



MINUTES OF THE
NEW MEXICO EDUCATIONAL RETIREMENT BOARD OF TRUSTEES
INVESTMENT MEETING
February 23, 2024

1. a. ROLL CALL: QUORUM PRESENT

A meeting of the New Mexico Educational Retirement Board Investment Committee was called to order on this date at 8:15 a.m. in the Rio Bravo Room at the Albuquerque Public Schools Headquarters, 6400 Uptown Boulevard, N.E., Albuquerque, New Mexico. A quorum was present.

Members Present:

Mr. Larry Magid, Chair [by phone]
Dr. Matias Fontenla
Mr. Russell Goff, Acting Chair

Members Excused:

None.

Board Members Present:

Mr. Max Baca

Staff Present:

Mr. David Archuleta, Executive Director
Mr. Bob Jacksha, Chief Investment Officer
Mr. Randall Cherry, General Counsel
Mr. Lawrence Esquibel, Deputy Director
Mr. Steve Neel, Deputy CIO, Alternative Assets
Mr. Kevin Swinson, Chief Information Officer
Ms. Ariana Wakefield, Executive Assistant

Others Present:

Mr. Sam Austin, NEPC
Ms. Judith Beatty, Board Recorder

b. Approval of Agenda

Chairman Magid moved approval of the agenda, as published. Dr. Fontenla seconded the motion, which passed unanimously.

c. Approval of Minutes

- **December 8, 2023**

Dr. Fontenla moved approval of the minutes of the December 8, 2023, meeting. Dr. Fontenla seconded the motion and it passed unanimously.

d. Introduction of Guests

None.

2. Q4 2023 Proxy Voting Report

Mr. Jacksha presented this report.

Dr. Fontenla moved to accept the Q4 Proxy Voting Report. Chairman Magid seconded the motion, which passed unanimously.

3. Investment Staff Compensation

Mr. Jacksha stated that there is language in the budget that specifically talks to adjusting investment staff compensation, but that language does not appear in next year's budget. He expressed concern that if this is not addressed during the current fiscal year, it will be more difficult addressing it in the next fiscal year.

Mr. Jacksha referred to an excerpt from the 2023 McLagan study ("2023 McLagan United States — Asset Owners/Institutional Investors — Public Funds"), which is a study of state pension funds across the country. Approximately 40 pension funds participated in the study. While this isn't a complete list of positions, it lists executive director, CIO, and some of the portfolio managers, reflecting the median compensation for these funds. He noted that the NMERB is near the bottom of the pack in several listings.

Mr. Jacksha said the NMERB heard a presentation from Hank Kim at NEPC's conference, who talked about the NCPERS 2023 public pension compensation survey for mid-level and senior-level staff. While the survey does not cover executive director or CIO management, it reflects that the NMERB is on the lower end in those other positions.

Mr. Jacksha asked the Investment Committee to recommend that this topic appear on the April Board of Trustees agenda for discussion.

Chairman Magid commented that the NMERB has been talking about this for four years with no action taken. In the McLagan study, the first quartile salary for a chief investment officer is \$467,000, and Mr. Jacksha's salary is about half of that. It is embarrassing.

Dr. Fontenla commented that this is a problem all over the state and pointed out that UNM faculty are fighting to get their salaries brought up to the lowest quartile. He said he fully supported Mr. Jacksha's request.

Mr. Jacksha said a full survey would cost \$5,500, and would be a good tool for the NMERB to use if the board wanted to take that step.

Dr. Fontenla moved to bring this to the April board meeting for discussion. Chairman Magid seconded the motion, which passed unanimously.

4. Q2 2023 Private Equity Report

Mr. Neel presented highlights from the Q2 report.

- QTR IRR: 1.68% [benchmark: 1.80%]
- YTD IRR: 3.11%
- 1 YR IRR: 3.88% [benchmark: 3.78%]
- 3 YRS IRR: 21.79% [benchmark: 19.68%]
- 5 YRS IRR: 15.33% [benchmark: 14.44%]
- 10 YRS IRR: 15.07% [benchmark: 13.33%]

Mr. Austin stated that the biggest contributor to performance plan-wide over the last three years was private equity, and over five years it was the second-biggest contributor.

5. Q4 2023 Commission Report

[Informational.]

6. Derivatives Report

Mr. Jacksha reported that the NMERB is well within policy guidelines.

7. Other Reports and Discussion

None.

8. Adjourn: 8:55 a.m.

Larry Magid, Chair