

Investment Policy

Revised: October 26, 2001

Introduction

To maximize to the extent allowed by law, and to protect line assets of New Mexico Institute of Mining and Technology, the Board of Regents establishes its investment in compliance with New Mexico law and the Prudent Man Rule¹. Pursuant to Section 6-8-7-G, NMSA 1978, New Mexico Tech has engaged the State Investment Office to act as its major investment manager through a pooled investment fund. Other investments will be managed in accordance with the policy set forth.

Purpose

NMIMT has funds that include endowment, plant and allocated funds that are either restricted or designated for purposes. Further, NMIMT acts as an investment agent for the New Mexico Tech Research Foundation and the New Mexico Tech Employee Benefit Trust under a Joint Powers Agreement. The corpora of the funds gave or are set aside for investment purposes and the uses for the income from those investments have been designated by either the creation of the endowment of the fund as established. To the extent permitted by the endowments, or other investments, the corpora shall provide for inflationary growth. The investments will be managed on a total return basis with 4.5% of the average five year market value being made available for expenditure, and the remaining returns retained in the funds to compensate for inflationary growth. In the case of reserves, allocated, and agency funds, the total returns will remain with the funds until these funds are required to be expended for the purpose for which they were established. In rare exceptions under certain market conditions. The Board of Regents may alter the basis for expenditure where it has discretionary authority. Short-term cash, meaning investments with maturities of less than one year, shall be invested with the New Mexico Sate Treasure's Local Government Investment Pool, government securities, or financial institutions that are government insured.

Objectives

Given the fund purposes and where permitted, the corpus of long term investments will be preserved in real terms while providing reasonable levels of income for the designated funds.

Further, it is NMIMT's intent to obtain maximum returns with acceptable risk as permitted by law for all investments, to diversify the portfolios, and provide for returns equal to or better than similarly invested funds.

Diversification shall focus on minimizing risk and maximizing returns.

¹ Prudent Man Rule: The fundamental principle for professional money management, stated by Judge Samuel Putnum in 1830: "Those with responsibility to invest money for others should act with prudence, discretion, intelligence, and regard for the safety of capital as well as income."

Investment Policies and Guidelines

Endowment, agency and other funds may be invested with the State Investment Council, recognized brokerage firms with offices in New Mexico, and financial institutions with offices in New Mexico. The State Investment Office has full discretionary investment authority over the assets it is responsible for managing subject to State law. The State Investment Office shall invest funds in accordance with the Prudent Man Rule. An Investment Committee consisting of NMIMT's President, Vice President for Administration and Finance, and Associate Vice President for Administration and Finance, shall review and approve all investments not managed by the State Investment Office. The NMIMT's Board of Regents shall approve all resolutions establishing accounts with financial institutions and brokerage firms. The committee shall abide by State of New Mexico Constitution and Statutes, as well as following the Prudent Man Rule as defined by the New Mexico State Attorney General's Office.

Asset Allocation

Investments of one year or more will be allocated as follows:

<u>Asset Class</u>	<u>Long Term Target</u>	<u>Allowable Range</u>
Fixed Income	30%	25-50%
Equity	70%	50-75%

The above values will be based on the market value of the funds.

Eligible Investments

All funds invested shall comply with New Mexico Constitutional and Statutory Law.