

MINUTES OF THE
NEW MEXICO EDUCATIONAL RETIREMENT BOARD

INVESTMENT COMMITTEE

December 6, 2019

1. a. CALL TO ORDER

A meeting of the New Mexico Educational Retirement Board Investment Committee was called to order on this date at 8:30 a.m. at the Educational Retirement Board, Suite B-450, 8500 Menaul Boulevard, N.E., Albuquerque, New Mexico.

Members Present:

Mr. H. Russell Goff, Chair
Ms. Mary Lou Cameron
Mr. Larry Magid

Members Excused:

None.

Staff Present:

Ms. Jan Goodwin, Executive Director
Mr. Rod Ventura, Deputy Director
Mr. Bob Jacksha, CIO
Ms. Kay Chippeaux, Deputy CIO, Public Markets & Credit
Ms. Susanne Roubidoux, General Counsel

Others Present:

Mr. Allan Martin, NEPC
Mr. Ryan Falls, Actuary, Gabriel Roeder Smith
Ms. Judith Beatty, Recorder

b. Approval of Agenda

Ms. Cameron moved approval of the agenda, as published. Mr. Goff seconded the motion, which passed unanimously.

c. Approval of Minutes: November 7, 2019

Ms. Cameron moved approval of the November 7 minutes, as submitted. Mr. Goff seconded the motion, which passed unanimously.

d. Introduction of Guests

Chairman Goff welcomed guests and staff.

2. PGIM CONTRACT EXTENSION – EMERGING MARKETS DEBT

[Presenter: Kay Chippeaux.]

Ms. Chippeaux presented a recommendation to extend the investment manager contract with PGIM, an emerging market debt investment manager, with the right to cancel or withdraw with 30 days' notice. The ERB hired PGIM four years ago, and the contract has a provision allowing for a two-year extension.

Ms. Chippeaux said staff has been very happy with the performance of PGIM, formerly Prudential Global Investment Management. The portfolio is a blend of hard currency and local currency debt, and performance since inception on an annualized basis is 8.5 percent against a 7.4 percent benchmark, so they have outperformed the ERB's expectations. Staff is also happy with their customer service, as they do monthly calls, visit the ERB at least once a year, and also make time for staff members when they are in New York.

Ms. Cameron moved that the Investment Committee approve a two-year extension of the investment manager contract with PGIM, maintaining the provision for termination of the contract with thirty days' advance written notice. The contract extension is subject to, and contingent upon, New Mexico State Law, Educational Retirement Board policies, and negotiation of final terms and conditions and completion of appropriate paperwork. Mr. Magid seconded the motion, which passed unanimously.

3. OTHER REPORTS AND DISCUSSION

a. Proposals – Divestment Policy

Ms. Goodwin stated that staff has developed a simpler divestment policy after receiving feedback at the last board meeting.

Ms. Goodwin reviewed the two proposals, A and B, for consideration. Proposal A, a simplified version, states that the ERB will implement the divestment mandates passed by the New Mexico Legislature, which is best suited to consider whether divestment is appropriate. Proposal B includes that language and also states that the ERB will do some active engagement with other public pension plans and/or other institutional shareholders organizations if that is what the board wants.

Mr. Jacksha noted that Proposal A does not rule out active engagement options by the ERB, but does not specifically say so.

Mr. Magid pointed out that board members swore an oath to be fiduciaries to the plan, which has nothing to do with divestiture.

Vice Chair Goff recalled that the ERB was not investing in Sudan for a period of time. Mr. Ventura said he believed that was the result of an executive order. Mr. Jacksha added that staff had no interaction with the legislature or the executive branch on that.

Ms. Goodwin stated that she has told representatives of the groups advocating for divestment from the two private prison companies that selling the stock would have no impact on the conditions of the facilities, and that the only way to improve those conditions would be to do engagement or to have other market pressures put on those companies to change their operating practices.

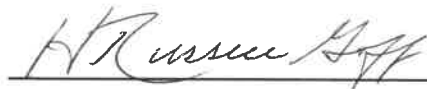
Mr. Magid moved to recommend Proposal A to the board. Ms. Cameron seconded the motion, which passed unanimously.

4. NEXT MEETING: THURSDAY, JANUARY 16, 2020

The meeting was scheduled for 1:00 p.m.

ADJOURN

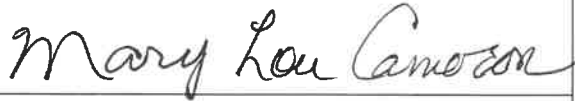
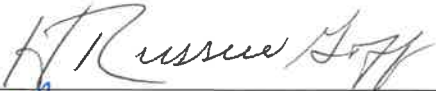
The meeting adjourned at 8:50 a.m.



H. Russell Goff, Chairman

New Mexico ERB Investment Committee

January 16th 2020

Board Member Name	Signature
Mary Lou Cameron	
Russell Goff	
Larry Magid	