FY28 Appropriation Request Checklist

Agency Name: *State Treasurer* Business Unit: *39400*

Reports to Include in PDF Submission

	Form #	Title	
X	**Cvr Ltr**	Cover Letter	*Agency Level*
X	**S-1**	Certification	*Agency Level*
X	**S-2**	Organizational Chart	*Agency/Program Level*
X	**S-8**	Financial Summary (BFM)	*Agency/Program Level*
X	**GF**	General Fund Budget Change Log	*Agency/Program Level*
X	**S-9**	Account Code Revenue / Expenditure Report	*Agency/Program Level*
N/A	**S-10**	Fund Balance Projection	*Fund Level*
X	**S-13**	Detail of Rate Line Items (see instructions)	*Agency Level*
X	**P-1**	Program Narrative	*Program Level*
N/A	**R-2**	Transfer Report	*Agency Level*
X	**REV/EXP**	Revenue-Expenditure Comparison Report	*Agency/Program Level*
X	**FFRW**	Detail of Federal Funds Revenue Worksheet	*Agency/Program Level*
N/A	**EB-1**	Expansion Justfications	*Program Level*
N/A	**EB-2**	Expansion Fiscal Summary	*Program Level*
N/A	**EB-3**	Expansion Line Item Detail	*Program Level*
N/A	**LFR**	Legislating for Results Expansion Tool	*Program Level*
X	**E4**	Pcode Detail	*Program Level*
X	**E5**	Contract by Pcode	*Program Level*
X	**SAR**	Special Appropriation Request Report	*Agency Level*
X	**APR**	Annual Performance Report	*Program Level*
X	**Table 2**	Table 2 Performance Measure Summary	*Program Level*
X	**SP**	Strategic Plan	*Agency Level*
X	**ITP**	Information Technology Plan	*Agency Level*
X	**C-1**	Base Operating Budget	*Agency Level*
N/A	**C-2**	IT Request Plan	*Agency Level*
N/A	**Perf Audit**	Update to LFC Performance Audits (within last 2 years)	*Agency Level*

		Documents to Attach in BFM (PDF Optional)	*Where to Attach*
N/A	**Board Cert**	Board or Commission Budget Certification	*Form 9900*
X	**E-6B**	Leased Passenger-Related Vehicles	*Form 3300/4300*

STATE OF NEW MEXICO
OFFICE OF THE TREASURER

LAURA M. MONTOYA
State Treasurer

RICKY SERNA
Deputy State Treasurer

September 1, 2026

The Honorable Members of the New Mexico Legislature
Legislative Finance Committee
490 Old Santa Fe Trail Santa Fe, New Mexico 87501

Mr. Chairman and Distinguished Members of the Legislative Finance Committee:

In FY26, the State Treasurer's office (STO) generated a record-breaking $745 million in earnings (over $2 million per day) across all seven investment pools. Our lean staff of 28 are currently managing more than $24 billion in assets on your behalf and on behalf of local governments. As you will see in the FY28 budget submission, STO is requesting the following:

- $2 million General Fund increase to hire 11 FTE, seven of which are already authorized.
    - This increase equates to one (1) day of earnings at this office
- The Office is requesting that it retain all revenue generated by the administration of the Local Government Investment Pool program which is estimated to be $1.7 million in FY28.
- A special appropriation in the amount of $110,900 to be used in FY27/28 for critical IT infrastructure upgrades.

As you know, the Legislature authorizes operating budgets for three investment agencies in addition to STO – ERB, PERA and SIC. Together the four agencies manage more than $139 billion in assets. In total, the four agencies receive over $178 million in operating budgets from the Legislature. Although STO manages 17% of total assets, its operating budget represents only three percent (3%) of the total FY27 authorized budget for the four investment agencies. The table below shows an analysis of the operating budgets relative to FTE, and assets under management.

Agency	FY27 OpBud (in thousands)	Assets Under Management (in thousands)	Authorized FTE	Staff to Total Assets Ratio
STO	$6,120	$24,000,000	36	$666,667
PERA	$42,325	$20,600,000	87	$236,782
ERB	$33,024	$19,500,000	93	$209,677
SIC	$96,578	$75,850,000	45	$1,685,556

Since FY22, assets under management at the State Treasurer's Office have grown from $14.5 billion to $24 billion — nearly a 65% increase. Investment earnings have grown from $68 million to $745 million, and trade volume now exceeds $23 billion annually. Despite the growth in fund management activity, STO has seen a minimal increase in capacity to hire additional staff. Since FY22, STO's budget has grown by $1.8 million. Of this increase, nearly $800,000 has gone to pay for legislative-authorized pay and benefit increases, including longevity pay.

The disparity between this office and the State's other investing agencies compounds the concern. The State Investment Council, ERB, and PERA each spend tens of millions of dollars annually on external contract investment and portfolio managers — a standard practice for public investing agencies, but an expensive one. Even more, in FY27, ERB and PERA received BAR authority with no limitation, SIC received authority up to $25 million, and STO received authority limited to $500,000. During its budget hearing at the 2026 session, it was encouraged STO use AR authority to hire a Chief Investment Officer. In FY207, it's projected that STO will need to use more than $350,000 of its BAR authority to make payroll, without hiring a CIO. It's important to note, of the 36 authorized FTE, STO's budget plus BAR authority can only fund 28 personnel.

The State Treasurer's Office manages a portfolio of about one-third the size of SIC's portfolio, however STO's budget is less than one-sixteenth of SIC's. This is because the STO saves the State significant budget by conducting its investment management almost entirely in-house, although we are presently doing so at levels not consistent with industry standards. In 2025, my office worked collaboratively with the Board of Finance to assess STO's investment activity. An external auditor was hired and the report called for an evaluation of investment staffing levels to ensure they are sufficient to meet the Office's responsibilities. The industry standard for portfolio managers is 1 for every $4 billion and current levels are 1 for every $12 billion.

In short, STO's FY28 budget request is reflective of two principal goals:

- Equity in operating budgets when comparing STO to the other three investment agencies which are largely funded by their investment returns along with healthy/unlimited BAR authority.
- Funding necessary risk-mitigation efforts rooted in the hiring of critical staff needed to ensure the Treasury can effectively manage and safeguard more than $24 billion in state and local government assets.

As always, I thank you for your service and attention to the General Fund investments needed to sustain the success my office has demonstrated over the past several years. Our performance is not only imperative to the financial wellbeing of all state agencies, but also inextricably tied to the resources you have available to appropriate in support of our constituents.

Respectfully,

Laura M. Montoya
New Mexico State Treasurer

Ricky Serna
Deputy State Treasurer

APPROPRIATION REQUEST

CERTIFICATION
FORM S-1

Agency Name: State Treasurer Business Unit: 39400

I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the arithmetic accuracy of all numeric information has been verified.

Laura M. Montoya

The Honorable Laura M. Montoya, State Treasurer

Ricky Serna, Deputy State Treasurer

Anna Marie Luján

Anna Marie Lujan, State Treasurer CFO

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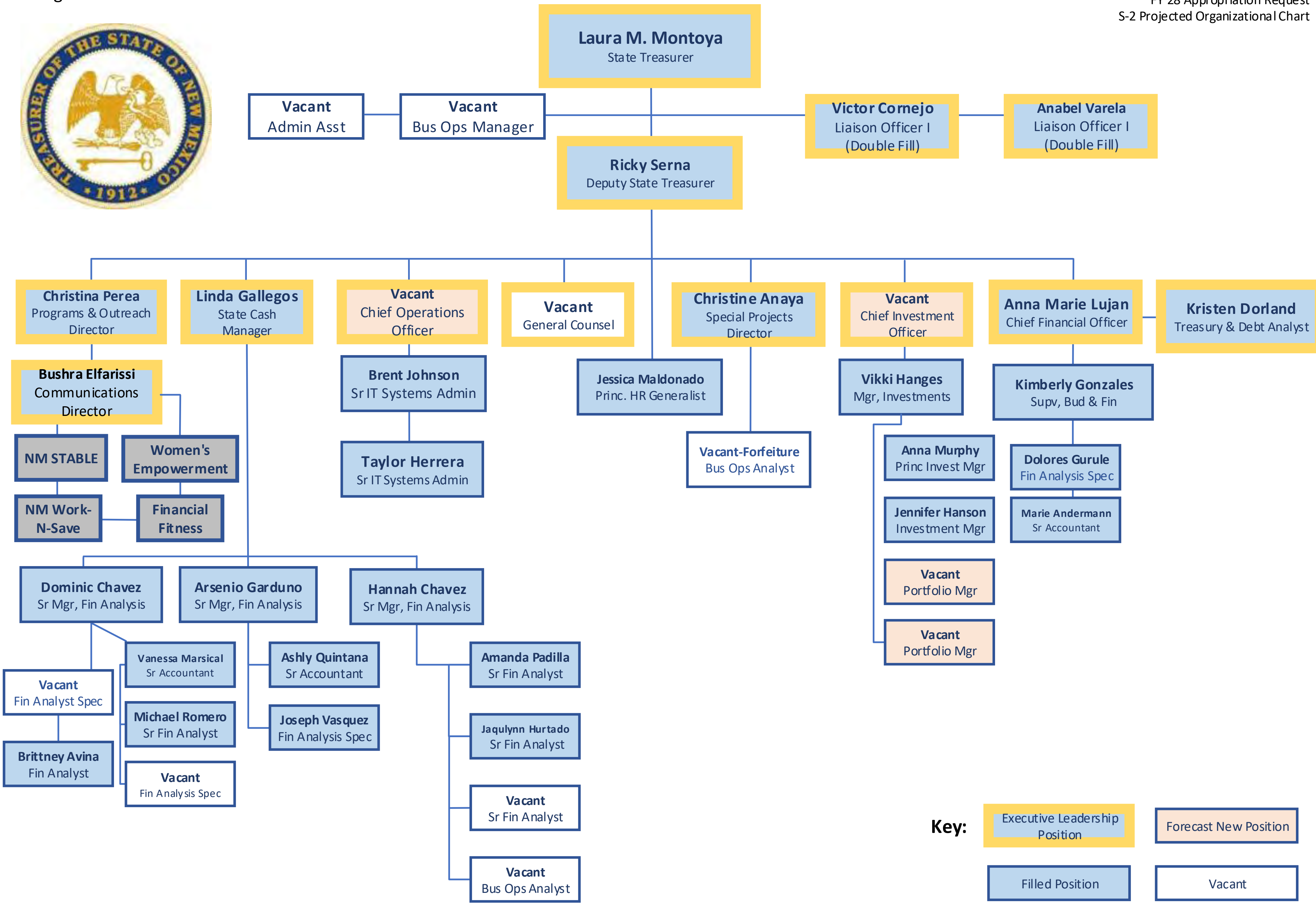
Note: Appropriation Requests for agencies headed by a board or commission must be approved by the board or commission by official action and signed by the chairperson. Operating Budgets of other agencies must be signed by the director or secretary. Appropriation Requests not properly signed will be returned.

Agency Name: State Treasurer
Business Unit: 39400
Program Code: P644

The Honorable Laura M. Montoya

New Mexico State Treasurer

FY 28 Appropriation Request
S-2 Projected Organizational Chart



State of New Mexico

S-8 Financial Summary

(Dollars in Thousands)

	2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	------- FY 2028 Agency Request -------- Base	Expansion	Total
REVENUE							
111 General Fund Transfers	4,827.9	4,703.3	4,884.9	0.0	6,887.5	0.0	6,887.5
112 Other Transfers	0.0	231.4	0.0	0.0	0.0	0.0	0.0
120 Federal Revenues	2.6	4.5	3.1	0.0	4.5	0.0	4.5
130 Other Revenues	564.0	914.0	1,266.6	0.0	1,700.0	0.0	1,700.0
150 Fund Balance	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
REVENUE, TRANSFERS	**5,394.5**	**5,853.2**	**6,154.6**	**0.0**	**8,592.0**	**0.0**	**8,592.0**
REVENUE	**5,394.5**	**5,853.2**	**6,154.6**	**0.0**	**8,592.0**	**0.0**	**8,592.0**
EXPENSE							
200 Personal services and employee benefits	4,006.3	4,230.5	4,476.8	5,662.2	6,959.2	0.0	6,959.2
300 Contractual services	526.2	893.7	726.1	0.0	726.1	0.0	726.1
400 Other	862.0	707.4	951.7	0.0	906.7	0.0	906.7
EXPENDITURES	**5,394.5**	**5,831.6**	**6,154.6**	**5,662.24**	**8,592.0**	**0.0**	**8,592.0**
500 Other financing uses	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
OTHER FINANCING USES	**0.0**	**(0.0)**	**0.0**	**0**	**0.0**	**0.0**	**0.0**
EXPENSE	**5,394.5**	**5,831.6**	**6,154.6**	**5,662.24**	**8,592.0**	**0.0**	**8,592.0**
FTE POSITIONS							
810 Permanent	35.00	29.00	36.00	39.00	40.00	0.00	40.00
FTEs	**35.00**	**29.00**	**36.00**	**39.00**	**40.00**	**0.00**	**40.00**
FTE POSITIONS	**35.00**	**29.00**	**36.00**	**39.00**	**40.00**	**0.00**	**40.00**

* This # is INCORRECT But STO Has no Access to change it.

Correct # based on projections

STATE TREASURER (39400)
FY28 RECURRING GENERAL FUND: AGENCY APPROPRIATION REQUEST
CHANGES BY PROGRAM AND CATEGORY

State Treasurer (P644)	Salaries and Benefits (200's)	Contractual Services (300's)	Other (400's)	Other Financing Uses (500's)	TOTAL
FY27 Operating Budget: General Fund	**$3,272.9**	**$726.1**	**$885.9**	**$0.0**	**$4,884.9**
Increases (Decreases)					
Fill 7 unfunded FTE, create 4 new FTE, and associated daily operating expenses (~80% GF/~20% OSF)	$1,898.0		$20.8		**$1,918.8**
GSD risk insurance premium increases	$56.1				**$56.1**
10% health insurance premium increase	$27.7				**$27.7**
					$0.0
					$0.0
					$0.0
FY28 Request: General Fund	**$5,254.7**	**$726.1**	**$906.7**	**$0.0**	**$6,887.5**
$ increase over FY27	$1,981.8	$0.0	$20.8	$0.0	**$2,002.6**
% increase over FY27	60.6%	0.0%	2.3%	#DIV/0!	**41.0%**

State of New Mexico

S-9 Account Code Revenue/Expenditure Summary

(Dollars in Thousands)

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	------- FY 2028 Agency Request ------- Base	Expansion	Total	------- FY 2028 Exec Recommendation Base	Expansion	Total	FY 2028 Opbud
499105	General Fd. Appropriation	4,827.9	4,703.3	4,884.9	0.0	6,887.5	0.0	6,887.5	0.0	0.0	0.0	0.0
111	**General Fund Transfers**	**4,827.9**	**4,703.3**	**4,884.9**	**0.0**	**6,887.5**	**0.0**	**6,887.5**	**0.0**	**0.0**	**0.0**	**0.0**
499905	Other Financing Sources	0.0	231.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
499906	OFS - INTRA-Agency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
112	**Other Transfers**	**0.0**	**231.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
451903	Federal Direct - Operating	2.6	4.5	3.1	0.0	4.5	0.0	4.5	0.0	0.0	0.0	0.0
120	**Federal Revenues**	**2.6**	**4.5**	**3.1**	**0.0**	**4.5**	**0.0**	**4.5**	**0.0**	**0.0**	**0.0**	**0.0**
401101	General State Levy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404301	Severance - Oil & Gas	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404601	Severance - Copper	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404701	Severance - Potash	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404901	Severance - Others	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
441201	Interest On Investments	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
441501	Other Investment Income	564.0	914.0	1,266.6	0.0	1,700.0	0.0	1,700.0	0.0	0.0	0.0	0.0
496901	Miscellaneous Revenue	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
130	**Other Revenues**	**564.0**	**914.0**	**1,266.6**	**0.0**	**1,700.0**	**0.0**	**1,700.0**	**0.0**	**0.0**	**0.0**	**0.0**
325900	Restricted FB - Gov	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
328900	Unassigned FB - Gov	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
150	**Fund Balance**	**0.0**	**(0.0)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL REVENUE		**5,394.5**	**5,853.2**	**6,154.6**	**0**	**8,592.0**	**0.0**	**8,592.0**	**0.0**	**0.0**	**0.0**	**0.0**
520100	Exempt Perm Positions P/T&F/T	968.2	944.1	1,206.3	1,525.0	2,270.9	0.0	2,270.9	0.0	0.0	0.0	0.0
520200	Term Positions	0.0	2.4	0.0	1.0	15.1	0.0	15.1	0.0	0.0	0.0	0.0
520300	Classified Perm Positions F/T	2,030.3	2,061.9	2,133.9	2,596.5	2,589.3	0.0	2,589.3	0.0	0.0	0.0	0.0
520600	Paid Unused Sick Leave	3.6	3.4	7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
520700	Overtime & Other Premium Pay	0.0	27.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
520710	Longevity Pay	0.0	0.0	0.0	0.0	47.4	0.0	47.4	0.0	0.0	0.0	0.0
520800	Annl & Comp Paid At Separation	0.0	12.9	0.0	0.0	6.0	0.0	6.0	0.0	0.0	0.0	0.0
521100	Group Insurance Premium	200.4	293.9	260.0	400.3	549.1	0.0	549.1	0.0	0.0	0.0	0.0
521200	Retirement Contributions	526.5	583.2	552.3	799.0	935.1	0.0	935.1	0.0	0.0	0.0	0.0
521300	F I C A	183.0	226.5	225.0	253.0	372.9	0.0	372.9	0.0	0.0	0.0	0.0
521400	Workers' Comp Assessment Fee	0.3	0.3	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521410	GSD Work Comp Insur Premium	6.0	3.7	3.1	0.0	32.8	0.0	32.8	0.0	0.0	0.0	0.0
521500	Unemployment Comp Premium	0.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

(Dollars in Thousands)

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	FY 2028 Agency Request Base	Expansion	Total	FY 2028 Exec Recommendation Base	Expansion	Total	FY 2028 Opbud
521600	Employee Liability Ins Premium	33.3	10.4	13.4	0.0	43.4	0.0	43.4	0.0	0.0	0.0	0.0
521700	RHC Act Contributions	54.7	60.5	71.7	87.5	97.2	0.0	97.2	0.0	0.0	0.0	0.0
200	**Personal services and employee benef**	**4,006.3**	**4,230.5**	**4,476.8**	**5,662.2**	**6,959.2**	**0.0**	**6,959.2**	**0.0**	**0.0**	**0.0**	**0.0**
535200	Professional Services	310.2	281.4	440.0	0.0	474.1	0.0	474.1	0.0	0.0	0.0	0.0
535300	Other Services	46.0	93.7	78.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535400	Audit Services	106.3	109.1	114.0	0.0	115.6	0.0	115.6	0.0	0.0	0.0	0.0
535500	Attorney Services	63.7	61.4	63.7	0.0	65.0	0.0	65.0	0.0	0.0	0.0	0.0
535600	IT Services	0.0	348.1	30.0	0.0	71.4	0.0	71.4	0.0	0.0	0.0	0.0
300	**Contractual services**	**526.2**	**893.7**	**726.1**	**0.0**	**726.1**	**0.0**	**726.1**	**0.0**	**0.0**	**0.0**	**0.0**
542100	Employee I/S Mileage & Fares	3.0	0.1	0.3	0.0	1.0	0.0	1.0	0.0	0.0	0.0	0.0
542200	Employee I/S Meals & Lodging	4.3	4.6	3.0	0.0	49.0	0.0	49.0	0.0	0.0	0.0	0.0
542500	Transp - Fuel & Oil	5.0	0.9	4.5	0.0	5.0	0.0	5.0	0.0	0.0	0.0	0.0
542800	State Transp Pool Charges	11.2	16.0	11.2	0.0	16.0	0.0	16.0	0.0	0.0	0.0	0.0
543200	Maint - Furn, Fixt, Equipment	3.7	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543300	Maint - Buildings & Structures	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543400	Maint - Property Insurance	1.2	0.1	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0
543500	Maint - Supplies	0.0	0.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543700	Maintenance Services	3.5	0.0	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543710	Other Service - Non-Contractual	0.0	1.3	1.0	0.0	1.0	0.0	1.0	0.0	0.0	0.0	0.0
543820	Maintenance IT	0.0	0.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543830	IT HW/SW Agreements	316.6	14.0	326.0	0.0	325.0	0.0	325.0	0.0	0.0	0.0	0.0
544000	Supply Inventory IT	22.2	19.7	22.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
544100	Supplies-Office Supplies	7.5	2.0	5.0	0.0	12.0	0.0	12.0	0.0	0.0	0.0	0.0
544900	Supplies-Inventory Exempt	0.0	7.1	0.6	0.0	7.8	0.0	7.8	0.0	0.0	0.0	0.0
545700	ISD Services	30.0	29.7	36.0	0.0	42.0	0.0	42.0	0.0	0.0	0.0	0.0
545710	DOIT HCM Assessment Fees	12.6	12.3	12.6	0.0	13.2	0.0	13.2	0.0	0.0	0.0	0.0
545900	Printing & Photo Services	10.0	12.4	13.0	0.0	14.0	0.0	14.0	0.0	0.0	0.0	0.0
546100	Postage & Mail Services	1.5	0.5	1.5	0.0	5.0	0.0	5.0	0.0	0.0	0.0	0.0
546400	Rent Of Land & Buildings	224.5	(0.0)	232.2	0.0	224.6	0.0	224.6	0.0	0.0	0.0	0.0
546500	Rent Of Equipment	13.0	5.5	13.0	0.0	12.0	0.0	12.0	0.0	0.0	0.0	0.0
546600	Communications	4.7	10.8	11.6	0.0	10.9	0.0	10.9	0.0	0.0	0.0	0.0
546610	DOIT Telecommunications	58.0	62.7	66.5	0.0	82.5	0.0	82.5	0.0	0.0	0.0	0.0
546700	Subscriptions/Dues/License Fee	44.0	74.5	75.0	0.0	70.0	0.0	70.0	0.0	0.0	0.0	0.0
546800	Employee Training & Education	20.0	6.9	15.0	0.0	7.0	0.0	7.0	0.0	0.0	0.0	0.0

S-9 Account Code Revenue/Expenditure Summary

(Dollars in Thousands)

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	FY 2028 Agency Request Base	FY 2028 Agency Request Expansion	FY 2028 Agency Request Total	FY 2028 Exec Recommendation Base	FY 2028 Exec Recommendation Expansion	FY 2028 Exec Recommendation Total	FY 2028 Opbud
546900	Advertising	12.0	8.6	12.5	0.0	8.6	0.0	8.6	0.0	0.0	0.0	0.0
547700	Debt Service-Principal	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547730	Lease Principal Payment	0.0	365.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547800	Debt Service-Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547900	Miscellaneous Expense	5.5	4.3	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547999	Request to Pay Prior Year	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
548200	Furniture & Fixtures	13.0	0.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
548300	Information Tech Equipment	0.0	10.0	17.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
548882	Lease Interest	0.0	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
549600	Employee O/S Mileage & Fares	25.0	10.4	25.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
549700	Employee O/S Meals & Lodging	10.0	21.5	25.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
400	**Other**	**862.0**	**707.4**	**951.7**	**0.0**	**906.7**	**0.0**	**906.7**	**0.0**	**0.0**	**0.0**	**0.0**
555100	Other Financing Uses	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
555106	OFU - INTRA-Agency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
555109	Other Fin Use - Refund Bonds	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
500	**Other financing uses**	**0.0**	**(0.0)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL EXPENSE		**5,394.5**	**5,831.6**	**6,154.6**	**5,662.24**	**8,592.0**	**0.0**	**8,592.0**	**0.0**	**0.0**	**0.0**	**0.0**
810	Permanent	35.00	29.00	36.00	39.00	40.00	0.00	40.00	0.00	0.00	0.00	0.00
810	**Permanent**	**35.00**	**29.00**	**36.00**	**39.00**	**40.00**	**0.00**	**40.00**	**0.00**	**0.00**	**0.00**	**0.00**
TOTAL FTE POSITIONS		**35.00**	**29.00**	**36.00**	**39.00**	**40.00**	**0.00**	**40.00**	**0.00**	**0.00**	**0.00**	**0.00**

S-13 Line Items by Business Unit Expenditures

(Dollars in Thousands)

BusUnit			Line Item		2025-26 Actuals	2026-27 Opbud	Request Base	Request Expansion	Recommendation Base	Recommendation Expansion	Opbud
39400	P644-R	State Treasurer	520100	Exempt Perm Positions P/T&F/T	944.1	1,206.3	2,270.9	0	0	0	0.0
			520200	Term Positions	2.45	0	15.1	0	0	0	0.0
			520300	Classified Perm Positions F/T	2,061.9	2,133.9	2,589.3	0	0	0	0.0
			520600	Paid Unused Sick Leave	3.42	7.5	0	0	0	0	0.0
			520700	Overtime & Other Premium Pay	27.35	0	0	0	0	0	0.0
			520710	Longevity Pay	0	0	47.4	0	0	0	0.0
			520800	Annl & Comp Paid At Separation	12.93	0	6	0	0	0	0.0
			521100	Group Insurance Premium	293.91	260	549.1	0	0	0	0.0
			521200	Retirement Contributions	583.21	552.3	935.1	0	0	0	0.0
			521300	F I C A	226.47	225	372.9	0	0	0	0.0
			521400	Workers' Comp Assessment Fee	0.28	0.6	0	0	0	0	0.0
			521410	GSD Work Comp Insur Premium	3.68	3.1	32.8	0	0	0	0.0
			521500	Unemployment Comp Premium	0	3	0	0	0	0	0.0
			521600	Employee Liability Ins Premium	10.4	13.4	43.4	0	0	0	0.0
			521700	RHC Act Contributions	60.46	71.7	97.2	0	0	0	0.0
			535200	Professional Services	281.41	440	474.1	0	0	0	0.0
			535300	Other Services	93.74	78.4	0	0	0	0	0.0
			535400	Audit Services	109.08	114	115.6	0	0	0	0.0
			535500	Attorney Services	61.39	63.7	65	0	0	0	0.0
			535600	IT Services	348.12	30	71.4	0	0	0	0.0
			542100	Employee I/S Mileage & Fares	0.08	0.3	1	0	0	0	0.0
			542200	Employee I/S Meals & Lodging	4.58	3	49	0	0	0	0.0
			542500	Transp - Fuel & Oil	0.91	4.5	5	0	0	0	0.0
			542800	State Transp Pool Charges	15.96	11.2	16	0	0	0	0.0
			543200	Maint - Furn, Fixt, Equipment	0	2	0	0	0	0	0.0
			543300	Maint - Buildings & Structures	0.11	0.1	0	0	0	0	0.0
			543400	Maint - Property Insurance	0.08	0.1	0.1	0	0	0	0.0
			543500	Maint - Supplies	0.22	0.3	0	0	0	0	0.0
			543700	Maintenance Services	0	3.5	0	0	0	0	0.0
			543710	Other Service - Non-Contractual	1.28	1	1	0	0	0	0.0
			543820	Maintenance IT	0.23	0.3	0	0	0	0	0.0
			543830	IT HW/SW Agreements	13.98	326	325	0	0	0	0.0

(Dollars in Thousands)

			544000	Supply Inventory IT	19.69	22.1	0	0	0	0	0.0
			544100	Supplies-Office Supplies	2	5	12	0	0	0	0.0
			544900	Supplies-Inventory Exempt	7.09	0.6	7.8	0	0	0	0.0
			545700	ISD Services	29.67	36	42	0	0	0	0.0
			545710	DOIT HCM Assessment Fees	12.25	12.6	13.2	0	0	0	0.0
			545900	Printing & Photo Services	12.43	13	14	0	0	0	0.0
			546100	Postage & Mail Services	0.52	1.5	5	0	0	0	0.0
			546400	Rent Of Land & Buildings	0	232.2	224.6	0	0	0	0.0
			546500	Rent Of Equipment	5.45	13	12	0	0	0	0.0
			546600	Communications	10.78	11.6	10.9	0	0	0	0.0
			546610	DOIT Telecommunications	62.65	66.5	82.5	0	0	0	0.0
			546700	Subscriptions/Dues/License Fee	74.46	75	70	0	0	0	0.0
			546800	Employee Training & Education	6.95	15	7	0	0	0	0.0
			546900	Advertising	8.59	12.5	8.6	0	0	0	0.0
			547700	Debt Service-Principal	0	0	0	0	0	0	0.0
			547730	Lease Principal Payment	365.04	0	0	0	0	0	0.0
			547800	Debt Service-Interest	0	0	0	0	0	0	0.0
			547900	Miscellaneous Expense	4.27	5.5	0	0	0	0	0.0
			547999	Request to Pay Prior Year	0.6	0	0	0	0	0	0.0
			548200	Furniture & Fixtures	0	10	0	0	0	0	0.0
			548300	Information Tech Equipment	10.01	17.3	0	0	0	0	0.0
			548882	Lease Interest	5.51	0	0	0	0	0	0.0
			549600	Employee O/S Mileage & Fares	10.43	25	0	0	0	0	0.0
			549700	Employee O/S Meals & Lodging	21.54	25	0	0	0	0	0.0
			555100	Other Financing Uses	0	0	0	0	0	0	0.0
			555106	OFU - INTRA-Agency	0	0	0	0	0	0	0.0
			555109	Other Fin Use - Refund Bonds	0	0	0	0	0	0	0.0
Subtotal for:	**39400**	**P644-R**	**State Treasurer**		**5,831.63**	**6,154.6**	**8,592**	**0**	**0**	**0**	**0.0**
39400					**5,831.63**	**6,154.6**	**8,592**	**0**	**0**	**0**	**0.0**

Totals by Line Item

2025-26	2026-27	Request	Recommendation

S-13 Line Items by Business Unit Expenditures

(Dollars in Thousands)

BusUnit	Line Item		Actuals	Opbud	Base	Expansion	Base	Expansion	Opbud
39400	520100	Exempt Perm Positions P/T&F/T	944.1	1,206.3	2,270.9	0	0	0	0.0
	520200	Term Positions	2.45	0	15.1	0	0	0	0.0
	520300	Classified Perm Positions F/T	2,061.9	2,133.9	2,589.3	0	0	0	0.0
	520600	Paid Unused Sick Leave	3.42	7.5	0	0	0	0	0.0
	520700	Overtime & Other Premium Pay	27.35	0	0	0	0	0	0.0
	520710	Longevity Pay	0	0	47.4	0	0	0	0.0
	520800	Annl & Comp Paid At Separation	12.93	0	6	0	0	0	0.0
	521100	Group Insurance Premium	293.91	260	549.1	0	0	0	0.0
	521200	Retirement Contributions	583.21	552.3	935.1	0	0	0	0.0
	521300	F I C A	226.47	225	372.9	0	0	0	0.0
	521400	Workers' Comp Assessment Fee	0.28	0.6	0	0	0	0	0.0
	521410	GSD Work Comp Insur Premium	3.68	3.1	32.8	0	0	0	0.0
	521500	Unemployment Comp Premium	0	3	0	0	0	0	0.0
	521600	Employee Liability Ins Premium	10.4	13.4	43.4	0	0	0	0.0
	521700	RHC Act Contributions	60.46	71.7	97.2	0	0	0	0.0
	535200	Professional Services	281.41	440	474.1	0	0	0	0.0
	535300	Other Services	93.74	78.4	0	0	0	0	0.0
	535400	Audit Services	109.08	114	115.6	0	0	0	0.0
	535500	Attorney Services	61.39	63.7	65	0	0	0	0.0
	535600	IT Services	348.12	30	71.4	0	0	0	0.0
	542100	Employee I/S Mileage & Fares	0.08	0.3	1	0	0	0	0.0
	542200	Employee I/S Meals & Lodging	4.58	3	49	0	0	0	0.0
	542500	Transp - Fuel & Oil	0.91	4.5	5	0	0	0	0.0
	542800	State Transp Pool Charges	15.96	11.2	16	0	0	0	0.0
	543200	Maint - Furn, Fixt, Equipment	0	2	0	0	0	0	0.0
	543300	Maint - Buildings & Structures	0.11	0.1	0	0	0	0	0.0
	543400	Maint - Property Insurance	0.08	0.1	0.1	0	0	0	0.0
	543500	Maint - Supplies	0.22	0.3	0	0	0	0	0.0
	543700	Maintenance Services	0	3.5	0	0	0	0	0.0
	543710	Other Service - Non-Contractual	1.28	1	1	0	0	0	0.0
	543820	Maintenance IT	0.23	0.3	0	0	0	0	0.0

S-13 Line Items by Business Unit Expenditures

(Dollars in Thousands)

543830	IT HW/SW Agreements	13.98	326	325	0	0	0	0.0
544000	Supply Inventory IT	19.69	22.1	0	0	0	0	0.0
544100	Supplies-Office Supplies	2	5	12	0	0	0	0.0
544900	Supplies-Inventory Exempt	7.09	0.6	7.8	0	0	0	0.0
545700	ISD Services	29.67	36	42	0	0	0	0.0
545710	DOIT HCM Assessment Fees	12.25	12.6	13.2	0	0	0	0.0
545900	Printing & Photo Services	12.43	13	14	0	0	0	0.0
546100	Postage & Mail Services	0.52	1.5	5	0	0	0	0.0
546400	Rent Of Land & Buildings	0	232.2	224.6	0	0	0	0.0
546500	Rent Of Equipment	5.45	13	12	0	0	0	0.0
546600	Communications	10.78	11.6	10.9	0	0	0	0.0
546610	DOIT Telecommunications	62.65	66.5	82.5	0	0	0	0.0
546700	Subscriptions/Dues/License Fee	74.46	75	70	0	0	0	0.0
546800	Employee Training & Education	6.95	15	7	0	0	0	0.0
546900	Advertising	8.59	12.5	8.6	0	0	0	0.0
547700	Debt Service-Principal	0	0	0	0	0	0	0.0
547730	Lease Principal Payment	365.04	0	0	0	0	0	0.0
547800	Debt Service-Interest	0	0	0	0	0	0	0.0
547900	Miscellaneous Expense	4.27	5.5	0	0	0	0	0.0
547999	Request to Pay Prior Year	0.6	0	0	0	0	0	0.0
548200	Furniture & Fixtures	0	10	0	0	0	0	0.0
548300	Information Tech Equipment	10.01	17.3	0	0	0	0	0.0
548882	Lease Interest	5.51	0	0	0	0	0	0.0
549600	Employee O/S Mileage & Fares	10.43	25	0	0	0	0	0.0
549700	Employee O/S Meals & Lodging	21.54	25	0	0	0	0	0.0
555100	Other Financing Uses	0	0	0	0	0	0	0.0
555106	OFU - INTRA-Agency	0	0	0	0	0	0	0.0
555109	Other Fin Use - Refund Bonds	0	0	0	0	0	0	0.0
	Grand Total	**5,831.63**	**6,154.6**	**8,592**	**0**	**0**	**0**	**0.0**

Program Description:

The STO was created under Article V, Section 1 of the New Mexico Constitution. The duties and responsibilities of the State Treasurer are primarily defined by Chapters 6 and 8 of the New Mexico Statutes Annotated 1978 (NMSA 1978.) These and other Chapters of New Mexico Statute a) require the Treasurer to act as the State's banker to receive, keep, and account for State funds collected and disbursed, and b) define the State Treasurer's banking, cash management, and investment roles. The principal statutory provisions related to the State Treasurer's prudent management of the State's financial resources and investment authority are listed below:
Section 6-1-13, NMSA 1978
Section 6-8-6, NMSA 1978
Section 6-8-11, NMSA 1978
Sections 6-8-25, 6-8A-1 through 6-8A-8, NMSA 1978 Section 6-10-10, NMSA 1978
Section 6-10-10.1, NMSA 1978
Sections 6-10-24.1 and .2, NMSA 1978
Section 6-10-25, 6-10-26, 6-10-29, NMSA 1978
Section 6-10-28, NMSA 1978 Section 6-12A-5, NMSA 1978
Sections 58-33-1 through 58-33-12, NMSA 1978
Sections 8-6-1 through 8-6-7, NMSA 1978

In addition, we invest state funds in accordance with the State Treasurer's Investment Policy and manage participant funds in the Local Government Investment Pool (LGIP) under the LGIP Short-Term (ST) and LGIP Medium-Term (MT) Investment Policies. LGIP participants include counties, municipalities, school districts, tribal governments, and other eligible governmental and quasi-governmental entities. The LGIP Medium-Term pool was established in partnership with the New Mexico State Investment Council.

Major Issues and Accomplishments:

Accomplishments:

The STO Investment Division successfully managed extraordinary growth and a record-setting workload in FY26. Over the past decade, assets under management increased from $3.8 billion to $21.2 billion. Despite significant growth in revenues, bank accounts, and investments, the Division managed $23 billion in trade volume and generated a record $606 million in investment earnings for the State's General Fund Pool, the highest amount earned in a single fiscal year. These earnings exceeded FY25 by $15.1 million, supported by a $1.1 billion increase in average fund balances.

In FY26, the STO successfully grew the LGIP Short-Term Fund by $145 million, increasing the pool from $2.280 billion to $2.425 billion. The fund generated $91.3 million in investment earnings for participating New Mexico counties, municipalities, special districts, school boards, and tribal entities. Additionally, revenue from the five-basis-point administrative fee increased from $1.52 million in FY25 to $1.7 million in FY26.

The LGIP-MT fund increased assets from $1.062 billion in FY25 to $1.098 billion in FY26. LGIP-MT fund generated $46.9 million in investment earnings for the State Investment Council.

The LGIP-ST funds maintained the highest principal stability rating of AAAm for the 20th consecutive year.

During FY26, STO staff successfully managed a $3 billion increase in funds within a six-month period while maintaining the safety, liquidity, oversight, and regulatory compliance of the State's assets. Although this accomplishment demonstrates the expertise and dedication of STO staff, managing significantly more funds with existing resources also increases operational risk, workload, and the need for additional specialized personnel, technology, and internal controls.

Broadridge Investment Management Services (BIMS) is STO's integrated investment-management platform used to process trades, maintain portfolio and accounting records, monitor holdings, performance, risk, and compliance, reconcile investment activity, and produce required reports.

IT update all staff computers from Windows 10 to Windows 11.

Improved public access and transparency. In July 2025, STO launched a redesigned website with improved navigation, mobile accessibility, and centralized access to investment reports, financial information, and public programs.

The New Mexico State Treasurer's Achieving a Better Life Experience (NM STABLE) program is more accessible than ever. New Mexico House Bill 88, sponsored by Representative Elizabeth "Liz" Thomson, eliminated Medicaid claw back provisions effective July 1, 2024. In addition, the age-of-onset eligibility requirement increased from age 26 to age 46, effective January 1, 2026. As of FY26, the NM STABLE program had 2,622 total accounts, with an average account balance of $12,530.

Responded proactively to emerging fraud threats. STO issued a public warning after identifying sophisticated telephone-spoofing and DocuSign phishing schemes targeting residents and government entities. The alert educated the public about verification and reporting procedures.

Major Issues:

Attracting and retaining a talented workforce is a significant challenge, resulting in 7 FTE vacancies of the 36 authorized FTEs.

During FY26, STO experienced significant procurement challenges, investment-related services and specialized investment software are not currently exempt from the New Mexico Procurement Code, NMSA 1978, section 13-1-98-cc. The highly technical and time-sensitive nature of these services does not always align easily with standard procurement processes. STO was required to devote substantial time to explaining the complexities of its investment operations and the critical nature of the services being procured. This contributed to contract delays, increased the risk of service disruptions, and placed additional administrative demands on STO staff.

During FY26, the Legislature authorized one additional FTE for a Chief Investment Officer; however, no funding was provided for the position. Without an accompanying appropriation, the STO was unable to fill this critical leadership role, leaving the identified investment oversight and staffing challenges unresolved.

In addition, we requested two portfolio managers to comply with best practices of $4 billion/portfolio manager, a concern and audit recommendation raised by my office during the FY27 budget submission.

During FY26, reductions in short-term interest rates created challenges for the STO's investment portfolios. As investment yields declined, the STO was required to carefully balance safety, liquidity, and yield while continuing to generate competitive earnings for the State and Local Government Investment Pool participants. Continued rate reductions may place additional downward pressure on future investment earnings and administrative-fee revenue.

In FY25, the State Board of Finance authorized an independent audit of the State Treasurer's Office investment portfolios. The audit recommends that STO align with industry best practices by maintaining one portfolio manager for every $4 billion in assets under management. This benchmark supports adequate oversight, risk management, and performance monitoring. This remained a major issue in FY26. Based on current portfolio size, the STO needs to hire two (2) additional portfolio managers to meet this standard. The audit also found that the Chief Investment Officer's (CIO) responsibilities include direct trading activities. Separating the CIO's strategic leadership and oversight responsibilities from daily trading activities would strengthen internal controls, provide appropriate separation of duties, and better align the STO with industry best practices. The audit further recommended that the

CIO be designated as an exempt employee, allowing the position to provide dedicated strategic leadership, comprehensive portfolio oversight, and risk management for the STO's investment program.

In FY25 the STO authorized an independent audit of its IT Operations Division. The audit recommended creating an exempt Chief Operations Officer (COO) position. This remained a major issue in FY26. The STO manages billions of dollars in state funds through systems that support cash management, investments, budget and finance, and collateral operations. These critical functions require dedicated executive-level IT leadership to ensure security, regulatory compliance, effective risk management, and operational efficiency. By establishing an exempt COO, this would align with best practices for financial oversight agencies, reduce operational and cybersecurity vulnerabilities, and ensure that technology resources are strategically managed in support of the STO's mission to safeguard and grow public funds.

As investments and assets under the Treasurer's management increase, IT security and stability concerns have grown. The STO has constitutional and statutory obligations to fulfill as the state's bank. The IT Operations Division's responsibility is to provide the systems needed to do that business and to secure those systems. That mandate requires money, time, and trained, knowledgeable professionals.

Adapting to the rapid technological changes in treasury management and electronic collection and payment services is a continuous process that requires our attention and commitment.

Ongoing changes in banking, cash management, investments, technology, and regulatory requirements demand specialized industry expertise within the STO. This expertise is essential to provide effective oversight and guidance to state agencies while promoting operational efficiency, safeguarding public funds, and ensuring compliance. To remain current with evolving state and federal requirements and industry best practices, STO employees must participate in extensive and ongoing training related to state banking operations, cash management,

Overview of Request:

The STO is requesting $8.592.0 million in revenue, a $2,4374.4 million increase from the previous year, to cover an, increase of 4 FTE to 7 FTE unfunded, increase of 10% in health insurance cost, increased recurring costs and fees, and inflationary costs. The request will include an increased revenue request from the Other Funds of $186 million, which is the administrative fees generated by the LGIP. This will increase the Other Funds request from $586 million in FY25 to $750 million in FY26. In FY26, LGIP generated $1.7 million in administrative fees and is expected to generate equivalent revenue in FY27. The LGIP Investment policy allows for all fees collected from LGIP participants to be used by STO for administrative expenses and services (please see attachment LGIP Investment policy).

Programmatic Changes:

For FY28, the STO will not be making any programmatic changes.

Base Budget Justification: The STO is requesting $8,592.0 million in revenue, a $2,437.4 million increase from the previous year. The increase will add 4 FTE and provide funding 7 FTE that has not been funded. The increase also includes the 10% increase to health insurance costs, increased recurring costs and fees, and inflationary costs.

The STO is requesting an increase of $2,002.6 million in our general fund appropriation from $4,884.9 million in FY27 to $6,887.5 million, or 41%, in FY28 to cover recurring expenses and enable the agency to fill vacant positions and hire four new positions to adhere to industry best practices and keep pace with a rising workload. STO is requesting the full amount of LGIP in the amount $1,700.00 which is an increase of $433.4, or 34.2% from FY 27.

Personnel Expenditures: The STO's request is in BFM based on the current salaries of the staff (See FY28 Budget Projection). The salaries of the vacant positions are projected at midpoint, and their insurance premiums are projected as single. The employer's share of the health insurance premiums included a 10% increase in cost. The total request for FY28 personnel expenditures is $6,959.2, which is an increase of $2,482.4 or 58.6%, from the FY27 budget.

REV EXP COMPARISON

(Dollars in Thousands)

39400 - State Treasurer

P644 - State Treasurer

	General Fund	Other Funds	Other Transfers	Federal Funds	Total
SOURCES Totals	**6,887.5**	**1,700.0**	**0.0**	**4.5**	**8,592.0**
Personal services and employee benefits	5,254.7	1,700.0	0.0	4.5	6,959.2
Contractual services	726.1	0.0	0.0	0.0	726.1
Other	906.7	0.0	0.0	0.0	906.7
USES Total:	**6,887.5**	**1,700.0**	**0.0**	**4.5**	**8,592.0**
Net:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Detail of Federal Funds Revenue (numbers in thousands)

Agency: State Treasurer
BU: 39400
Program:
Program Code: P644

FUND	REVENUE ACCOUNT	GRANT NAME	MATCH RATIO	EXP. DATE	TOTAL GRANT AMOUNT	FY26 ACTUALS	FY27 OPBUD	FY28 REQUEST BASE	FY28 REQUEST EXPANSION	FY28 REQUEST TOTAL
18200	451903	Federal Direct - Operating		6/30/2028		4.5	3.1	4.5		4.5
										0.0
										0.0
										0.0
										0.0
										0.0
										0.0
										0.0
										0.0
										0.0
										0.0
										0.0
										0.0
										0.0
										0.0
										0.0
										0.0
				TOTALS		4.50	3.10	4.50	0.00	4.50

State of New Mexico

F4 PCode Detail

(Dollars in Thousands)

Fund	Account		2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	FY 2028 Agency Request GF	OSF	ISF/IAT	FF	Total	Justification
00000	520100	Exempt Perm Positions P/T&F/T	0.0	0.0	280.13	0.0	0.0	0.0	0.0	0.0	
00000	520300	Classified Perm Positions F/T	0.0	0.0	86.77	0.0	0.0	0.0	0.0	0.0	
00000	521100	Group Insurance Premium	0.0	0.0	18.41	0.0	0.0	0.0	0.0	0.0	
00000	521200	Retirement Contributions	0.0	0.0	70.05	0.0	0.0	0.0	0.0	0.0	
00000	521300	F I C A	0.0	0.0	22.58	0.0	0.0	0.0	0.0	0.0	
00000	521700	RHC Act Contributions	0.0	0.0	9.1	0.0	0.0	0.0	0.0	0.0	
18200	520100	Exempt Perm Positions P/T&F/T	944.1	1,206.3	1,241.23	1,064.6	1,206.3	0.0	0.0	2,270.9	
18200	520200	Term Positions	2.4	0.0	0.77	15.1	0.0	0.0	0.0	15.1	
18200	520300	Classified Perm Positions F/T	2,061.9	2,133.9	2,503.8	2,091.1	493.7	0.0	4.5	2,589.3	
18200	520600	Paid Unused Sick Leave	3.4	7.5	0	0.0	0.0	0.0	0.0	0.0	
18200	520700	Overtime & Other Premium Pay	27.3	0.0	0	0.0	0.0	0.0	0.0	0.0	
18200	520710	Longevity Pay	0.0	0.0	0	47.4	0.0	0.0	0.0	47.4	
18200	520800	Annl & Comp Paid At Separation	12.9	0.0	0	6.0	0.0	0.0	0.0	6.0	
18200	521100	Group Insurance Premium	293.9	260.0	381.89	549.1	0.0	0.0	0.0	549.1	
18200	521200	Retirement Contributions	583.2	552.3	728.9	935.1	0.0	0.0	0.0	935.1	
18200	521300	F I C A	226.5	225.0	230.47	372.9	0.0	0.0	0.0	372.9	
18200	521400	Workers' Comp Assessment Fee	0.3	0.6	0	0.0	0.0	0.0	0.0	0.0	
18200	521410	GSD Work Comp Insur Premium	3.7	3.1	0	32.8	0.0	0.0	0.0	32.8	
18200	521500	Unemployment Comp Premium	0.0	3.0	0	0.0	0.0	0.0	0.0	0.0	
18200	521600	Employee Liability Ins Premium	10.4	13.4	0	43.4	0.0	0.0	0.0	43.4	
18200	521700	RHC Act Contributions	60.5	71.7	78.41	97.2	0.0	0.0	0.0	97.2	
	200	**Personal services and employee benef**	**4,230.5**	**4,476.8**	**5,652.51**	**5,254.7**	**1,700.0**	**0.0**	**4.5**	**6,959.2**	
18200	542100	Employee I/S Mileage & Fares	0.1	0.3	0	1.0	0.0	0.0	0.0	1.0	
18200	542200	Employee I/S Meals & Lodging	4.6	3.0	0	49.0	0.0	0.0	0.0	49.0	
18200	542500	Transp - Fuel & Oil	0.9	4.5	0	5.0	0.0	0.0	0.0	5.0	
18200	542800	State Transp Pool Charges	16.0	11.2	0	16.0	0.0	0.0	0.0	16.0	
18200	543200	Maint - Furn, Fixt, Equipment	0.0	2.0	0	0.0	0.0	0.0	0.0	0.0	
18200	543300	Maint - Buildings & Structures	0.1	0.1	0	0.0	0.0	0.0	0.0	0.0	
18200	543400	Maint - Property Insurance	0.1	0.1	0	0.1	0.0	0.0	0.0	0.1	
18200	543500	Maint - Supplies	0.2	0.3	0	0.0	0.0	0.0	0.0	0.0	
18200	543700	Maintenance Services	0.0	3.5	0	0.0	0.0	0.0	0.0	0.0	
18200	543710	Other Service - Non-Contractual	1.3	1.0	0	1.0	0.0	0.0	0.0	1.0	
18200	543820	Maintenance IT	0.2	0.3	0	0.0	0.0	0.0	0.0	0.0	

(Dollars in Thousands)

Fund	Account		2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	FY 2028 Agency Request GF	OSF	ISF/IAT	FF	Total	Justification
18200	543830	IT HW/SW Agreements	14.0	326.0	0	325.0	0.0	0.0	0.0	325.0	
18200	544000	Supply Inventory IT	19.7	22.1	0	0.0	0.0	0.0	0.0	0.0	
18200	544100	Supplies-Office Supplies	2.0	5.0	0	12.0	0.0	0.0	0.0	12.0	
18200	544900	Supplies-Inventory Exempt	7.1	0.6	0	7.8	0.0	0.0	0.0	7.8	
18200	545700	ISD Services	29.7	36.0	0	42.0	0.0	0.0	0.0	42.0	
18200	545710	DOIT HCM Assessment Fees	12.3	12.6	0	13.2	0.0	0.0	0.0	13.2	
18200	545900	Printing & Photo Services	12.4	13.0	0	14.0	0.0	0.0	0.0	14.0	
18200	546100	Postage & Mail Services	0.5	1.5	0	5.0	0.0	0.0	0.0	5.0	
18200	546400	Rent Of Land & Buildings	(0.0)	232.2	0	224.6	0.0	0.0	0.0	224.6	
18200	546500	Rent Of Equipment	5.5	13.0	0	12.0	0.0	0.0	0.0	12.0	
18200	546600	Communications	10.8	11.6	0	10.9	0.0	0.0	0.0	10.9	
18200	546610	DOIT Telecommunications	62.7	66.5	0	82.5	0.0	0.0	0.0	82.5	
18200	546700	Subscriptions/Dues/License Fee	74.5	75.0	0	70.0	0.0	0.0	0.0	70.0	
18200	546800	Employee Training & Education	6.9	15.0	0	7.0	0.0	0.0	0.0	7.0	
18200	546900	Advertising	8.6	12.5	0	8.6	0.0	0.0	0.0	8.6	
18200	547730	Lease Principal Payment	365.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
18200	547900	Miscellaneous Expense	4.3	5.5	0	0.0	0.0	0.0	0.0	0.0	
18200	547999	Request to Pay Prior Year	0.6	0.0	0	0.0	0.0	0.0	0.0	0.0	
18200	548200	Furniture & Fixtures	0.0	10.0	0	0.0	0.0	0.0	0.0	0.0	
18200	548300	Information Tech Equipment	10.0	17.3	0	0.0	0.0	0.0	0.0	0.0	
18200	548882	Lease Interest	5.5	0.0	0	0.0	0.0	0.0	0.0	0.0	
18200	549600	Employee O/S Mileage & Fares	10.4	25.0	0	0.0	0.0	0.0	0.0	0.0	
18200	549700	Employee O/S Meals & Lodging	21.5	25.0	0	0.0	0.0	0.0	0.0	0.0	
20660	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
20660	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
20990	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
20990	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
21230	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
21230	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
21430	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
21430	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
41000	547700	Debt Service-Principal	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0	
41000	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
41000	547900	Miscellaneous Expense	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	

State of New Mexico

F4 PCode Detail
(Dollars in Thousands)

Fund	Account		2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	FY 2028 Agency Request GF	OSF	ISF/IAT	FF	Total	Justification
41000	547999	Request to Pay Prior Year	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0	
43160	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
43160	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
43230	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
43230	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
50170	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
50170	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
50180	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
50180	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
50370	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
50370	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
50440	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
50440	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
68250	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
68250	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
	400	**Other**	**707.4**	**951.7**	**0**	**906.7**	**0.0**	**0.0**	**0.0**	**906.7**	
10630	555109	Other Fin Use - Refund Bonds	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0	
11630	555109	Other Fin Use - Refund Bonds	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
11680	555109	Other Fin Use - Refund Bonds	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0	
20990	555109	Other Fin Use - Refund Bonds	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
21230	555106	OFU - INTRA-Agency	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
21410	555109	Other Fin Use - Refund Bonds	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
21430	555106	OFU - INTRA-Agency	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
28800	555109	Other Fin Use - Refund Bonds	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0	
35170	555109	Other Fin Use - Refund Bonds	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0	
41000	555100	Other Financing Uses	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0	
41000	555106	OFU - INTRA-Agency	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
50390	555109	Other Fin Use - Refund Bonds	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0	
50440	555109	Other Fin Use - Refund Bonds	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0	
68150	555109	Other Fin Use - Refund Bonds	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
68250	555106	OFU - INTRA-Agency	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0	
71840	555109	Other Fin Use - Refund Bonds	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0	
	500	**Other financing uses**	**(0.0)**	**0.0**	**0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	

State of New Mexico

F4 PCode Detail

(Dollars in Thousands)

Fund	Account	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	FY 2028 Agency Request GF	OSF	ISF/IAT	FF	Total	Justification
	TOTAL EXPENSE	**4,937.9**	**5,428.5**		**6,161.4**	**1,700.0**	**0.0**	**4.5**	**7,865.9**	

State Treasurer

BU 39400 PCode P644

State of New Mexico

Contract by PCode Detail

(Dollars in Thousands)

Fund	Account		#	Contract Purpose	Actuals	FY 2028 Agency Request GF	OSF	ISF/IAT	FF	Total	Justification
18200	535200	Professional Services	1000		281.4	474.1	0.0	0.0	0.0	474.1	
18200	535300	Other Services	1000		93.7	0.0	0.0	0.0	0.0	0.0	
18200	535400	Audit Services	1000		109.1	115.6	0.0	0.0	0.0	115.6	
18200	535500	Attorney Services	1000		61.4	65.0	0.0	0.0	0.0	65.0	
18200	535600	IT Services	1000		348.1	71.4	0.0	0.0	0.0	71.4	
	TOTAL EXPENSE				893.7	726.1	0.0	0.0	0.0	726.1	

State of New Mexico

SPECIALS, SUPPLEMENTALS AND DEFICIENCIES DFA

(Prepare separate forms for each request)

BU: 39400

Agency: State Treasurer

Program:

Analyst: Anna Marie Lujan, CFO

Phone: 505-819-8562

Request Type: Special (FY 28)

Rank: 1

TOTAL SOURCES MUST EQUAL TOTAL USES

(Dollars in Thousands)

Sources		Uses	
Revenue Account	**Amount**	**Uses Account**	**Amount**
General Fund Transfers	110.9	Other	110.9
Total Sources	**110.9**	**Total Uses**	**110.9**

Full Time Equivalents (FTE)	
Type	**Amount of FTE**
	0.00
Total FTE	**0.00**

Request is related to a recurring expense	**No**
Request is related to a capital request	**No**
Request is related to proposed legislation	**No**

Language requested for Inclusion in General Appropriations Act (Please Follow Legislative Bill Drafting Conventions - See Instructions)

To purchase, equip and install information technology equipment in fiscal year 2027 and fiscal year 2028

Justification Quantitative Data (Description)

Request: Provide a brief description of what the request does, how the dollars will be spent and explain why it is a nonrecurring need.

The Office of the State Treasurer is requesting a nonrecurring special appropriation of $110.9 thousand to replace three aging servers, including one dedicated hot-site server in fiscal year 2027 and fiscal year 2028

Request: How the dollars will be spent.

The Office of the State Treasurer is requesting a one-time appropriation of $110.9 thousand to replace three obsolete servers, including the agency's dedicated hot-site server. The funds will be used to purchase, install, and configure modern server hardware necessary to maintain secure, reliable, and efficient processing of critical financial data

Request: Explain why request is nonrecurring need.

This is a nonrecurring need because it represents a single capital investment to replace equipment that has exceeded its lifecycle. Once upgraded, the servers will provide long-term operational stability and cybersecurity improvements without requiring future special appropriation

Consequences: Provide a brief description of consequences of not funding a performance and accountability task.

Without this funding, the Office of the State Treasurer will continue operating on outdated and increasingly unstable systems, resulting in slower performance, more frequent service disruptions, and heightened cybersecurity vulnerabilities. System failures could interrupt core financial processes, potentially impacting statewide payroll, investment transactions, and cash management activities. The lack of a reliable hot-site server would weaken business continuity readiness, leaving the agency and its partners exposed during emergencies or system outages. Ultimately, failure to modernize these servers increases operational risk, and jeopardizes the Treasury's ability to reliably execute its essential functions

Performance: How will agency performance be affected.

Replacing the three aging servers, including the dedicated hot-site server, will significantly improve the agency's operational reliability and efficiency. Modern hardware will reduce system slowdowns, improve processing times for financial data, and increase the stability of core Treasury applications. Enhanced resilience and lower failure rates will ensure continuous support for mission-critical financial functions, improving the agency's ability to meet statutory obligations and respond promptly to stakeholders. Upgrading this infrastructure also strengthens cybersecurity posture, reducing vulnerabilities and safeguarding sensitive state financial information.

Performance: How will agency performance will be improved.

The proposed $110.9 thousand investment provides substantial value by directly enhancing system reliability, security, and continuity operations. Modern servers will decrease maintenance costs, reduce downtime, and improve workflow efficiency for financial processing and reporting. This expenditure is modest compared with the benefits gained in safeguarding statewide financial operations, strengthening business continuity, and avoiding the much higher financial and operational costs associated with system failures or security breaches. The upgrade ensures long-term stability of critical Treasury functions while maximizing the return on a relatively small nonrecurring capital investment.

Brief description of problem agency is addressing.

The IT hardware currently in use has surpassed its functional lifecycle, resulting in slower performance, reduced reliability, and heightened vulnerability to cybersecurity risks such as viruses, malware, and spyware. Outdated systems significantly jeopardize the stability of key Treasury operations, increasing the likelihood of service disruptions that could affect statewide financial processes.

DFA Performance Based Budgeting Data System

Annual Performance Report

Agency: 39400 State Treasurer

Program: P644 State Treasurer

The purpose of the state treasurer program is to provide a financial environment that maintains maximum accountability for receipt, investment and disbursement of public funds to protect the financial interests of New Mexico residents.

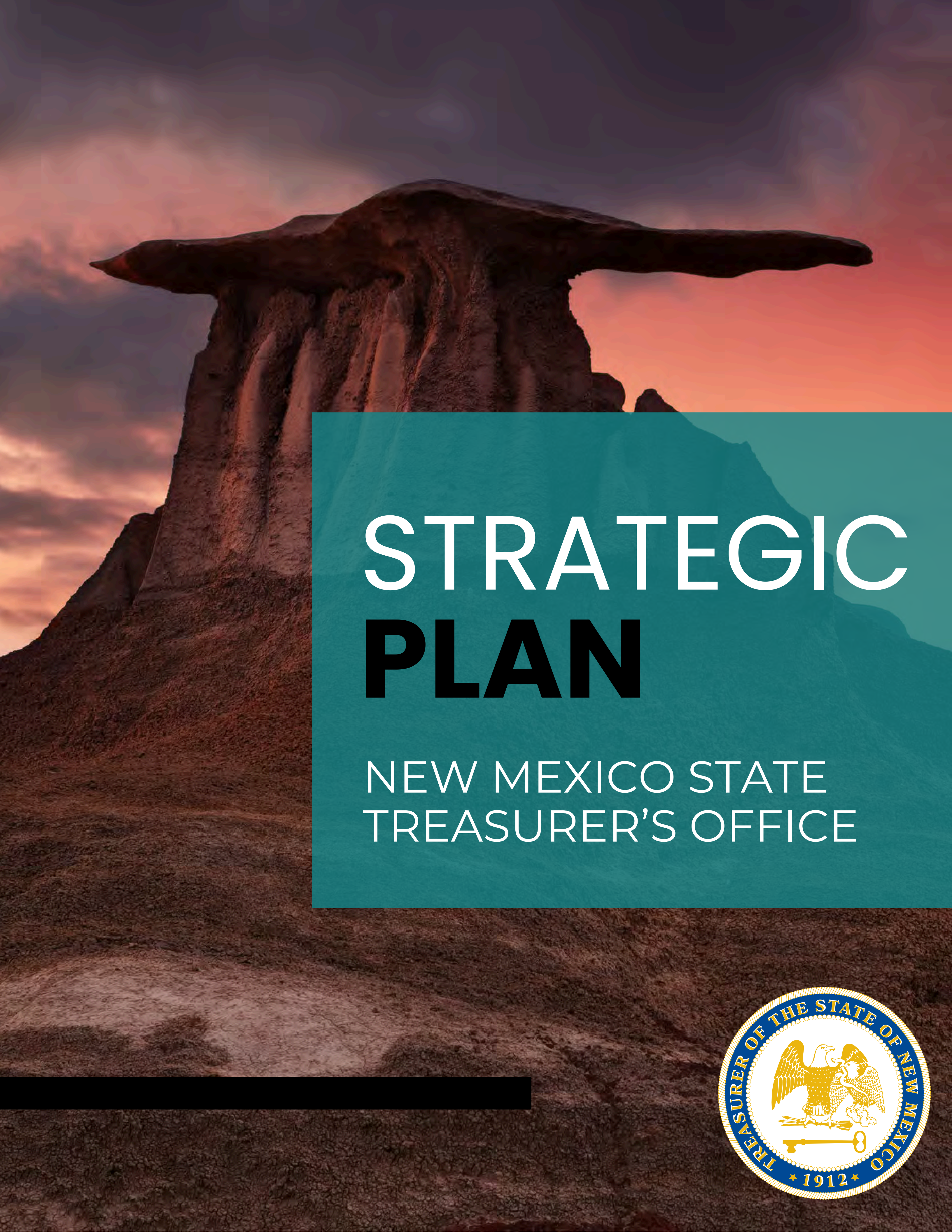
Performance Measures:		2025-26 Target	2025-26 Result	Met Target	Year End Result Narrative
Explanatory	Amount of forfeiture sale proceeds deposited to the general fund	N/A	$	N/A	Deposits were received from City of Las Cruces in the amount of $0.06
Explanatory	Percent of liquidity pool to total state general fund investment pool	N/A	43.02%	N/A	At the end of FY26, the General Fund Liquidity portfolio was $5,183,289,062 and the General Fund Core portfolio was $6,864,849,996, both based on market values
Outcome	Maximum number of audit findings	0	0	Yes	FY 26 Audit hasn't been completed
Outcome	Number of basis points that one-year annualized investment return on general fund core portfolio differs from internal benchmark	10%	29%	Yes	The General Fund Core portfolio return was 3.26% vs. the benchmark at 2.97% for FY26
Outcome	Number of basis points that one-year annualized investment return on local government investment pool differs from internal benchmark	5.00	4.00	No	The LGIP portfolio gross return was 4.00% for FY26.
Outcome	Number of basis points that the one-year average yield on the local government investment pool differs from the internal benchmark	New	0	No	
Outcome	Percent of reconciling items cleared within thirty days of posting of accounting lines, completion and budget check by the agency	99%	99%	Yes	Reconciling percentage remains consistently high.
Output	Amount of total pool funds per direct investment staff, in billions	New	0	Yes	

Performance Measures Summary

P644 **State Treasurer**

Purpose: The purpose of the state treasurer program is to provide a financial environment that maintains maximum accountability for receipt, investment and disbursement of public funds to protect the financial interests of New Mexico residents.

Performance Measures:		2024-25 Actual	2025-26 Actual	2026-27 Budget	2027-28 Request	2027-28 Recomm
Output	Amount of total pool funds per direct investment staff, in billions	New	0	New	$5.0	
Outcome	Number of basis points that one-year annualized investment return on local government investment pool differs from internal benchmark	15.00	4.00	5.00	5.00	
Outcome	Number of basis points that one-year annualized investment return on general fund core portfolio differs from internal benchmark	18%	29%	10%	5%	
Outcome	Maximum number of audit findings	2	0	0	0	
Outcome	Percent of reconciling items cleared within thirty days of posting of accounting lines, completion and budget check by the agency	99%	99%	99%	99%	
Outcome	Number of basis points that the one-year average yield on the local government investment pool differs from the internal benchmark	New	0	New	5	
Explanatory	Amount of forfeiture sale proceeds deposited to the general fund	$22,795	$	N/A	N/A	
Explanatory	Percent of liquidity pool to total state general fund investment pool	42.6%	43.0%	N/A	N/A	



STRATEGIC **PLAN**

NEW MEXICO STATE
TREASURER'S OFFICE

TREASURER OF THE STATE OF NEW MEXICO
1912

TABLE OF CONTENTS

WELCOME TO
STO

Welcome to the New Mexico State Treasurer's Office (STO). As we close out Fiscal Year 2026, we reflect on an incredible year of action, innovation, and putting New Mexicans first. Our mission to uplift and empower New Mexicans was fueled by the responsible stewardship of public funds and the launch of key public-facing initiatives.

Despite operating with a dedicated team of only 28 full-time employees and limited resources, we are immensely proud to have managed and grown the largest sum of assets under management in STO's history across seven portfolios totaling $21.2 billion—generating a record-breaking $745 million in earnings (over ~$2 million per day). Safety, liquidity, and yield remain the bedrock of our financial strategy.

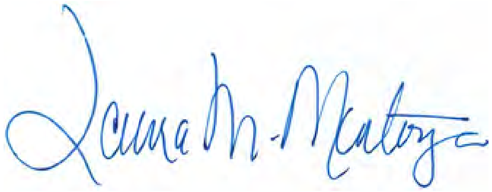
Our success is driven by STO's five divisions—Budget & Finance, Cash Management, Investments, Operations, and Programs & Outreach—supported by active representation on 13 boards, councils, and commissions, and strengthened by collaboration with state agencies and local partners.

Over the past year, we have expanded our reach across New Mexico:

- Financial Fitness & Education: Worked with school district leaders to increase the number of high schools requiring financial fitness as a high school graduation requirement from 50% to 66%.
- Expanded Opportunities: Championed Baby Bonds and positioned New Mexico as a top-ranking state for NM STABLE account enrollment per-capita, supporting individuals with disabilities.
- Local Growth: Local government outreach aimed a participation growth in the Local Government Investment Pool (LGIP), yielding strong investment returns that support community development.

I am deeply grateful to the extraordinary team at the State Treasurer's Office, whose hard work, expertise, and commitment make our achievements possible. It is an immense honor to serve the residents of our great state. Together, we will continue striving for strong returns for New Mexico families while safeguarding our public funds.

Respectfully,



THE HONORABLE LAURA M. MONTOYA
New Mexico State Treasurer

OUR MISSION, VISION &

VALUES

MISSION

As the state banker, we provide excellence in banking, investing, and public service with full transparency and integrity. Our work uplifts and empowers New Mexicans through programs that strengthen our families, economy, and state.

VISION

Securing Today, Building Tomorrow. STO will continue delivering exceptional cash management and investment services by balancing safety, liquidity, and yield in a dynamic and secure environment while embodying transparency and innovation.

VALUES

- Collaboration
- Efficient Operations
- Fiduciary Responsibility
- Financial Stewardship
- Integrity
- Service Excellence
- Transparency & Trust

BOARDS, COUNCILS &

COMMISSIONS

Treasurer Montoya serves as a member of 13 State financial and investment boards, councils, and commissions. Fiduciary responsibilities include **$19.5 Billion (ERB), $2.7 Billion (MFA), $20.6 Billion (PERA), $2.18 Million (RETA), $2.2 Billion (RHCA), $75.85 Billion (SIC), and $21.2 Billion (STO)**. Below is a list of those boards, councils, and commissions.

Capitol Buildings Planning Commission (CBPC) is responsible for long-range planning and review of State properties and the development of an overall master plan.

Educational Assistance Foundation (EAF) is a non profit corporation, created pursuant to the State Educational Assistance Act, that provides financial assistance to qualified post-secondary students. The purpose of the Foundation is to improve the educational opportunities of residents of New Mexico through educational assistance programs.

Educational Retirement Board (ERB) provides retirement benefits for teachers and other school employees from public school districts, institutions of higher education, and educational agencies. The Board is the trustee of the Educational Retirement Fund.

Martin Luther King, Jr. Commission (MLK) promotes cultural awareness and human rights to all people of New Mexico through Dr. King's life philosophy and six principles of nonviolent social action.

Mortgage Finance Authority (MFA) is a quasi-public entity, financing housing and related services for low- to moderate-income and underserved families. The Mortgage Finance Authority provides affordable housing finance programs, including assistance for the homeless, apartment development, and home ownership.

Opportunity Enterprise Review Board (OERB) oversees the Opportunity Enterprise Revolving Fund, which was created by the New Mexico Legislature in 2022 to increase economic activity in the state. The fund provides financing for new or existing commercial facilities to attract businesses to New Mexico communities and allow existing businesses to expand their operations. Economic goals are determined by the Board in collaboration with the Economic Development Department and may include job creation and provision of needed services and goods to diverse communities across the state.

Public Employees Retirement Association (PERA) oversees the principal retirement and disability benefits programs of State, county, and municipal employees, including municipal police and firefighters. The Board serves as trustee for the association. Its mission is to preserve, protect, and administer the trust to meet its current and future obligations and provide quality services to association members.

Renewable Energy Transmission Authority (RETA) has the authority to issue and sell revenue bonds and use the proceeds to finance eligible energy transmission and storage facilities, and to acquire and operate facilities through leases.

Retiree Health Care Authority (RHCA) was created in 1990 to provide comprehensive and affordable group health insurance to eligible retirees of certain public service employers in New Mexico, to their spouses and dependents, and to surviving spouses and dependents.

Small Business Investment Corporation (SBIC) is charged with creating new job opportunities and supporting new or expanding businesses in the State. The SBIC makes more capital available to small businesses through investing in alternative and micro lenders as well as venture capital funds.

State Board of Finance (SBOF) has general supervision of the fiscal affairs of the State. It is charged with the safe keeping of all money and securities belonging to or in the custody of the State and has the authority to issue general obligation bonds and severance tax revenue bonds.

State Investment Council (SIC) administers and manages New Mexico’s 12 funds, including four permanent trust funds. Additionally, the State Investment Council manages long-term investment funds for multiple state and local government entities.

State Treasurer's Investment Council (STIC) is a five- member advisory council consisting of the Treasurer, the State Cash Manager, the State Board of Finance Director, one member appointed by the Treasurer, and one member appointed by the SBOF.

OUR

ORGANIZATION

STATE TREASURER

DEPUTY STATE TREASURER

BUDGET & FINANCE

Accounts Payable
Accounts Receivable
Audit
Budget
Contract Management
Gaming Revenues

RESPONSIBILITIES

Manages STO's operating budget, accounting, procurement, fixed assets, and financial reporting, while also coordinating state debt service and bond financing, and reconciling and disbursing tribal casino gaming revenues.

CASH MANAGEMENT

Banking Resources
Collateral & Risk Compliance
Investment Transactions

RESPONSIBILITIES

Provides state treasury banking, liquidity management, cash forecasting, and fiscal agent oversight while its specialized teams monitor agency bank accounts, enforce public deposit collateralization and risk compliance, and record, settle, and audit all state investment trade activity.

INVESTMENTS

Bond Proceeds (Taxable and Tax-Exempt)
General Fund (Core and Liquidity)
Local Government Investment Pools (Short and Medium-term)
Severance Tax Bonds

RESPONSIBILITIES

Maximizes the return on temporary state cash balances through high-quality, short-term securities adhering to statutory guidelines and prioritized by safety, liquidity, and yield, with oversight from an internal team, an independent advisor, and regular reporting to the State Treasurer's Investment Council (STIC) and the State Board of Finance (SBOF).

OPERATIONS

Human Resources
Information Technology

RESPONSIBILITIES

Supports internal office operations including personnel management and engagement, facilities, security, vehicle maintenance, mail processing, and inter-agency deliveries while providing comprehensive information technology assistance to internal staff and external stakeholders.

PROGRAMS & OUTREACH

Baby Bonds
Cultivating the Next Wave Pipeline
DEI In Fund Management
Financial Fitness
NM STABLE
Women Empowerment

RESPONSIBILITIES

Oversees STO initiatives designed to empower New Mexicans to achieve financial independence and bridge the wealth divide.

OUR

FUTURE

Strategic Goal #1: Fiduciary Risk Mitigation

Objective 1.1: The Investment Division expands from three professionals to a robust, specialized team led by a Chief Investment Officer (CIO), reducing individual manager oversight ratios to safe, institutional standards ($4B per manager).

Action 1.1: Present a legislative budget request to fund a Chief Investment Officer (CIO), additional portfolio managers, and establishing dual-authorization protocols across all asset classes. Streamline procurement practices consistent with other investment agencies.

Strategic Goal #2: Fortify Virtual Infrastructure

Objective 2.1: Fortify financial infrastructure security by establishing a dedicated Chief Operation Officer (COO) position responsible for real-time daily monitoring of sensitive wire portals, clearinghouse connections, and general ledger networks.

Action 2.1: Present a legislative budget request to fund IT Chief Operations Officer (COO) and timely IT hardware renewal and replacement. Establish a formal Cyber Incident Response Plan.

Strategic Goal #3: Operational Excellence

Objective 3.1: Eliminate operational key-person dependencies by instituting a mandatory cross-training roation amongst staff and ensure that standard operating procedures (SOPs) are developed.

Action 3.1: Develop SOPs and pertinent policies for all core Cash Management, Investment, and Budgeting tasks to ensure seamless cross-training.

Strategic Goal #4: Statewide Financial Empowerment

Objective 4.1: Expand public education and financial empowerment resources across New Mexico by actively promoting key programs—including the Local Government Investment Pool (LGIP), NM STABLE, Baby Bonds, financial fitness, and the "Cultivating the Next Wave of Financial Leaders" pipeline.

Action 4.1: Introduce statutory changes to require financial literacy coursework as a graduation requirement. Develop state government credential in budget, finance and investing. Monitor outcomes for all programs.

THANK **YOU**

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IT STRATEGIC PLAN

September 1, 2026

LAURA M. MONTOYA
NM STATE TREASURER

RICKY SERNA
DEPUTY STATE TREASURER

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I. EXECUTIVE SUMMARY

In FY26, the State Treasurer's office (STO) generated a record-breaking $745 million in earnings (over $2 million per day) across all seven investment pools. Our lean staff of 28 is managing more than $21 billion in assets on your behalf and on behalf of local governments. As you will see in the FY28 budget submission, STO is requesting the following:

- $2 million General Fund increase to hire 11 FTE, seven of which are already authorized.
    - This increase equates to one (1) day of earnings at this office
- The Office is requesting that it retain all revenue generated by the administration of the Local Government Investment Pool program which is estimated to be $1.7 million in FY28.
- A special appropriation in the amount of $110,900 to be used in FY27/28 for critical IT infrastructure upgrades.

II. AGENCY OVERVIEW

A. Agency Vision/Mission

Vision: Securing Today, Building Tomorrow. STO will continue delivering exceptional cash management and investment services by balancing safety, liquidity, and yield in a dynamic and secure environment while embodying transparency and innovation.

Mission: As the state banker, we provide excellence in banking, investing, and public service with full transparency and integrity. Our work uplifts and empowers New Mexicans through programs that strengthen our families, economy, and state.

B. Agency Goals

Strategic Goal #1: Fiduciary Risk Mitigation

Objective 1.1: The Investment Division expands from three professionals to a robust, specialized team led by a Chief Investment Officer (CIO), reducing individual manager oversight ratios to safe, institutional standards ($4B per manager).

Strategic Goal #2: Fortify Virtual Infrastructure

Objective 2.1: Fortify financial infrastructure security by establishing a dedicated Chief Operations Officer (COO) position responsible for real-time daily monitoring of sensitive wire portals, clearinghouse connections, and general ledger networks.

Strategic Goal #3: Operational Excellence

Objective 3.1: Eliminate operational key-person dependencies by instituting a mandatory cross-training roation amongst staff and ensure that standard operating procedures (SOPs) are developed.

Strategic Goal #4: Statewide Financial Empowerment

Objective 4.1: Expand public education and financial empowerment resources across New Mexico by actively promoting key programs—including the Local Government Investment Pool (LGIP), NM STABLE, Baby Bonds, financial fitness, and the "Cultivating the Next Wave of Financial Leaders" pipeline.

C. Values

- Collaboration
- Efficient Operations
- Fiduciary Responsibilities
- Financial Stewardship
- Integrity
- Service Excellence
- Transparency & Trust

D. Agency Description and IT Organization Structure

The New Mexico State Treasurer's Office (STO) serves as the state's primary banking and investment hub, managing a $21.4 billion portfolio focused on the core pillars of safety, liquidity, and yield. The office serves as a responsible steward for public funds by overseeing approximately 1,100 state agency bank accounts, managing $23 billion in annual trade volume, and ensuring that all state deposits are appropriately collateralized to protect taxpayer money. Through the seven specialized investment pools, the office earned $745 million in FY26 to support state and local operations.

Investment activity at the State Treasurer's Office is regularly reported to the State Treasurer's Investment Council (STIC), an advisory council that meets monthly to review the investment portfolios for statutory compliance, quality and risk assessment, diversification, maturity, duration, and performance. STIC is a five-member advisory council chaired by the Treasurer, and includes the State Cash Manager, the SBOF Director, one member appointed by the Treasurer, and one member appointed by the SBOF. STIC also reviews portfolio controls and collateral adequacy and may recommend investment procedural changes. Lastly, STIC provides insights to changes being proposed to Investment policies ahead of SBOF review and concurrence.

Beyond core financial management, the STO drives critical public-facing initiatives designed to bridge economic inequities across the Land of Enchantment. This includes advocating for financial literacy as a high school graduation requirement, developing "Baby Bonds" legislation to foster long-term wealth, and administering the NM STABLE program, which provides tax-advantaged savings accounts for New Mexicans with disabilities.

By championing sustainability and diversity in fund management while maintaining a 19-year "AAAm" rating for its local government pool, the office ensures that New Mexico’s financial foundation remains secure and inclusive for future generations. LGIP helps local governments, municipalities, schools, and tribal communities.

STO manages General Obligation Bond proceeds on behalf of local governments, school districts, municipalities, and counties at no cost. These voter-approved funds support new infrastructure or critical repairs to existing facilities. STO ensures secure and efficient investment management until funds are needed.

The State Treasurer’s Office is effectively organized into five divisions – Budget & Finance, Cash Management, Investments, Operations, and Programs & Outreach. Below is a summary of each division.

III. IT ENVIRONMENT

A. Major Applications

[Provide a narrative that describes applications that play a critical role in supporting day-to-day operations, customer-facing, mission-critical or systems and/or systems that contain classified data.]

TABLE 1.1: Major Applications

Application Name	**Purpose / What It Does**	**Mission Critical?** (Yes/No)	**Data Types Handled**	**Hosting Type** (On-Prem / Cloud / SaaS)	**Vendor or Internal**
Broadridge	Investment Accounting / Tracking and documentation	Yes	Purchases and Sales of investments	P***AAS***	Vendor
SHARE Treasury Management Module	Accounting of Treasury transactions	Yes	All Financial Transactions	P***AAS***	D***oIT***

Bloomberg	Investing information and Trading	Yes	Market and Trading info	P***AAS***	V***endor***

B. Security

All systems are maintained with up-to-date and frequently updated and patched systems. The VPN is utilized to provide work from home functionality for users if Palo Alto Global Protect authenticated by Radius systems in our environment. Only authorized and authenticated VPN connections are allowed and are restricted to login only during business hours (with the exception of IT administrators or express permission from the Agency CIO).

C. Workforce

i. **Full-time Internal IT Employees**

ii. **IT Professional Services Contractors**

Full-time IT Employees

[Provide the total number of your agency's authorized IT full-time employees (FTE) and indicate the number of positions filled and vacant by Classification by using the Table below.]

Classification	Positions Filled	Positions Vacant
2	2	0

Percentage of IT Full-Time Employees Teleworking, In the Office, or a Hybrid Schedule

[Provide the percentage of Full-Time employees currently teleworking, working in the office, or a combination of both/hybrid schedule by using the Table below.]

Teleworking (%)	Working in the Office (%)	Hybrid Schedule (%)
0	0	100

A. IT Professional Services Contractors

[Describe your agency's use of IT professional contractors that are supporting your IT systems and applications. Please include the list of contractor information, including but not limited to: Service Category, Contract Vendor name, Number of Contract Personnel.]

Service Category	Contract Vendor Name	Number of Contract Personnel
Network Support	One Technology Corporation	As needed
Hardware Support	ABBA Technologies	As needed

D. Challenges

*1.*Challenges

No.	Agency IT Challenge Description	Potential Opportunities to Address the IT Challenge Description
1	Prevent Hacking	Continued upgrades and updates

IV. FY26 KEY ACCOMPLISHMENTS

A. FY26 Strategic IT Accomplishments

TABLE 1.3a: Priorities

STRATEGIC PRIORITIES	
FY26 Strategy 1	IT vigilance in the face of increasing Cyber Threats and AI Threats
Accomplishments	Continued High Security and preventative measures.
Outcomes/Metrics	Maintained/sustained secure environment.
FY26 Strategy 2	Hacking Prevention / Hardening / Updating
Accomplishments	Upgraded OS, networking, and security equipment.
Outcomes/Metrics	In the face of increased hacking and phishing, eliminate impact on business operations.

FY26 Strategy 3	Business Continuity
Accomplishments	Systems upgrade in OS and security measures.
Outcomes/Metrics	The Banking of the State continues to be secure and uninterrupted.

B. FY26 Other Key IT Accomplishments

TABLE 1.4: Other FY26 Key IT Accomplishments

APPLICATION	
Accomplishment	Migration to Server 2025
Value or Impact	More secure systems
DATA	
Accomplishment	N/A
Value or Impact	
PROCESS IMPROVEMENT	
Accomplishment	Automation of Data collection and posing.
Value or Impact	Reduced manual input and reduced errors.
WORKFORCE	
Accomplishments	
Value or Impact	
CUSTOMER SERVICE	
Accomplishments	
Value or Impact	
TELEWORK	
Accomplishments	Increased security of telework systems and network access through two factor authentication of remote connections.
Value or Impact	Increased security.
SECURITY	

Accomplishments	Several upgrades to various security aspects
Value or Impact	Increased security.

V. FY28 IT STRATEGIC GOALS AND STRATEGIES

TABLE 1.5a: Strategic Goals Priority 1

STRATEGIC PRIORITY 1 – Strategy Name	
Goal Statement	
FY28 Strategy 1	IT vigilance in the face of Cyber Threats.
Outcomes/Metrics	Continued High Security of IT systems.
FY28 Strategy 2	Hacking Prevention / Hardening / Updating
Outcomes/Metrics	Preventing the increased hacking attempt this year from impacting business operations.
FY28 Strategy 3	Business Continuity
Outcomes/Metrics	The Banking of the State continues to be performed without interruptions.
FY28 Strategy 4	Always looking to implement new methods and technologies to improve security and productivity.
Outcomes/Metrics	Increasing security and productivity.

TABLE 1.5b: Strategic Goals Priority 2

STRATEGIC PRIORITY 2 – Strategy Name
Goal Statement

FY28 Strategy 1	Security of all systems
Outcomes/Metrics	Ongoing and constant

VI. IT FISCAL AND BUDGET MANAGEMENT

Information Technology (IT) Operating Budget (C1)

Agency Name	**Agency Code**
State Treasurer's Office	39400

Revenue IT Base Budget (dollars in thousands)					
Appropriation Funding Type	**FY25 Actual**	**FY26 Actual**	**FY27 OpBud**	**FY28 Request**	**FY29 Estimate**
General Fund	5,792.3	4,703.3	4,854.2	6,887.5	0.0
Other State Funds	390.0	231.4	30.7	0.0	0.0
Federal Funds	2.0	2.6	3.1	4.5	0.0
Internal Svc Funds/Interagency Transfer	0.0	941.5	1,266.6	1,700.0	0.0
Total	**6,184.3**	**5,878.8**	**6,154.6**	**8,592.0**	**0.0**

Expenditure Categories *(dollars in thousands)*					
Category or Account Description	**FY25 Actual**	**FY26 Actual**	**FY27 OpBud**	**FY28 Request**	**FY29 Estimate**
Personal Services & Employee Benefits	4,330.0	4,230.5	4,476.8	6,959.2	0.0
Contractual & Professional Services	612.0	643.7	1,677.8	1,632.8	0.0
IT Other Services	188.0	607.5	0.0	0.0	0.0

Other Financing Uses	600.0	350.0	0.0	0.0	0.0
Total	**5,730.0**	**5,831.7**	**6,154.6**	**8,592.0**	**0.0**

IT Expenditure Categories *(dollars in thousands)*					
Category or Account Description	**FY25 Actual**	**FY26 Actual**	**FY27 OpBud**	**FY28 Request**	**FY29 Estimate**
Personal Services & Employee Benefits	283.9	280.0	300.0	498.5	0.0
Contractual & Professional Services	59.2	348.1	31.0	332.8	0.0
IT Other Services	467.3	571.1	554.8	650.0	0.0
Other Financing Uses	241.9		27.7	83.2	0.0
Total	**1,052.2**	**1,199.2**	**913.5**	**1,564.5**	**0.0**

STATE OF NEW MEXICO
OFFICE OF THE STATE TREASURER

Local Government Investment Pool
Investment Policy

DECEMBER 19, 2025

LAURA M. MONTOYA
NEW MEXICO STATE TREASURER

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I. Statement of Purpose/Statutory Authority

The New Mexico State Treasurer is a fiduciary of public funds. The purpose of this Investment Policy is to establish investment guidelines for the New Mexico State Treasurer, who is responsible for the stewardship of the State Treasurer's Office (STO) Investment Program, specifically the Local Government Investment Pool ("LGIP").

STO is established by Article V, Section 1 of the New Mexico Constitution. The duties and responsibilities of the State Treasurer are further defined by Chapters 6 and 8 of the New Mexico Statutory Code.

Specific authority concerning the investment of the LGIP can be found at NMSA 1978, Sections 6-10-10 (1933, as amended through 2021) and 6-10-10.1 (1988, as amended through 2019).

STO will submit this LGIP Investment Policy, on behalf of the State Treasurer, to the State Board of Finance pursuant to its advice and consent role established in Section 6-10-10.

Each transaction and entire portfolio must comply with applicable New Mexico state statutes and this Investment Policy. All investment program activities will be evaluated by the standards of this Policy and ranking of Primary Investment Objectives. Those activities that violate the intent of this Investment Policy will be deemed to be violations of this Investment Policy. This Policy conforms to the customary standards of prudent investment management. In the event that New Mexico state statutes are amended, this Policy will be updated by the Treasurer and presented to the New Mexico State Board of Finance for advice and consent.

II. Definitions

Authorized Investment Officers	Those individuals and third-party entities authorized by the State Treasurer to invest monies on behalf of the State of New Mexico.
Custodian	A specialized financial institution, approved by the State Board of Finance, responsible for the safekeeping of assets. The assets may be in electronic or physical form. Some additional responsibilities may include facilitating securities settlements and the collection of income on assets held in safekeeping.
Duration	A measure of the price sensitivity of an underlying security, or portfolio, to changes in interest rates.
DVP	Delivery Versus Payment, a method of securities settlement where securities are simultaneously exchanged for payment.
Fiscal Agent Bank	A bank or savings and loan association designated by the State Board of Finance pursuant to NMSA 1978, §6-10-35, acting on behalf of the State of New Mexico, to perform various financial functions. Fiscal agent bank functions include the collection of all monies received by the State of New Mexico and the management of STO's checking account. Monies held at the Fiscal Agent Bank are managed to a target balance after payment of checks, warrants, Automated Clearing House (ACH) volume and wire transfers processed by the State.

<table>
<tr><td>Investment Grade Ratings</td><td>Issuer ratings within any of the following rating agency ranges:
<table>
<tr><th>RATING AGENCY</th><th>LONG-TERM</th><th>SHORT-TERM</th></tr>
<tr><td>Standard & Poor’s</td><td>A to AAA</td><td>A-1 or Better</td></tr>
<tr><td>Fitch</td><td>A to AAA</td><td>F1 or Better</td></tr>
<tr><td>Moody’s</td><td>A2 to Aaa</td><td>P-1</td></tr>
</table></td></tr>
<tr><td>Maturity Date</td><td>The date on which the principal amount of a debt instrument becomes due and is repaid to the investor, along with all remaining interest.</td></tr>
<tr><td>Put</td><td>A put option on a debt security allows the bondholder to force the issuer, remarketing agent or letter of credit provider to repurchase the security at specified dates prior to the stated maturity.</td></tr>
<tr><td>Supranational Obligations</td><td>An international development institution formed by two or more central governments, limited to issuers domiciled within the United States: International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB).</td></tr>
<tr><td>WAM</td><td>Weighted Average Maturity. For a given portfolio, the average maturity of investment holdings weighted by the relative size of each position.</td></tr>
</table>

III. Identification of Funds

There is created in the state treasury the "local government investment pool". The fund shall consist of all deposits from participating governments, including revenues dedicated to repaying bonds, that are placed in the custody of the state treasurer for investment purposes pursuant to state statutes. The state treasurer shall maintain one or more separate accounts for each participating government having deposits in the local government investment pool and may divide the fund into two or more subfunds, as the state treasurer deems appropriate, for short-term and medium-term investment purposes, including one or more subfunds for bond proceeds deposited by participating governments 6-10-10.1 (A).

This Investment Policy applies only to the investment of the LGIP short-term and medium-term funds managed by the State Treasurer. The LGIP is a pool of funds created by the New Mexico State Legislature. Any local governing body, the governing authority of a tribe or any other governmental or quasi-governmental body created or authorized to be created pursuant to New Mexico statutes may participate in the short-term LGIP, as permitted by Section 6-10-1.1 (C) and Section 6-10-10.1). This fund will be called Local Government Investment Pool (LGIP) Short-Term Fund.

The Local Government Investment Pool (LGIP) Medium-Term Fund will be established to provide investment opportunities specifically for the New Mexico State Investment Council (SIC).

IV. Objectives

The LGIP will be invested in a manner that is in conformance with federal, state, and other legal requirements.

The Chief Investment Officer (CIO) and Authorized Investment Officers (AIOs) will observe the following priorities in making investment decisions, in the order described:

1. **Safety**—The priority is the preservation of the funds invested in the pool;
2. **Liquidity**—The second priority is maintaining sufficient availability of cash, or the capacity to obtain it without sacrificing principal loss, to satisfy the reasonably anticipated, continuing operational requirements of the LGIP; and
3. **Return**—The third priority is maximizing investment return, consistent with the higher priorities accorded to the safety and liquidity of principal.

Pursuant to Section 6-10-10.1(I), the Local Government Investment Pool (LGIP) Short-Term Fund is managed to an "AA" rating or better. The Chief Investment Officer and Authorized Investment Officers will comply with all rating agency criteria to maintain the LGIP's statutory rating requirement.

The Local Government Investment Pool (LGIP) Short-Term Fund shall be invested with the objective of preserving a stable net asset value (NAV) of $1.00 per share.

The Local Government Investment Pool Medium-Term Fund is not required by Section 6-10-10.1(I) to be managed pursuant to a rating by a Nationally Recognized Statistical Rating Organization.

The LGIP Medium-Term Fund shall be invested with a floating net asset value to reflect its longer maturity structure, subject to mark-to-market fluctuations in value.

V. Philosophy

The primary investment philosophy of STO is to match investment maturities with expected cash outflows. Securities shall generally be held until maturity, with the following exceptions:

- A security with declining credit may be sold prior to maturity to minimize loss of principal upon recommendation and approval by the State Treasurer's Credit Committee.
- Liquidity needs of the portfolio require that a security be sold prior to maturity.
- A security rebalance, or swap would improve the quality, yield or target duration in the portfolio.

VI. Standards of Care

A. Delegation by the State Treasurer of Investment Authority

The State Treasurer shall invest the Local Government Investment Pool as provided in Section 6-10-10.

To ensure effective investment management of public funds, the State Treasurer has delegated investment functions to an Investment Division reporting to the Deputy Treasurer. The Investment Division includes a CIO and AIOs. AIOs will report to the CIO and the CIO will report to the Deputy Treasurer. The CIO will maintain a current list of Authorized Investment Officers.

B. Ethics and Conflict of Interest

The Deputy Treasurer, CIO and AIOs shall adhere to standards of conduct as follows:

- The Governmental Conduct Act, NMSA 1978, §§ 10-16-1 to -18 (1967, as amended through 2023);
- The State Treasurer's Employee Code of Conduct;
- The State Treasurer's Campaign Contributions Policy;
- The State Treasurer's Whistleblower Policy;
- The Gift Act, NMSA 1978, §§ 10-16B-1 to -4 (2007, as amended through 2019); and
- The Procurement Code, NMSA 1978, §§ 13-1-28 to -199 (1984, as amended through 2023).

The CIO and AIOs shall file personal disclosure forms as required by the Governmental Conduct Act and the State Treasurer's Code of Conduct.

C. Prudence

The Deputy Treasurer, CIO and AIOs shall perform investment duties in a manner consistent with this LGIP Investment Policy and the standard of a prudent investor[2] considering the purposes, terms, distribution requirements, and other circumstances then prevailing as to the assets entrusted to them.

In the process of investing funds in the LGIP, the CIO and AIOs will exercise reasonable care, skill, diligence, and prudence considering investments not in isolation, but in the context of the portfolio as a whole and as part of an overall investment strategy. That strategy shall incorporate the risk and return objectives articulated in this LGIP Investment Policy.

The CIO and AIOs—acting in accordance with New Mexico Statutes, written procedures, this LGIP Investment Policy, and exercising due diligence—shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

VII. Controls

A. Custody

All investment securities purchased by the CIO and AIOs, held as collateral on repurchase agreements and bank deposits or held as collateral on securities lending agreements, shall be held in third-party safekeeping at a financial institution qualified to act in this capacity.

All securities held for the LGIP will be free and clear of any lien and all transactions will be conducted in compliance with Section 6-10-10(O), which requires same-day transfer of funds with the settlement of securities.

The Custodian will provide reports that list all transactions that occurred within the LGIP during the month and all securities held for the LGIP at month-end including the book and market value of holdings.

The representatives of the Custodian responsible for, or in any manner involved with, the safekeeping and custody process of the LGIP shall be bonded in amounts required by the

[2] *See* Uniform Prudent Investor Act, NMSA 1978, §§ 45-7-601 to -612 (1995).

State Board of Finance under a custody agreement to protect from losses due to malfeasance and misfeasance.

B. Investment Advisor/Consultant

STO may enter into an agreement with an investment advisor or consultant for investment management or advisory services. The investment advisor or consultant will operate under the direction of the State Treasurer.

The investment advisor or consultant shall:

- be registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940;
- have at least seven years' experience in managing or advising government debt for other governments and fiduciary institutions and has had at least $1 billion under management for investment disciplines similar to this Policy;
- has liability and fiduciary insurance coverage;
- does not have a proprietary interest in any portfolio manager or fund manager utilized by the State Treasurer; and
- shall submit form ADV Part 2A on an annual basis to the State Treasurer.

C. Approved Broker-Dealers and Counterparties

To ensure the proper separation of duties from the investment functions, the State Cash Manager shall maintain a list of broker-dealers and counterparties approved to provide investment services to the LGIP specifically and the state generally. Eligible broker-dealers will need to meet all of the following conditions:

- The broker-dealer and its representatives must be registered pursuant to the New Mexico Uniform Securities Act, NMSA 1978, §§ 58-13C-101 to -701 (2009)[3];
- The broker-dealer must be registered with the Financial Industry Regulatory Authority (FINRA);
- All broker-dealer representatives who have direct contact with securities trading between STO and the firm must have a FINRA Series 7 License, or equivalent certification;
- The broker-dealer representatives must have a minimum of five (5) years of continuous employment history involving fixed income securities, with exceptions permitted for sales and trading assistants acting in temporary administrative capacities; and
- Counterparties must operate under the terms of a securities lending or repurchase agreement.

The Broker-Dealer list will be submitted to the State Treasurer's Investment Council (STIC) for recommendation and will be approved by the State Treasurer. The list will be submitted to the State Board of Finance for its advice and consent.

D. Competitive Transactions

The CIO and AIOs will conduct all securities transactions in a fair, open and transparent competitive process:

[3] *See also* 12.11.2 NMAC.

- All securities transactions shall be conducted on a best execution basis, subject to diversification constraints.
- Best execution means that the CIO and AIOs must seek the best price for a security in the marketplace and must ensure that unnecessary brokerage costs and charges are not incurred when transactions are executed. Transactions executed represent the best qualitative execution, not just the lowest price.
- Every effort to obtain at least three bids or offers on a specific security will be conducted. If unobtainable, documentation of comparable securities accompanied by current market levels will be retained, to provide evidence of price transparency and trade execution at competitive levels.
- Offers or bids for securities may be received from approved broker-dealers or direct issuers by any of the following means:
  - By phone; or
  - By e-mail or other form of electronic communication; or
  - Through an electronic trading platform; or
  - Directly from issuers of eligible investments.

E. Internal Controls

The CIO will maintain sufficient internal controls to protect against the loss of public funds arising from negligence, theft, or misuse. These controls will require the CIO to:

- Communicate regularly with the Deputy Treasurer regarding investment activities, including any significant changes in market value or credit quality of investment positions;
- Require monthly reconciliation of internal investment accounting and reporting to all external statements provided by the custodian and other financial institutions;
- Monitor compliance with applicable state statutes;
- Require Delivery Versus Payment security settlement except for physical securities;
- Maintain clear delegation of investment authority;
- Ensure the separation of investing authority from cash activities and recordkeeping;
- Ensure that all deposits are sufficiently collateralized pursuant to 2.60.4 NMAC or as required by the rating agency for the LGIP, whichever is greater;
- Require the use of approved objective criteria in selecting broker-dealers and financial institutions authorized to provide investment services to the state;
- Maintain documentation on investment procedures;
- Report violations of this policy to the State Treasurer in a timely manner;
- Require the use of agency-approved objective criteria in awarding investment purchases and sales to authorized financial institutions and broker-dealers;
- Ensure assets are valued by marking holdings to current market prices, thereby representing the full liquidation value of the LGIP;
- Ensure the NAV per share is computed by dividing the total market value of the LGIP's investments, less any liabilities, by the total outstanding shares of the LGIP; and,
- If the market-based NAV for the LGIP Short-Term Fund deviates from the $1.00 NAV by more than 0.15% ($0.0015; equating to less than $0.9985 or more than $1.0015), the CIO shall notify the Deputy Treasurer, in conjunction with the AIOs, to determine what, if any, actions need to be taken.
- The LGIP Medium-Term Fund will have a floating NAV with no restrictions regarding deviations in its value.

F. External Controls

- STO will retain all records related to LGIP investment activities pursuant to state law. As provided by the Audit Act, NMSA 1978, §§ 12-6-1 to-14 (1969, as amended through 2019), the State Auditor or a designated independent auditor will review the investment activities of STO regarding the LGIP to determine the compliance of those activities with this LGIP Investment Policy and state statutes.
- The market value of all funds held by the custodian will be calculated monthly and provided to the State Treasurer.

G. State Treasurer's Investment Council

The State Treasurer may establish the State Treasurer's Investment Council (STIC), an advisory Council to review investment reporting and any other matters of the State Treasurer's choosing.

- The Investment Council shall consist of five (5) voting members: the State Treasurer, or designee; a member of the Treasurer's staff upon appointment by the Treasurer or designee; the director of the State Board of Finance, or designee; and two members who are participants in the private investment community or have expert knowledge or professional experience in the subject of public finance or public money investing, of which one member will be appointed by the State Treasurer and approved by the State Board of Finance and one member will be appointed by the State Board of Finance and approved by the State Treasurer. The member of the Treasurer's staff shall be selected in a manner consistent with maintaining a separation of responsibilities between STO investment managers and the members of the council.

- Each private sector member shall serve at the pleasure of the State Treasurer or the State Board of Finance appointing the private-sector member. The private-sector members shall serve for a term of two (2) years after appointment and shall be eligible for reappointment to serve for consecutive two (2) year terms. Any vacancy created by a private sector member shall be filled in the same manner as original appointments.

VIII. Eligible and Ineligible Investments

A. Eligible Investments

Eligible Investments are only those securities and deposits specifically authorized by statute. Consistent with Sections 6-10-10 and 6-10-10.1, the CIO and AIOs may invest in the following:

- Cash at Banks, Savings and Loan Associations, or Credit Unions whose deposits are insured by an agency of the United States and are certified or designated as eligible to receive public money on deposit in New Mexico;
- Securities issued by the United States government;
- Securities issued or guaranteed by United States government agencies, government sponsored enterprises (GSEs), or instrumentalities including mortgage obligations;
- Securities issued by supranational entities, as defined in this policy;
- Repurchase Agreements, subject to restrictions contained in Section VII, paragraph C of this LGIP Investment Policy;
- Securities Lending Agreements;

- Commercial Paper issuers rated "prime" quality by a nationally recognized rating service, defined in this policy as investment grade, issued by corporations that are organized and operating in the United States and are included on STO's approved issuer list;
- Corporate Bond issuers rated investment grade, as defined in this policy, by a nationally recognized rating service, issued by corporations that are organized and operating in the United States and are included on STO's approved issuer list;
- Asset-Backed Obligations rated "AAA" or better by a nationally recognized rating service;
- Shares of open-ended diversified investment companies that are registered with the United States Securities and Exchange Commission; comply with the diversification, quality, and maturity requirements of Rule 2a-7, or any successor rule, of the United States Securities and Exchange Commission applicable to money market mutual funds; assess no fees pursuant to Rule 12b-1, or any successor rule, of the United States Securities and Exchange Commission, no sales load on the purchase of shares and no contingent deferred sales charge or other similar charges, however designated; and do not use swap and derivative products. STO shall not, at any time, own more than five percent (5%) of a money market mutual fund's assets.
- Individual, common or collective trust funds of banks or trust companies that are invested only in United States Government and Agency obligations and repurchase agreements secured by such obligations; have assets under management of at least one-billion dollars ($1,000,000,000); do not use swap and derivative products; and the investments made by STO are less than five percent (5%) of the assets of the fund.
- Securities issued by the State of New Mexico, its agencies, institutions, counties, municipalities, school districts, community college districts, or other subdivisions of the state, or as otherwise provided by law and rated investment grade as defined by this policy; or
- Securities issued by states other than New Mexico or governmental entities in states other than New Mexico and rated investment grade as defined by this policy.

B. Ineligible Investments

To provide for the safety and liquidity of funds, the Local Government Investment Pool is specifically prohibited from investing in:

- Short Sales
- Whole Loan Mortgage Obligations
- Reverse Repurchase Agreements, except under a securities lending agreement
- Inverse Floating Rate Notes
- Equity Securities
- Swaps and Derivatives

C. Repurchase Agreements

Repurchase Agreements are subject to additional restrictions:

- Transactions will be conducted only with currently approved dealers and counterparties included on the broker-dealer list, the Fiscal Agent Bank, or the master custodial bank, operating under the terms of a master repurchase agreement or securities lending agreement;

- Each approved repo counterparty must have a net worth in excess of five-hundred-million dollars ($500,000,000);
- The maximum term of any repurchase agreement will be one (1) year; and
- Tri-Party Repurchase Agreement transactions may be entered into with a contracted custodial bank for this purpose, provided all securities meet the requirements within this policy.

Securities accepted as collateral for repurchase agreements will be subject to the following additional restrictions:

- Securities placed as collateral for repurchase agreements, with a final maturity less than 10 years, will be priced at 102% of market value, plus accrued income;
- Securities placed as collateral for repurchase agreements, with a final maturity of ten (10) years or greater, will be priced at 103% of market value, plus accrued income;
- Agency mortgage-backed securities placed as collateral for term repurchase agreements with a maturity longer than seven (7) days will be priced at 105% of market value, plus accrued income;
- Term repurchase agreements with a maturity date that is longer than seven (7) days are required to have daily pricing of collateral; and
- Only treasury and agency securities, including agency mortgage-backed obligations, will be utilized as collateral for repurchase agreements.

IX. Investment Parameters

To provide for the safety and liquidity of funds, the investment of the LGIP will be subject to the restrictions listed below. These represent minimum investment restrictions under this LGIP Investment Policy and there may be separate procedures containing additional, more restrictive limitations for certain investment instruments. All restrictions are based on current market value.

Maximum percentages for a particular issuer, investment type, or liquidity constraint may on occasion be exceeded due to unforeseen circumstances (e.g., due to fluctuations in fund balances). Exceptions will be reported to the Treasurer, the State Treasurer's Investment Council, and the State Board of Finance monthly. Steps will be taken to remedy any breaches that may put the LGIP's Short-Term Fund rating at risk of falling below the required AA or better rating. The LGIP Medium-Term Fund is not required by statute to be rated.

Percentage restrictions will be based on total portfolio market value on the settlement date of securities purchased.

A. Diversification

- GSEs or government-guaranteed investments rated AA or higher with final maturities shorter than thirty (30) days will be excluded from diversification limits;
- For the LGIP Short-Term Fund and Medium-Term Fund, collateralized bank deposits secured by Federal Home Loan Bank (FHLB) letters of credit (LOCs) qualify as credit substitutions, and will therefore be viewed as obligations of the collateral issuer, FHLB;
- Issuer limits for collateralized bank deposits include certificate of deposit (CD) exposure in aggregate;
- Variable rate demand notes that have a Put, standby purchase agreement or secured by a LOC, back to the issuer, remarketing agent, or LOC provider, will be considered to have a maturity equivalent to the Put date. These securities will not be attributable to the

floating rate note diversification calculation and will be considered the obligation of the standby purchaser or LOC provider.

Otherwise, the following diversification limits shall apply to the LGIP portfolio:

Allowable Securities	Diversification Limits	Further Limitations
US Treasury Obligations	100%	
US Agency/GSE Obligations > 30 days Primary Issuers—*FNMA, FHLMC, FFCB, FHLB* Secondary Issuers—*All Other Agencies/GSEs > 30 days*	100%	Per Primary Issuer: 33% Per Secondary Issuer: 5% Except TVA: 10%
US Agency Issued Mortgage-Backed Securities	25%	
Supranational Obligations	15%	Per Issuer: 5%
Bank Deposits—Collateralized A1+ or F1+—1 Day A1 or P1 or F1—1 Day A1 or P1 or F1—2 Days + A2 or P2 or F2 Bank Deposits (GSE Approved LOC) A2 or P2 or F2—1 Day	 100% 100% 25% 10% 50%	Per Issuer: 50% 25% 5% 2.5% 25%
Commercial Paper, Corporate Bonds, Medium Term Notes, and Asset-Backed Obligations (*In Aggregate*)	40%	Per Corporate Issuer: 5% Per Asset-Backed Issuer: 5%
Open Ended 2a-7 Rated Fund US Treasury and Agency *Only*	100%	Per Fund: 10%
Municipal Securities Pre-refunded 100% escrowed with US Government related securities	15% 15%	Per Issuer: 5%
Repurchase Agreements (Business Days) A1+ or F1+—1 Day A1 or P1 or F1—1 Day A1 or P1 or F1—2-5 Days A1 or P1 or F1—6 Days + A2 or P2 or F2—1 Day	 100% 100% 100% 10% 10%	Per Counterparty: 50% 25% 10% 5% 5%
Limited/Illiquid Securities (*In Aggregate*)	10%	Nonmarketable securities with maturities greater than 5 business days.

B. Maturity Restrictions

The following maturity limits shall apply to each portfolio:

LGIP SHORT-TERM FUND

Allowable Securities	Maturity Limits
All Securities	397 Days
Variable Rate Obligations US Treasury and GSE All Other	 762 Days 397 Days

LGIP MEDIUM-TERM FUND

Allowable Securities	Maturity Limits
All Securities	3 Years

C. Portfolio Duration

The CIO and AIOs will manage the LGIP Short-Term Fund within the weighted average maturity (WAM) required by the LGIP's rating agency. The appropriate performance benchmark for the LGIP will be reflective of its short-term investment objective. The benchmark will be reviewed by the State Treasurer's Investment Council for recommendation and will be approved by the State Treasurer and the State Board of Finance annually.

The CIO and AIOs will manage the LGIP Medium-Term Fund within +/-15% of the WAM and duration of the appropriate performance benchmark. The benchmark will be reviewed by the State Treasurer's Investment Council for recommendation and will be approved by the State Treasurer and the State Board of Finance annually.

D. Credit Quality

The following issuer credit rating limits shall apply for the LGIP:

	Credit	
Investment Type	**Short-Term**	**Long-Term**
US Treasury Obligations		
US Agency Obligations		
US Agency Issued Mortgage-Backed Securities		
Supranational Obligations		AAA/Aaa
Bank Deposits—Collateralized	See Above	
Asset-Backed Obligations	A1+ or P1 or F1+	AAA/Aaa
Commercial Paper	A1 or P1 or F1	A/A2
Corporate Bonds	A1 or P1 or F1	A/A2
Open-Ended 2a-7 rated fund US Treasury and Agency *Only*	AAA*m or* Aaa-*mf or* Aaa*mmf*	
Municipal Securities	A1 or MIG1 or F1	A/A2
Repurchase Agreements	See Above	
Variable Rate Obligations US Treasury and Agency/GSE All other	A1 or P1 or F1	A/A2
Limited/Illiquid Securities	A1 or P1 or F1	A/A2

X. Reporting:

The CIO shall prepare a monthly investment report for the State Treasurer. For purposes of reporting, the LGIP Report may be combined with the reports of other assets under the management of the State Treasurer pursuant to the State Treasurer's Investment Policy.

An executive summary will be prepared in a manner that will allow the State Treasurer to ascertain whether investment activities during the reporting period comply with this LGIP Investment Policy, the State Treasurer's Investment Policy, and New Mexico statutes.

The CIO will submit and present the monthly investment report, on behalf of the State Treasurer, to the State Board of Finance and will post the report on the State Treasurer's website and otherwise make it available to the public.

A. Specific Reporting Requirements:

The report will include, at a minimum, the following:

- An asset listing showing par value, cost, market value, type of investment, issuer, and interest rate of securities held;

- For the LGIP Short-Term Fund, the total market value and amortized cost of all pool assets and the average 30-day yield, as of month-end;
- For the LGIP Short-Term Fund WAM to Reset and WAM to Final of the LGIP compared to the maximums allowable per the appropriate rating agency;
- For the LGIP Medium- Term Fund, the total market value and amortized cost of all pool assets, purchase yield and yield to maturity, as of month end;
- For the LGIP Medium-Term Fund, WAM and effective duration of each portfolio compared to its applicable approved benchmark;
- Average portfolio credit quality;
- Total rate of return for the LGIP for the last one (1) month, three (3) months, and twelve (12) months with applicable approved benchmark returns for the same periods;
- Sensitivity analysis on a quarterly basis;
- Transaction listing of the LGIP for the reporting period;
- Transaction summaries for the reporting period and fiscal-year-to-date that include trade volumes, distributions by type of investment and counterparty; and
- LGIP Investment compliance review.

B. Performance Standards

- The LGIP will be structured to obtain a market average rate of return considering investment risk constraints and cash flow needs.
- The LGIP will be compared to approved benchmarks that appropriately model the expected risk and return profile of each investment objective.

C. Quarterly Reporting

On a quarterly basis, the CIO shall prepare a quarterly investment report that describes the investment strategy for the LGIP employed during the past quarter and the strategy planned for the next quarter. Information will be reported to the State Treasurer's Investment Council and the State Board of Finance.

D. Annual Reporting

At the next regular State Treasurer's Investment Council meeting after September 30 of each year, the CIO shall present an annual investment report on the LGIP that describes the investment strategy employed during the past fiscal year and the strategy planned for the next fiscal year. The report shall include annual comparisons of the portfolio's return to the performance benchmark for the preceding fiscal year.

XI. Allocation of Investment Income:

The LGIP Short-Term Fund will distribute investment income based upon a portfolio's average daily balance and the investment income is calculated on an accrual basis. Investment income is credited monthly.

The LGIP Medium-Term Fund will distribute investment income monthly calculated on an accrual basis. The net asset value (NAV) of the Fund is a floating price subject to factors such as pool cash flows and market activity. Realized and unrealized gains and losses are reflected in the NAV calculated each month.

XII. Ongoing Training:

STO strives for professionalism and accountability in the investment of its funds. To assure the highest possible professional standards, STO will provide opportunities and funding for the personnel involved in the investment function to complete continuing education programs or other training in cash and investment management sufficient to maintain their skills and remain up to date on best practices and new regulations.

XIII. Investment Policy Review/Adoption:

It shall be the duty of the State Treasurer to bring amendments to the Investment Policy to the Board of Finance and obtain consent before updates to the Investment Policy take effect. The Investment Policy shall be reviewed at least every two years. At any time, the Treasurer may further restrict the types of instruments, issuers, and maturities as may be appropriate based on the current market conditions pursuant to Section 6-10-10 G.

XIV. Reasonable Audit, Administrative, and Investment Expenses

As required by Section 6-10-10.1(G), STO shall charge reasonable audit, administrative and investment expenses to all participants within the LGIP. The fee shall be calculated and collected monthly based on the average daily balance of the participant. The specific amount of the fee shall be no less than five (5) but no more than ten (10) basis points, as determined and announced in writing by the State Treasurer. All fees collected from LGIP participants shall be used by STO for administrative expenses and services necessary to operate the pool, including employee salaries and contractual services.

New Mexico State Treasurer's Office:

12/20/2025

The Honorable Laura M. Montoya
New Mexico State Treasurer

Date

By affixing the signature below, the State Board of Finance hereby provides its advice and consent pursuant to NMSA 1978, §6-10-10.

12/20/2025

The Honorable Michelle Lujan Grisham
Governor of the State of New Mexico
President, State Board of Finance

Date

FY28 APPROPRIATION REQUEST
FORM E-6B LEASED PASSENGER-RELATED VEHICLES
Account code 542800
LEASED VEHICLE INFORMATION @ 7/1/26

Agency Name: NM State Treasurer's Office | Business Unit: 39400

Program Name: | Program Code:

	LONG TERM LEASES ONLY							Long Term Only			SHORT TERM ONLY			
							Lease Type	A	B	A x B = C	D	E	D x E = F	
Item No.	Year	Make/Model	Vehicle Type	A** R C	License Plate Number	Mileage As of 7/1/26	Operational (O) or Standard (S)	FY27 Monthly Rate S= Rate Schedule	Number of months to lease	Total cost Rate FY27	Daily Rate Based On Vehicle Type	No. of Days	Total Lease Rate	Put (x) if Fed $
1	2024	Nissan/Rogue	06AM	C	010570SG	5,708	Operational (O)	773	12	9,276.0			-	
2	2024	Dodge/Durango	06A	C	011027SG	3,067	Operational (O)	707	12	8,484.0			-	
3										-			-	
4										-			-	
5										-			-	
6										-			-	
7										-			-	
8										-			-	
9										-			-	
10										-			-	
11										-			-	
12										-			-	
13										-	-		-	
14										-			-	
15										-			-	
16										-			-	
17										-			-	
18										-			-	
19										-			-	
								TOTAL LONG TERM:		17760.00	TOTAL SHORT TERM:		-	

Operational(O) rate for FY27 will be

** Code A = additional leased vehicle request C = vehicle currently leased R = request to replace previously purchased vehicle