



State of New Mexico
Educational Retirement Board

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DRAFT MINUTES OF THE
NEW MEXICO EDUCATIONAL RETIREMENT BOARD
INVESTMENT COMMITTEE
TELEPHONIC/VIRTUAL MEETING

February 18, 2022

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. via teleconference. A quorum was established following roll call.

Members Present:

Mr. Larry Magid, Chair
Dr. Matías Fontenla
Mr. Russell Goff

Members Excused:

None.

Staff Present:

Mr. Bob Jacksha, CIO
Mr. David Archuleta, Executive Director
Mr. Lawrence Esquibel, Deputy Director
Mr. Rick Scroggins, Assistant Director
Ms. Kay Chippeaux, Deputy CIO, Public Markets & Credit
Mr. Steve Neel, Deputy CIO, Alternative Assets
Ms. Francine Jacquez, Portfolio Manager, Public Securities & Credit

Others Present:

Mr. Allan Martin, NEPC
Ms. Judith S. Beatty, Recorder

b. Approval of Agenda

Mr. Goff moved approval of the agenda, as published. Mr. Magid seconded the motion, which passed unanimously by roll call vote.

c. Approval of Minutes: December 10, 2021

Mr. Goff moved approval of the December 10 minutes, as presented. Mr. Magid seconded the motion, which passed unanimously by roll call vote.

d. Introduction of Guests

Chairman Magid welcomed staff.

2. INVESTMENT POLICY REVISIONS

[Presenters: Francine Jacquez and Steve Neel.]

Mr. Jacksha said staff has proposed revisions to the main Investment Policy, the Investment Policy Statement, and the Private Equity Policy.

Ms. Jacquez discussed the following changes to the Investment Policy Statement:

-- Under the Domestic Equity and Non-U.S. Equity Separately Managed Accounts, as well as Fixed Income Separately Managed Accounts, removed the procedure requiring written investment manager acknowledgement of the accuracy of the master trust bank's statements, where they are reconciled back to the NMERB's performance report. The NMERB's performance results are generated by NEPC.

Mr. Neel discussed the following changes:

-- Under Roles and Responsibilities for the Investment Division, updated hyperlink under Code of Ethics & Standards of Professional Conduct.

-- In January 2022, The Institutional Limited Partners Association (ILPA) discontinued publishing their benchmarks, which comprised fellow institutional investors. In response, staff and NEPC conducted survey of benchmark providers and determined the best benchmark is State Street's private equity index, which is compiled through State Street's custody services and is made up of institutional investors.

Mr. Goff moved to recommend that the board approve these changes. Dr. Fontenla seconded the motion, which passed unanimously by roll call vote.

Mr. Neel reviewed the main changes in the Private Equity policy:

- Added Extension Funds to the section on Investment Alternatives.
- Changed the Private Equity policy benchmark to the Morgan Stanley Capital International All Country World Index (MSCI ACWI), a broad global equity index.
- Expanded the sub-asset class allocations ranges for Venture, Growth, and Special Situations.
- Added the following language under NMERB Staff Roles and Responsibilities: in conjunction with the consultant, identify funds which will be sold consistent with return and allocation goals for the PE portfolio and decide on transactions presented by GPs to sell legacy fund interests to secondary funds.
- Added the following language under PE consultant Roles and Responsibilities: in conjunction with staff, identify funds which will be sold consistent with return and allocation goals for the PE portfolio and decide on transactions presented by GPs to sell legacy fund interests to secondary funds.

Mr. Martin said NEPC reviewed the documents for accuracy and comprehensiveness, and also found them to be consistent with best practice.

Mr. Goff moved to recommend that the board approve the changes to the Private Equity Investment Policy Statement. Mr. Magid seconded the motion, which passed unanimously by roll call vote.

3. Q4 2021 PROXY VOTING REPORT

Mr. Goff moved to accept the Q4 Proxy Voting Report. Mr. Magid seconded the motion, which passed unanimously by roll call vote.

4. DERIVATIVES REPORT Q3 AND Q4 2021

[Discussion deferred to the board meeting to follow this meeting.]

5. Q4 COMMISSION REPORTS

[Informational]

6. OTHER REPORTS AND DISCUSSION

None.

ADJOURN

The meeting adjourned at 8:55 a.m.

Larry Magid, Chairman

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