

TREASURER'S REPORT TO THE STATE BOARD OF FINANCE

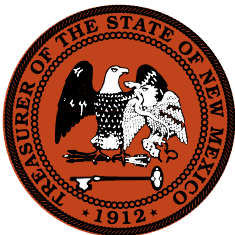
JUNE 2006

BILL RICHARDSON, GOVERNOR
MEMBERS OF THE STATE BOARD OF FINANCE

Photo Courtesy: of New Mexico Tourism Department



PRUDENT INVESTING
RESPONSIBLE BANKING
ENHANCING NEW MEXICO'S FUTURE



NEW MEXICO STATE TREASURER'S OFFICE
DOUGLAS MINGE BROWN, STATE TREASURER

LOCAL GOVERNMENT INVESTMENT POOL (LGIP) SUMMARY

- The market value of the LGIP as of May 31, 2006, was \$728.0 million, compared to a market value of \$777.3 million in the previous month (Graph 4). The drop in the fund level can be attributed to participants drawing funds based on news from the trial of the former Treasurer.
- The average yield of the LGIP portfolio at month-end was 4.71 percent, up from 4.52 percent in April. The average term of the portfolio was 43 days, down from 52 days in April (Graph 5).
- The asset allocation of the fund was comprised of 6.9 percent in flex repurchase agreements, 40.5 percent in agencies, 39.9 percent in commercial paper, 11.2 percent in overnight repurchase agreements, and 1.6 percent in certificates of deposit (Table 2). Since January 2006, \$100 million in flex repurchase agreements have been drawn down from this low-yield asset class.
- In May, the investment activity included the purchase of \$120.0 million in commercial paper with an average yield of 5.12 percent and a term of less than 60 days. In addition, \$102.2 million in U.S. agency obligations were purchased with an average yield of 5.04 percent and an average term of less than 45 days.
- Total LGIP earnings for May, as shown in Chart B, were \$2.93 million, a 6 percent increase over April earnings of \$2.76 million. Fiscal year-to-date earnings for the LGIP total \$29.1 million.

STATE TREASURER - LOCAL GOVERNMENT INVESTMENT POOL
MAY 31, 2006

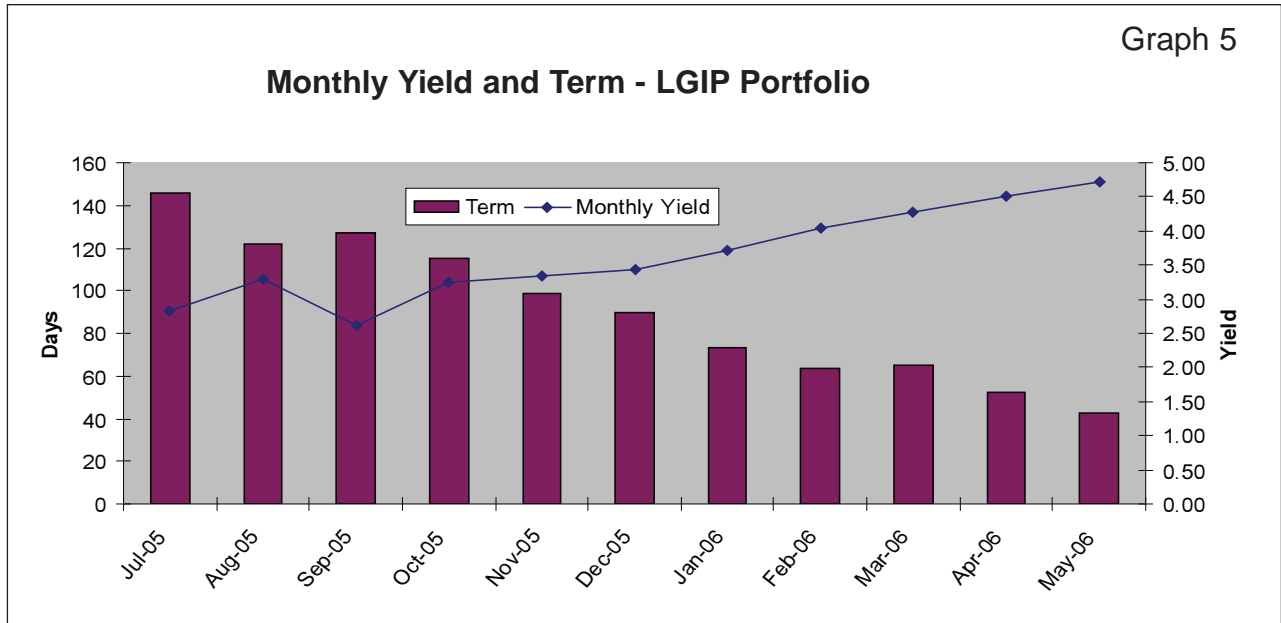
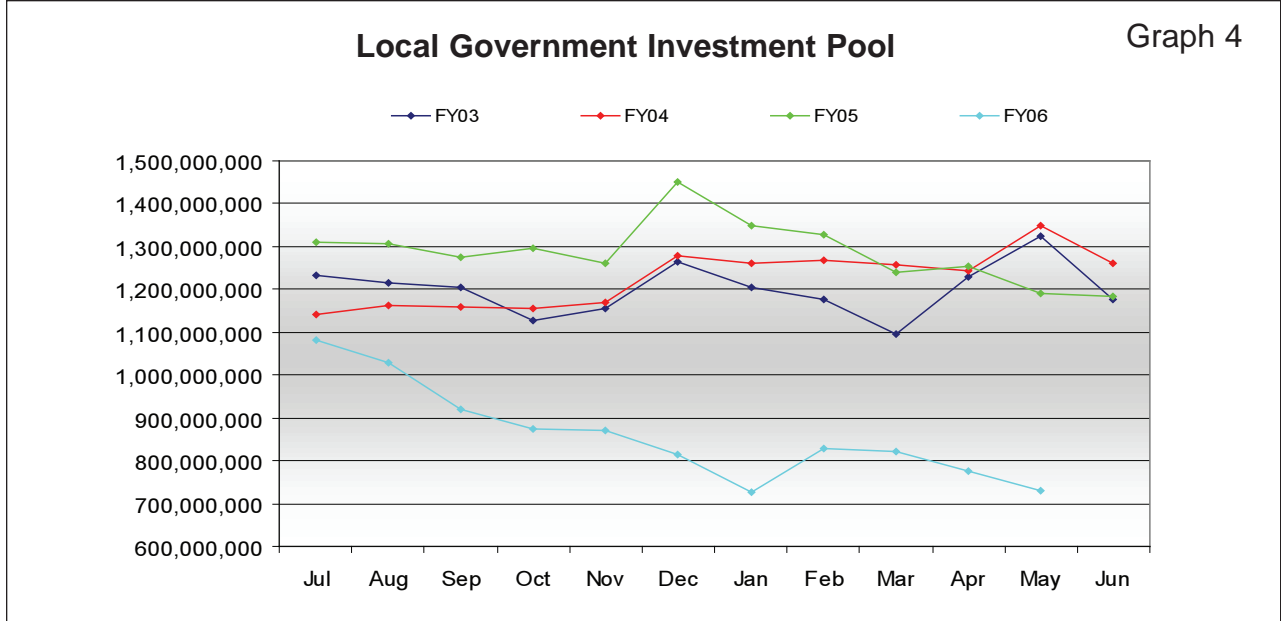


Table 2

Local Government Investment Pool Portfolio

Asset Type	Yield	Market Value	% of Portfolio	Term (days)
Flex Repurchase Agreements	2.46%	\$ 50,000,000	6.9%	68
Agencies	4.54%	\$ 295,006,135	40.5%	63
Commercial Paper	5.06%	\$ 290,301,188	39.9%	19
Overnight Repurchase Pool	4.92%	\$ 81,194,992	11.2%	1
Certificates of Deposit	4.39%	\$ 11,500,000	1.6%	176
Total:	4.71%	\$ 728,002,315	100.0%	43

Chart B

Local Government Investment Pool Total Earnings

