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SENATE BILL 60

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

Timothy M. Keller

AN ACT

RELATING TO HIGHER EDUCATION; AMENDING A SECTION OF CHAPTER 21
NMSA 1978 TO PROVIDE FOR EQUITY INVESTMENTS OF EDUCATIONAL
INSTITUTIONS' ENDOWMENT FUNDS FOR ECONOMIC DEVELOPMENT IN NEW
MEXICO.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 21-1-38 NMSA 1978 (being Laws 1991,
Chapter 69, Section 1, as amended) is amended to read:

"21-1-38. [~~DEFINITION~~] DEFINITIONS--REQUIREMENTS FOR
ADOPTION OF INVESTMENT POLICY FOR INVESTING ENDOWMENT FUNDS.--

A. As used in this section:

(1) "endowment funds" means funds:

(a) acquired by gift by an educational
institution with respect to which the donors or other outside
agencies have stipulated as a condition of the gift, and the

underscored material = new
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1 stipulation is expressed specifically in the gift instrument,
2 that the principal is to be maintained and invested for the
3 purpose of producing current and future income that may either
4 be added to the principal or expended, and the maintenance of
5 the principal may be either: 1) held in perpetuity; or 2)
6 expended after the passage of a stated period of time or upon
7 the happening of a specified event; and

8 (b) notwithstanding the source of
9 acquisition, that the governing board of the educational
10 institution has determined and has designated by a written
11 instrument, either revocable or irrevocable, to be retained for
12 long-term investment; and

13 (2) "educational institution" means an
14 educational institution designated in Article 12, Section 11 of
15 the constitution of New Mexico and any post-secondary
16 educational institution, which term includes an academic,
17 vocational, technical, business, professional or other school,
18 college or university or other organization or person offering
19 or purporting to offer courses, instruction, training or
20 education through correspondence or in person to any individual
21 within this state over the compulsory school attendance age, if
22 that post-secondary educational institution is directly
23 supported in whole or in part by state or local taxation.

24 B. The board of finance, as that term is defined in
25 Section 6-10-9 NMSA 1978, for each of the educational

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1 institutions:

2 (1) shall adopt regulations governing the
3 investment and distribution of endowment funds by the
4 institution's board of finance, which regulations shall provide
5 at least for:

6 (a) the application of the standard of
7 loyalty described in Section 45-7-606 NMSA 1978 and the Uniform
8 Prudent Management of Institutional Funds Act;

9 (b) the appointment of an investment
10 advisory committee made up of individuals having demonstrated
11 experience and skill in the field of the investment of
12 endowment funds; and

13 (c) the development of a comprehensive
14 investment policy for the investment of endowment funds by the
15 institution, with the advice and upon the recommendation of the
16 investment committee, including equity investments for economic
17 development in New Mexico pursuant to Subsection D of Section
18 14 of Article 9 of the constitution of New Mexico; and

19 (2) may employ an institutional endowment
20 funds investment manager and delegate to the manager the power
21 to make purchases, sales, exchanges, investments and
22 reinvestments of endowment funds."

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