2013	\$176	4.7%
2014	\$170	4.7%
2015	\$183	4.7%
2016	\$193	4.7%
2017*	\$202	4.7%
2018*	\$214	4.7%

* Estimated distributions. Assumes 6/30 STPF values for 12/31/15 & average annual investment returns & projected STPF contributions for CY16-CY18.





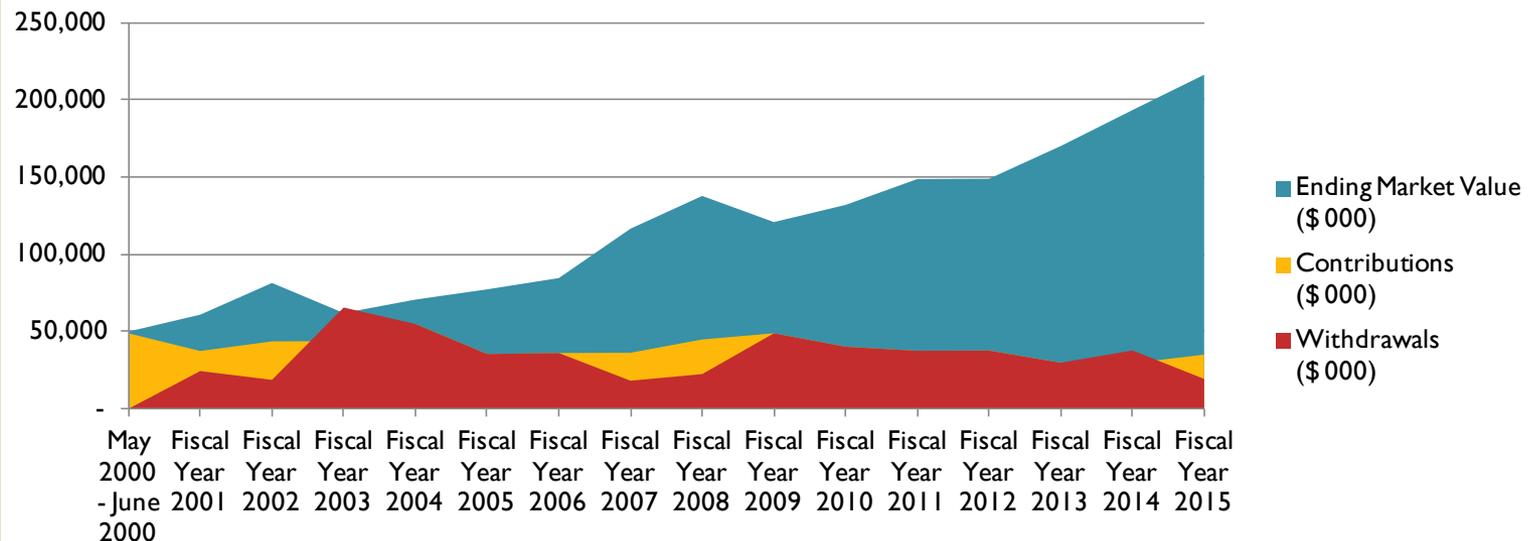
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Tobacco Settlement Permanent Fund



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- TSPF: part of the state's reserve funds
 - Does not make annual distributions, does help state bond ratings
 - 82% of contributions appropriated by legislature since fund inception: \$527 million out of \$640 million delivered by legal settlement
 - TSPF has grown to \$216 million





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Water Trust Fund



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- **Water Fund: Constitutionally protected permanent fund**
 - Funded with \$40 million in FY07 & \$15 million in FY08
 - \$36 million distributed since inception
 - ✦ \$4 million/year to Water Trust Board to fund statewide water infrastructure projects
 - Fund value as of 6/30/15: \$47.3 million
 - Corpus maintained value during economic recovery
 - Fund corpus: projected to be \$0 in 2035

	Quarter	1 Year	3 Year	5 Years	10 Years	Since Inception	Inception Date
Water Trust Total Fund Composite	0.99	3.84	11.29	9.91	N/A	6.58	8/1/2006



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Client Funds



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- **Governmental client investments**
 - 19 Clients, 32 separate accounts
 - State agencies (RHCA, NMHED, Game & Fish, CYFD)
 - Cities & Counties (Las Cruces, Los Alamos County)
 - Universities (NM Tech, ENMU, NMHU, San Juan College)
 - Schools (NMMI, NMSBVI, Springer Schools)
 - Governmental entities (NMFA, MFA, PSIA, PRC, SLO, State Engineer)
- **Low cost, high quality asset management**
 - SIC charges no fees, clients pay only actual costs
 - FY14 average: 0.22% (22 basis points)
 - FY15 average: 0.15% (15 basis points)



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New Mexico ETIs



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- Economically targeted investments from the STPF
 - Current programs: NM Private Equity, SBIC
- NM Private Equity Investment Program
 - Since inception in 1993: \$390 million invested in 70 New Mexico companies, by private equity funds with NM offices & full time investment professionals
 - Technology focused companies with above-average salaries
 - Payroll, expenditures deliver economic impact of \$150 million+/year
 - For every \$1 invested by SIC, \$6.20 co-invested by other investors
- Small Business Investment Corporation (SBIC)
 - Since 2001: 3000+ loans, 8000+ jobs
 - \$32 million equity invested in 46 NM companies