



# Investment Policy

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Office of the Vice President for Administration & Finance

Policy Document Number: AF-04.1-2025

Adopted by the Board of Regents: xx/xx/xxxx

Policy Updates: June 7, 2017

xx/xx/xxxx

<p><b>Policy Purpose:</b> To set forth New Mexico Tech's comprehensive policy for the investment of its endowment funds, operational funds and bond proceeds, ensuring compliance with the laws of the State of New Mexico, preservation of capital and the maximization of investment returns while maintaining adequate liquidity.</p>
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## **1.0 POLICY STATEMENT**

This Investment Policy, shall be administered pursuant to and in compliance with applicable New Mexico law, including but not limited to the Uniform Prudent Investor Act, NMSA 1978, §§ 45-7-601 to 45-7-612 , and the Uniform Prudent Management of Institutional Funds Act, NMSA 1978, §§ 46-9A-1 to 46-9A-10. This Investment Policy sets forth New Mexico Tech's (NMT's) comprehensive rules for the investment of its assets including but not limited to endowment funds, operational funds and bond proceeds of NMT.

NMT seeks to manage and prudently invest cash balances, obtain maximum returns with acceptable risk as permitted by law for all investments, to have diversified portfolios, and to obtain returns equal to or better than those for similarly invested funds. Diversification shall focus on minimizing risk and maximizing returns. All investment decisions will be made with due care and judgment, taking into consideration principal preservation in addition to income maximization, and not for speculative purposes. The primary objective for investments of operational funds and bond proceeds of NMT is capital preservation.

## **2.0 GENERAL POLICY**

New Mexico Tech's assets include endowment funds, plant assets and allocated funds, which may be designated as either restricted or unrestricted and available and used for general or specific purposes. Furthermore, NMT acts as an investment agent for the New Mexico Tech Foundation under an approved Agency Agreement.

NMT may act as an investment agent for the New Mexico Tech University Research Park Corporation (RPC). For its investments, RPC shall provide a written request to the Vice President for Administration and Finance for the opening of an account with the State Investment Council (SIC). All subsequent requests for investment transactions by the RPC shall be submitted in writing to the Vice President for Administration and Finance.

To the extent permitted by their respective terms, endowment funds will be managed on a total return basis, in accordance with internal distribution requirements, and any remaining returns retained in the principal of the applicable fund, in part to compensate for inflation.

In the case of reserves, allocated, and agency funds, all returns will remain with the funds until these funds are required to be expended for the purpose for which they were established. In rare circumstances, the NMT Board of Regents (Board) may alter the basis for expenditure where it has discretionary authority to do so.

NMT shall manage its cash flow in a manner which will maximize funds available for investments.

## **2.1 Investment Objectives**

- **Maximum Returns with Acceptable Risk:** Obtain maximum returns with acceptable risk as permitted by applicable law for all investments.
- **Diversified Portfolios:** Maintain diversified portfolios to minimize risk and maximize returns.
- **Competitive Returns:** Obtain returns equal to or better than those for similarly invested funds.
- **Preservation of Corpora:** Preserve the corpora of long-term investments in real, after-inflation terms while providing reasonable levels of income for the designated funds and recipient beneficiaries.

## **2.2 Investment Guidelines**

Cash balances of the university may be held in interest and noninterest-bearing demand and interest-bearing time deposits of financial institutions, or invested in investment-grade securities and/or other financial instruments.

Endowment Funds and agency and other funds may be invested with the State Investment Council, recognized brokerage firms, or financial institutions with offices in New Mexico and must be managed in accordance with the Prudent Investor Rule.

Investment options for funds with maturities of less than one year include the use of the State Investment Council (SIC), the New Mexico State Treasurer's Local Government Investment Pool (LGIP), government securities, or financial institutions insured by U.S. agencies.

## **2.3 Investment Advisory Committee**

The Investment Advisory Committee (Committee) consisting of NMT'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 Council.

Other committee members may be added at the discretion of NMT's President or the Board.

## **2.4 Authority**

The Board holds statutory authority to manage the investment of its cash balances. This authority is delegated to the Vice President for Administration and Finance, who is authorized to make investment decisions in consultation with qualified investment consultants and internal advisors from the Committee. These decisions are regularly reviewed with the President at least semi-annually.

The administration is also authorized to adopt necessary rules for policy implementation, requiring the President's concurrence. The permissible scope of investment types for university funds is statutorily defined in NMSA 1978, Sections 6-8 and 6-10, with a focus on prudent investment in high-quality, relatively short-term fixed-income securities for operational funds

and bond proceeds, ensuring capital preservation.

The Board shall approve by resolution any new account opened with a brokerage firm or financial institution.

Any material changes in investment allocations must be approved by the Board of Regents.

### 3.0 DEFINITIONS

**Endowment funds**, this term is defined in NMSA 1978, § 21-1-38(A)(1) ("Endowment Funds").

**Material**, for the purpose of this policy, a change is considered material if it meets any of the following criteria:

- It involves a shift of more than 10% of the total investment portfolio's value from one asset class to another.
- It results in a change to the overall risk profile of the investment portfolio that is deemed significant by the Vice President for Administration and Finance, in consultation with qualified investment consultants.

**Qualified investment consultant**, an individual with appropriate training and expertise registered with the Securities & Exchange Commission (SEC), who have access to specialized information as well as analytical tools and systems.

### 4.0 REFERENCES

- Uniform Prudent Investor Act, NMSA 1978, §§ 45-7-601 to 45-7-612
- Uniform Prudent Management of Institutional Funds Act, NMSA 1978, §§ 46-9A-1 to 46-9A-10
- Endowment Funds, NMSA 1978, § 21-1-38(A)(1)
- NMSA 1978, §§ 6-8 and 6-10

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Mahyar A. Amouzegar, President  
New Mexico Tech

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David Lepre Sr., Chair  
Board of Regents