

MINUTES OF THE
NEW MEXICO EDUCATIONAL RETIREMENT BOARD
INVESTMENT COMMITTEE
SPECIAL MEETING
May 28, 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 11:05 a.m. in the conference room of the Educational Retirement Board, 1596 Pacheco Street, Santa Fe, New Mexico. A quorum was present.

Members Present:

Ms. Mary Lou Cameron, Vice Chair [by telephone]
Mr. Larry Magid [by telephone]

Members Excused:

Mr. H. Russell Goff, Chair

Staff Present:

Mr. Bob Jacksha, CIO
Mr. Rod Ventura, Deputy Director
Ms. Kay Chippeaux, Deputy Director, Public Markets & Credit
Mr. G. Alan Myers, Public Securities & Debt Portfolio Manager

Others Present:

Ms. Judith Beatty, Recorder [by telephone]

b. **Approval of Agenda**

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

2. EQUITY MANAGER CONTRACT EXTENSION

[Presenter: Alan Myers.]

Mr. Myers reported that, at the April 18 Investment Committee meeting, the committee approved staff's recommendation to hire Winslow Capital Management, LLC to manage a small cap portfolio for the non-US Developed Markets strategy. As was also discussed, the portfolio of the legacy manager, Fidelity, would be allocated to Winslow and to Black Rock, adding to Black Rock's passively managed assets.

Mr. Myers stated that Winslow informed the ERB last week that portfolio manager Steven Larson, who presented at the Investment Committee, was leaving the firm. As he was the main portfolio manager and the architect of this strategy, staff and NEPC have jointly decided to discontinue the contract negotiations with Winslow. Instead, they would like to bring the other manager that he and NEPC visited in April to the Investment Committee in June for approval for a non-US Developed Markets small cap strategy.

Mr. Myers stated that, before that decision can be made and the assets transitioned from Fidelity, the committee is being requested to extend Fidelity's contract, which will expire on June 4, to December 31, 2019, giving enough time to select a new manager and to transition the assets. Staff believes that this falls under Section H of the Investment Services Procurement policy, which speaks to the ability of the Investment Committee to approve the extension of a contract with an existing investment manager for the same mandate and the same terms. This exception is for contractors providing satisfactory service, and staff feels that Fidelity meets this requirement. He said staff's purpose in changing the makeup of the non-US Developed Markets portfolio is to include more small cap exposure with the intent to capture additional alpha.

Ms. Cameron moved that the Investment Committee approve extending the Fidelity investment manager contract to December 31, 2019, subject to and contingent upon New Mexico State Law, Educational Retirement Board policies, negotiation of final terms and conditions and completion of appropriate paperwork. Mr. Magid seconded the motion, which passed unanimously.

ADJOURN

Its business completed, the Investment Committee adjourned the meeting at 11:10 a.m.

Accepted by:



Mary Lou Cameron, Vice Chair