



**Investment Advisory Board  
Meeting  
City of Rio Rancho  
AGENDA  
August 23, 2023  
6:00 PM  
City Council Chambers**

**Investment Advisory Board Members**

Van Billops, District 1	Vacant, District 2
Christopher Daniel, District 3	Ron Baker, District 4
Chandra McCray, District 5	Kelly Wainright, District 6
David Jablonski, At-Large	

**Meeting Information**

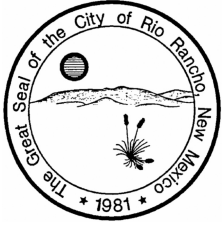
**Call to Order**

**Discussion and Deliberation**

- 1.** [Approval of Minutes for the May 24, 2023 Meeting](#)  
[IAB - 052423 Minutes.docx](#)
- 2.** [Overview of State Investment Council and Government Client Investment Polls](#)  
[Client overview presentation August 2023.pdf](#)
- 3.** [Review and Discussion of Permanent Fund, Core Portfolio and Liquidity Portfolio](#)

**Public Comment**

**Adjournment**



**CITY OF RIO RANCHO  
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**Legislation Item:**

**AGENDA DATE:**  
August 23, 2023

**DEPARTMENT:**  
City Clerk

**SUBJECT:**  
Approval of Minutes for the May 24, 2023 Meeting

**BACKGROUND AND ANALYSIS:**

**IMPACT:**

**ALTERNATIVES:**

**DEPARTMENT RECOMMENDATION:**

**ATTACHMENT:** [IAB - 052423 Minutes.docx](#)



*Investment Advisory Board  
Meeting*

**MINUTES**  
MAY 24, 2023  
6:00 PM  
Council Chambers

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**MEMBERS PRESENT:**

Van Billops, District 1  
Ron Baker, District 4  
Kelly Wainwright, District 6  
David Jablonski, At-Large

**STAFF PRESENT:**

Rebecca Martinez, City Clerk  
Carole Jaramillo, Director of Financial Services

**SPECIAL GUEST:**

Matt Smith – PFM Asset Management, (virtual)  
Luke Schneider, PFM Assets Management (virtual)

**MEMBERS ABSENT:**

Christopher Daniel, District 3  
Chandra McCray, District 5

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**CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

Kelly Wainwright called the meeting to order at 6:01 p.m.

**DISCUSSION AND DELIBERATION**

1. Approval of March 29, 2023 Minutes

Van Billops moved to approve the minutes of March 29, 2023. Seconded by David Jablonski.

The motion carried by a vote of 4 FOR and 0 AGAINST.

YES: Van Billops, Ron Baker, Kelly Wainwright, David Jablonski

NO: None

2. Overview of Member Duties and Responsibilities

Carole Jaramillo, Director of Financial Services briefly went over the duties and responsibilities of the Investment Advisory Board as outlined in Section 33.28. The Governing Body has determined that formal citizen input regarding the management of a voter-approved City Charter Permanent Fund and associated investment policy, as well as other local government investment portfolios and associated policy, is appropriate. Therefore, the Investment Advisory Board was established.

3. Review and Discussion of Permanent Fund, Core Portfolio and Liquidity Portfolio

Luke Schneider of PFM Assets Management gave a review of the Core and Liquidly Portfolios. Bond markets saw unprecedented volatility in March.

1 Matt Smith of PFM Asset Management went over the markets and economy. He went  
2 into detail of the equity side and went over the quarterly market summary. There are  
3 several factors to consider over the next 6-12 months.

4  
5 The Board discussed and voiced concern with the reporting from the State Investment  
6 Council for the permanent fund. The Board would like further review of custodial records  
7 and statements.

8

9 **PUBLIC COMMENT**

10

11 **ADJOURNMENT**

12

13 The meeting adjourned at 7:13 p.m.

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15 APPROVED THIS 23<sup>rd</sup> DAY OF AUGUST, 2023

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Kelly Wainwright, Chair

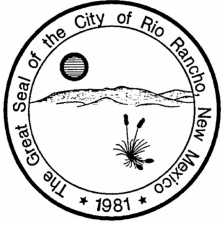
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Rebecca A. Martinez, City Clerk  
SEAL

22



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**Legislation Item:**

**AGENDA DATE:**

August 23, 2023

**DEPARTMENT:**

Financial Services

**SUBJECT:**

Overview of State Investment Council and Government Client Investment Polls

**BACKGROUND AND ANALYSIS:**

**IMPACT:**

**ALTERNATIVES:**

**DEPARTMENT RECOMMENDATION:**

**ATTACHMENT:** [Client overview presentation August 2023.pdf](#)

# New Mexico State Investment Council and Governmental Client Investment Pools

## Overview Presentation for Current & Prospective SIC Clients

Charles Wollmann, Dir. Communications, Legislative & Client Services  
August 2023



## What is the SIC?

- The NM State Investment Council oversees and invests New Mexico's permanent, endowment and reserve funds (9 funds in FY24) & allows 25 governmental clients to invest in SIC "pools"
- The Council is 11 members: 3 elected, 4 appointed by the legislature & 4 appointed by the governor
- The office includes 26 investment professionals, accountants, legal & support staff

## STATE INVESTMENT COUNCIL

# Assets Under Management: \$44.57 billion

- Total fund values 2020-present, in millions

<b>Fund Valuations (\$Millions)</b>	<b>12/31/2019</b>	<b>12/31/2020</b>	<b>12/31/2021</b>	<b>12/31/2022</b>	<b>6/30/2023</b>
Land Grant Permanent Fund (LGPF)	\$ 19,724.2	\$ 21,599.2	\$ 25,766.2	\$ 25,770.5	\$ 28,012.1
Severance Tax Permanent Fund (STPF)*	\$ 5,630.3	\$ 5,849.5	\$ 6,733.8	\$ 7,644.0	\$ 8,368.3
Tobacco Settlement	\$ 237.0	\$ 262.2	\$ 298.1	\$ 306.1	\$ 329.6
Water Trust Fund*	\$ 41.7	\$ 39.7	\$ 43.9	\$ 41.3	\$ 42.6
Tax Stabilization Reserve	\$ 538.6	\$ 1,768.2	\$ 1,856.5	\$ 2,304.4	\$ 2,329.4
Rural Libraries Endowment*	\$ 1.0	\$ 3.1	\$ 3.3	\$ 13.4	\$ 13.4
Early Childhood Ed. & Care	\$ -	\$ 306.1	\$ 314.1	\$ 3,462.0	\$ 3,569.5
Opioid Settlement Restricted*	\$ -	\$ -	\$ -	\$ -	transfer pending
Conservation Legacy Perm. Fund*	\$ -	\$ -	\$ -	\$ -	transfer pending
Government Clients	\$ 1,272.0	\$ 1,515.6	\$ 1,814.5	\$ 1,709.7	\$ 1,902.3
<b>Total Assets under management</b>	<b>\$ 27,444.8</b>	<b>\$ 31,344.0</b>	<b>\$ 36,830.3</b>	<b>\$ 41,251.3</b>	<b>\$ 44,567.2</b>

\*FY24 Legislative Appropriations Pending:

STPF: \$475 million, Water: \$100 million, Conservation: \$50 million, Rural Libraries: \$15 million, Opioid: \$200 million est. transfer

## STATE INVESTMENT COUNCIL

# Investment Council Governance

Council composed of 11 fiduciaries: 3 elected members, 4 Governor's appointees, 4 Legislative appointees

### Elected Members:

Gov. Michelle Lujan Grisham

Treasurer Laura Montoya

Land Commissioner Stephanie  
Garcia Richard

### Legislative Appointees:

Catherine Allen

Tim Jennings

Harold Lavender

Kurt Sommer

### Governor's Appointees:

DFA Secretary Wayne Propst

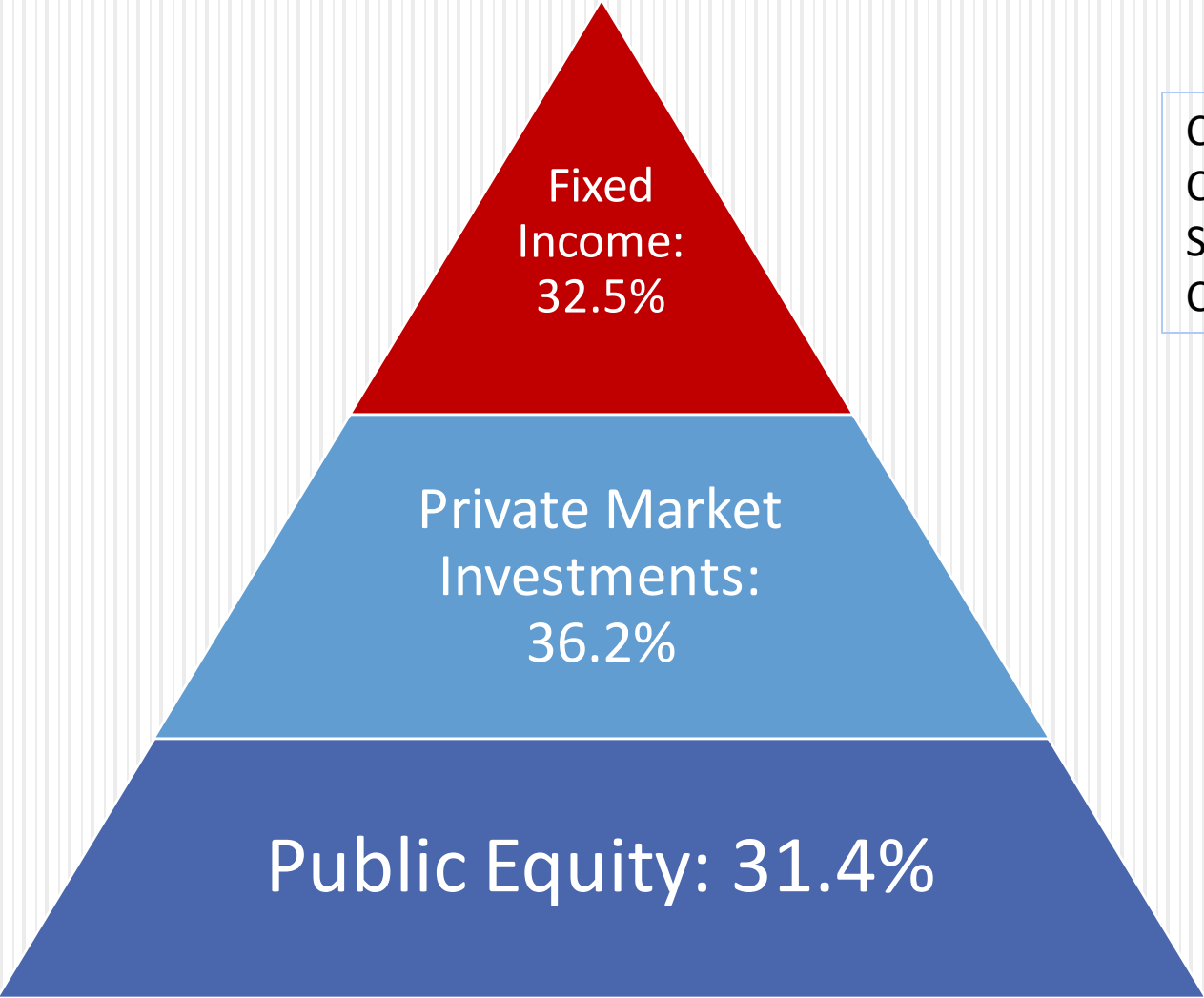
Nick Telles (SFCC)

Mike Messina

John Bingaman

- Public Members: 5-year term requiring professional investment, audit, or governance experience & confirmation by NM State Senate
- Legislative appointees: no more than two from one party

# Investment Allocation as of 6/30/23:



Core Bonds:	4.8%
Core Plus Bonds:	7.5%
Short Duration:	4.7%
Cash equivalent:	15.5%

Real Estate:	8.7%
Real Return:	7.5%
Private Equity (Natl./NM):	9.6%
Credit/Non-Core FI:	10.4%

US Stocks:	17.0%
International Stocks:	14.4%

# Fund Performance

## Investment Returns

Returns, net of fees, annualized, as of 6/30/23

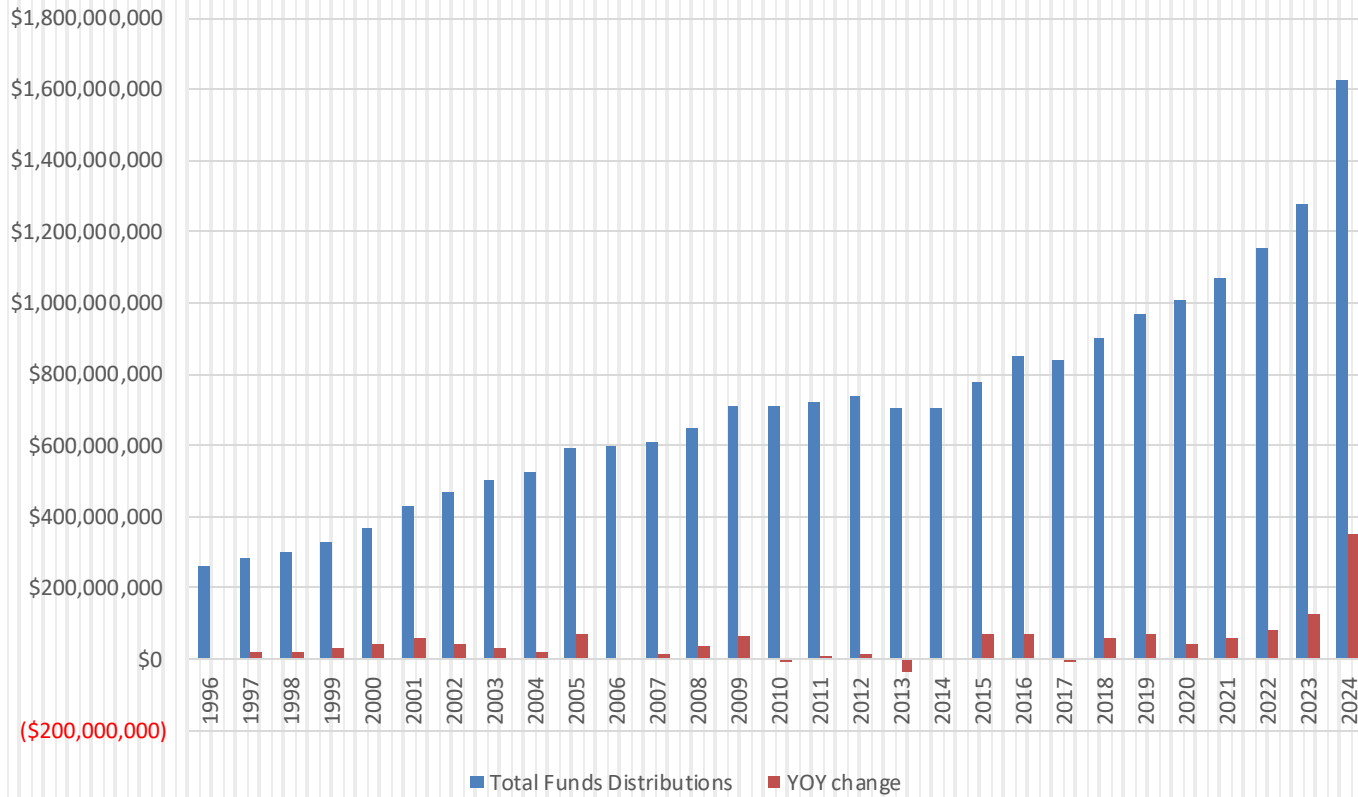
	1-year	3-year	5-year	7-year	10-year
<b>Land Grant Permanent Fund</b>	<b>7.07</b>	<b>9.59</b>	<b>6.88</b>	<b>7.94</b>	<b>7.40</b>
<i>Benchmark</i>	<i>6.58</i>	<i>9.49</i>	<i>7.03</i>	<i>7.84</i>	<i>7.56</i>
<b>Severance Tax Permanent Fund</b>	<b>5.86</b>	<b>7.39</b>	<b>5.34</b>	<b>6.82</b>	<b>6.61</b>
<i>Benchmark</i>	<i>5.68</i>	<i>8.03</i>	<i>6.20</i>	<i>7.29</i>	<i>7.17</i>

Long-term investment return targets: LGPF (7.0%), STPF (6.75%)

# STATE INVESTMENT COUNCIL

## Permanent Fund Distributions

NM Permanent Fund Distributions



Fiscal Year	Total Funds Distributions	YOY change	Land Grant Distribution %
1996	\$261,665,216		4.7%
1997	\$281,829,144	\$20,163,928	
1998	\$299,758,801	\$17,929,657	
1999	\$329,178,477	\$29,419,676	
2000	\$369,987,793	\$40,809,316	
2001	\$427,702,980	\$57,715,187	
2002	\$470,648,040	\$42,945,060	
2003	\$503,739,000	\$33,090,960	
2004	\$524,960,075	\$21,221,075	
2005	\$595,448,111	\$70,488,036	5.8%
2006	\$598,241,175	\$2,793,064	
2007	\$609,917,645	\$11,676,470	
2008	\$647,170,080	\$37,252,435	
2009	\$712,813,476	\$65,643,396	
2010	\$712,584,889	(\$228,587)	
2011	\$720,473,734	\$7,888,845	
2012	\$736,841,814	\$16,368,080	
2013	\$703,019,232	(\$33,822,582)	5.5%
2014	\$705,629,255	\$2,610,023	
2015	\$778,716,882	\$73,087,627	
2016	\$849,295,109	\$70,578,227	
2017	\$838,516,785	(\$10,778,324)	5.0%
2018	\$899,568,368	\$61,051,583	
2019	\$968,164,465	\$68,596,097	
2020	\$1,009,508,364	\$41,343,899	
2021	\$1,070,449,847	\$60,941,483	
2022	\$1,154,773,165	\$84,323,318	
2023	\$1,280,113,616	\$125,340,451	
2024	\$1,629,088,116	\$348,974,500	5.0% & 1.25% via CA1

## Market Outlook & Concerns

- Bouncing back from 2022
- Recession in 2023? Will it be deep and long-lasting or a “soft landing” as hoped for by the Fed?
  - Inflation, supply chain issues receding
  - Consumer spending, wage increases, low unemployment, strong labor demand, shrinking savings rates (3% today, was 8% pre-pandemic)
  - Federal Reserve/Central Bank actions, effects of fiscal stimulus receding

## Council near-term investment strategy

- Invest toward/maintain long-term investment targets:
  - 40% public equity, 10% fixed income, 50% private market assets (PE, RE, Real Assets, Private Credit)
  - Increase active management exposure through private equity, real estate, private credit (not public equity)
  - Rely & continue to build real assets for income-generation & stability
  - Expectation is that next 7-10 years will provide below-average returns due to current market valuations
  - Assess strategy annually, with asset allocation study every three years

# Client Services Summary: Pros & Cons

## We can

- Provide access to high quality investment managers via pools
- Achieve institutional-level low pricing and management fees due to economies of scale
- Provide exposure to private market strategies often hard to access for smaller investors

## We cannot

- Tell Clients how we think they should invest or provide asset-allocation studies
- Provide daily valuation & performance reporting
- Allow for intra-month contributions/withdrawals
- Provide manager-specific investments

## STATE INVESTMENT COUNCIL

# Governmental Clients

### List of clients invested in SIC pools, June 2023

City of Albuquerque	NM Highlands University Foundation
City of Las Cruces	NM Military Institute (NMMI)
City of Rio Rancho	NM Retiree Health Care Authority (RHCA)
Clovis Community College Foundation	NM School for the Blind/Visually Impaired
Central NM Community College (CNM)	NM Small Business Investment Corporation (SBIC)
Children Youth & Families Dept. (CYFD)	NM Institute of Mining & Technology (NM Tech)
Eastern New Mexico University	NM Mortgage Finance Authority (MFA)
Interstate Stream Commission	NM Public School Insurance Authority (PSIA)
John R. Carver Testamentary Trust	Office of Superintendent of Insurance (OSI)
Los Alamos County	San Juan College Foundation
Superintendent of Public Lands (SLO)	Springer Municipal School District
NM Higher Education Department	Western New Mexico University
NM Highlands University (NMHU)	Mid Rio Grande Conservancy District

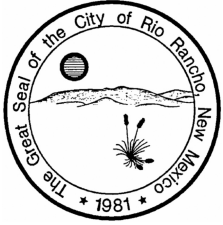
## Client Investments – by the numbers

- **\$1,902,364,203** (as of 6/30/23)
- **25** Clients invested via 48 separate accounts
- **10** public-market investment pools
  - Stocks & bonds
  - US stocks, Non-US developed & Non-US emerging
  - Active & passive strategies & only monthly liquidity
- **4** private-market investment pools
  - Minimum \$10 million assets
  - Fiduciary advisor/asset allocation study required
  - Lock-up periods for up to 2-years

# STATE INVESTMENT COUNCIL

## Client Pools – Options & Costs

Market Cap/Style	Management	Benchmark	Annual Management Fee (est.)	Underlying investment managers
Large Cap US Equity Active	Active	Russel 1000 Index	0.18%	T.Rowe Price & Northern Trust
Large Cap US Equity Index	Passive	Russel 1000 Index	0.004%	Northern Trust
Small/Mid Cap US Equity Active	Active	US Small/Mid Custom Index	0.42%	BlackRock
Small/Mid Cap US Equity Index	Passive	S&P Small Cap 600 Index	0.04%	Northern Trust
Non-US Developed Markets Active	Active	Non-US Developed Custom Index	0.41%	LSV, T.Rowe Price, Neuberger Berman, MFS
Non-US Developed Markets Index	Passive	Non-US Developed Custom Index	0.04%	AllianceBernstein
Non-US Emerging Markets Active	Active	MSCI Emerging Index	0.55%	BlackRock & Wm. Blair
Non-US Emerging Markets Index	Passive	MSCI Emerging Index	0.09%	AllianceBernstein
US Core Plus Bonds	Active	Bloomberg US Universal	0.15%	PGIM & Loomis Sayles
US Core Bonds	Blend	Bloomberg US Agg Bond Index	0.09%	BlackRock & PIMCO
Credit/Structured Finance	Active	Non-Core Fixed Custom Index	0.72%	US Mid-market lending, Credit, Distressed
Real Estate	Active	NCREIF ODCE Index (Net)	0.79%	Core & Non-Core Real Estate
Real Return	Active	Real Return Custom Index	0.88%	Infrastructure, private energy, Ag., Timber,
Private Equity	Active	Cambridge US PE Index	0.72%	Various



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**DEPARTMENT:**  
City Clerk

**SUBJECT:**  
Review and Discussion of Permanent Fund, Core Portfolio and Liquidity Portfolio

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