

MINUTES OF THE
NEW MEXICO EDUCATIONAL RETIREMENT BOARD

REGULAR MEETING

April 19, 2019

1. a. ROLL CALL: QUORUM PRESENT

A Regular Meeting of the New Mexico Educational Retirement Board was called to order on this date at 9:00 a.m. at the ERB offices at 8500 Menaul Boulevard, Suite A-319, Albuquerque, New Mexico. A quorum was present.

Members Present:

Ms. Mary Lou Cameron, Chairwoman
Mr. H. Russell Goff, Vice Chairman
Mr. Larry Magid, Secretary
The Hon. Tim Eichenberg, New Mexico State Treasurer
Mr. Adan Delgado, Deputy Secretary, PED. [sworn in at meeting]
Dr. Donald W. Duszynski

Members Excused:

None.

Staff Present:

Ms. Jan Goodwin, Executive Director
Mr. Roderick Ventura, Deputy Director
Mr. Bob Jacksha, Chief Investment Officer
Ms. Liz Lorang, Executive Assistant
Ms. Norma Henderson, Chief Financial Officer
Mr. Lawrence Esquibel, Chief Information Officer
Ms. Leilia Nelson, Outreach Coordinator
Ms. Karla Leyba, Bureau Chief, Member Services
Ms. Monica Lujan, Director, Member Services

Others Present:

Mr. Allan Martin, NEPC
Mr. Connor Jorgensen, LFC Analyst
Ms. Judith Beatty, Board Recorder
[See sign-in sheet.]

b. Approval of Agenda

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

c. Approval of Minutes – February 15, 2019

Mr. Eichenberg moved for approval of the February 15 minutes, as submitted. Mr. Goff seconded the motion, which passed unanimously.

d. Introduction of Guests

Chairwoman Cameron welcomed staff and guests.

2. SWEARING IN OF NEW BOARD MEMBER

Deputy Education Secretary Adan Delgado was sworn in.

3. CONSENT AGENDA: BOARD TRAVEL

- a. NCTR 19th Annual Trustee Workshop: July 21-24, Berkeley CA
 - b. NCTR Annual Conference: October 13-15, Nashville TN
 - c. NEA's Retirement Meeting for Trustees and Pension Liaisons: July 2 or July 3, Houston TX
-

Mr. Goff said he would attend the NCTR Conference in Nashville.

Chairwoman Cameron said she would attend the NEA Retirement Meeting for Trustees and Pension Liaisons in July, and might also attend the NCTR events.

Mr. Goff moved for approval of the Consent Agenda. Mr. Magid seconded the motion, which passed unanimously.

4. INVESTMENT REPORTS: BOB JACKSHA, CIO

a. General Investment Consultant Contract

Mr. Jacksha said the General Investment Consultant contract for NEPC is coming due in September of this year. He said the options include doing a search, something he would not recommend. The last time the ERB conducted a search, there was one other respondent and one other inquiry, and he doubted there would be much response this time. In addition, he understands the board is very pleased with NEPC, as is staff. As an option, he suggested the board get a proposal from NEPC and then make a decision on that. The ERB procurement policy states that, if the Board of Trustees or a committee is satisfied with a contractor, it can issue a new contract. In NEPC's case, it would potentially be a four-year contract.

Mr. Goff moved to renew the contract for NEPC. Dr. Duszynski seconded the motion, which passed unanimously.

b. Real Asset Investment Policy Revision

Mr. Jacksha reviewed changes made to the Investment Policy under Real Assets, broadening the definition of Farmland by changing it to Agriculture.

Dr. Duszynski moved for approval. Mr. Magid seconded the motion, which passed unanimously.

c. Investment Committee Report

Mr. Jacksha reviewed actions taken by the Investment Committee at yesterday's meeting.

-- Approved a four-year investment services contract for a non-US developed market small cap manager with Winslow Capital. This will totally replace Fidelity, and the mandate will be about \$125 million.

-- Approved a \$50 million investment in Lone Star Real Estate Fund VI for the Real Estate portfolio.

-- Approved a \$100 commitment to Caledon Andromeda Fund III for the Real Assets portfolio. This is a co-investment fund that Caledon runs for the ERB.

-- Approved a \$100 commitment to OrbiMed Royalty & Credit Opportunities III for the Diversifying Assets portfolio.

-- Approved a \$40 million commitment to Raine Partners, III for the Private Equity portfolio.

-- Reviewed the 4th quarter 2018 infrastructure performance report.

d. Other Investment Reports

Mr. Jacksha reported that preliminary March results show a return of .8 to .9 percent for the month, for an FYTD return of 4 percent.

5. ALTERNATIVE RETIREMENT PLAN: LARRY MAGID, ARP COMMITTEE CHAIR

a. ARP Committee Report

Mr. Magid reported that the committee met yesterday, and discussed the education program that the ERB is embarking on to try to get the members more up to speed on how their assets are allocated. The committee is working with a couple of vendors to try to get money released from some of the older annuity accounts that have long lockup periods.

6. AGE & SERVICE RETIREMENTS: MONICA LUJAN, MEMBER SERVICES DIRECTOR

Ms. Lujan reported that, during the two-month period of February and March 2019, there was one disability retirement under age 60. There were 17 reciprocities, and a total of 205 regular retirements processed, for a total of 223 applications processed during the two-month period.

Mr. Goff moved for approval. Dr. Duszynski seconded the motion, which passed unanimously.

7. DISABILITY RETIREMENTS: KARLA LEYBA, BUREAU CHIEF, MEMBER SERVICES

Ms. Leyba presented an overview of a 12-month list of disability claims processed by MMRO, with a timeline.

Mr. Goff moved for approval. Mr. Magid seconded the motion, which passed unanimously

8. DIRECTOR'S REPORT: JAN GOODWIN, EXECUTIVE DIRECTOR

a. Update on 2019 Retirement Season

[Covered under Item 6 on this agenda.]

b. Refund Rate for FY20

Ms. Goodwin reported that the refund rate for FY20 will be 2.23 percent, which is based on the five-year Treasury Note.

c. NMRHCA Update

Ms. Goodwin stated that the NMRHCA was unsuccessful in its efforts to get legislative approval for an increase in the employee-employer contribution rate.

d. Agency Activities

Ms. Goodwin referred to a report in the board packet detailing agency activities by department for the past two months.

Ms. Goodwin additionally noted that former Deputy Director Rick Scroggins will continue to work with ERB for the months of April and May, as there is a lot of activity in the Director's office for RFPs related to the website and audit services.

Ms. Goodwin said she and Mr. Ventura met with the Office of Indian Affairs. In 2017, when she and Mr. Scroggins were visiting all of the offices across the state, a comment they heard in Gallup was that there are a lot of people who simply get their contributions refunded instead of retiring. She and Mr. Ventura were seeking better methods of communicating with the members to help them make the best decision financially for the long term, and the Office of Indian Affairs was very receptive and eager to work with them.

e. Legislative Update

Ms. Goodwin discussed highlights from the last legislative session.

-- HB 360, to improve the ERB's sustainability, was passed and signed. The ERB wanted to come up with a plan to get to a 30-year funding period; however, the legislature was not willing to increase the employer contribution as much as would be needed to do that. Instead of a 3 percent

employer contribution increase, the ERB got a .25 percent increase. The funding period decreased from 70 years to 46 years, which is good, but not quite where the ERB wants it to be. As a result of that, Moody's issued a report saying that the bill "basically did nothing." Ms. Goodwin subsequently contacted Moody's to point out why they evaluated the bill incorrectly. Yesterday, she got an email saying they would be revising their report. The stakeholder group will continue working together to improve sustainability, and will meet this afternoon.

-- SB 664, which would allow a retirement benefit to go to the surviving spouse or domestic partner of a member who passes away without naming a beneficiary, was passed and signed.

-- SB 157, part of the "rocket docket," was a group of bills from the last couple of years of the Martinez administration that passed both houses with fewer than five dissenting votes but were vetoed by the Governor. SB 157 allows ERB members who have accrued sick leave on retirement to be eligible to purchase up to one year of service credit. This will go into effect in July 2021.


f. Other

None.

10. NEXT MEETING: FRIDAY, JUNE 21, 2018 -- ALBUQUERQUE

11. ADJOURN

Its business completed, the Educational Retirement Board adjourned the meeting at 9:45 a.m.



Mary Lou Cameron, Chairwoman

ATTEST:



Larry Magid, Secretary