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State Investment Council Authorizes \$100 Million NM Recovery Fund

Fund to offer recovery loans to New Mexico businesses impacted by the COVID-19 health crisis.

Santa Fe, New Mexico – The New Mexico State Investment Council today unanimously approved a new recovery loan fund of up to \$100 million designed to assist distressed New Mexico businesses facing economic hardship during the COVID-19 coronavirus health crisis.

“The steps we’ve taken this week to protect ourselves as a state are essential for public health and to saving lives -- but we also recognize the awful economic impact of this virus,” said Gov. Michelle Lujan Grisham. “As we await pending relief programs from the federal level, we are going to fill in the gaps and do everything we can to minimize the economic devastation of this pandemic. Public health is our first priority and we will be prudent and effective in targeting economic relief where it is needed.”

Governor Michelle Lujan Grisham, State Land Commissioner Stephanie Garcia Richard and State Treasurer Tim Eichenberg were joined by 7 public members of the Council in voting to unanimously approve the new fund. The Fund, to be managed by Sun Mountain Capital of Santa Fe, will provide loans to “larger” New Mexico companies with 50 or more employees, and specific details on loan interest rates, terms and conditions will vary based upon the individual situation of each prospective borrower. The NM Recovery Fund will seek to supplement smaller-scale small business loans provided by the New Mexico Small Business Investment Corporation through its lending partners, as well as other relief programs to be initiated by Congress and the federal government.

“The Council’s actions today authorizing this targeted investment from the Severance Tax Permanent Fund will support both New Mexico’s short-term economic challenges and long-term economic health,” said State Investment Officer Steve Moise. “The Council is committed to investing prudently and effectively, while also recognizing the difficult circumstances we are all facing.”

The business loans authorized by the Council will only originate from the Severance Tax Permanent Fund, which has statutory authority to make economically-targeted investments at differential (“below-market”) terms, as long as there are offsetting benefits to the state’s economy. The Severance Tax Permanent Fund was valued at \$5.3 billion as of the end of February, its last official valuation. The Severance Tax Permanent Fund will distribute \$234 million dollars to the state’s general fund this year, part of the more than \$1 billion New Mexico’s permanent funds will deliver to benefit New Mexico schools and taxpayers in 2020.