



State of New Mexico  
Educational Retirement Board

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MINUTES OF THE  
NEW MEXICO EDUCATIONAL RETIREMENT BOARD OF TRUSTEES  
REGULAR MEETING  
June 28, 2024

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 Albuquerque Public Schools Headquarters, 6400 Uptown Boulevard, N.E., Albuquerque, New Mexico. A quorum was established following roll call.

Members Present:

Mr. H. Russell Goff, Chair  
Ms. Mary Lou Cameron, Vice Chair  
Mr. Larry Magid, Secretary  
Hon. Laura M. Montoya, NM State Treasurer  
Mr. Max Baca  
Dr. Donald W. Duszynski  
Dr. Matías Fontenla  
Mr. Antonio Ortiz

Members Excused:

Mr. Mario Suazo

Staff Present:

Mr. David Archuleta, Executive Director  
Mr. Mark Canavan, Investment Officer, Real Estate & Natural Resources  
Mr. Randall Cherry, General Counsel  
Mr. Lawrence Esquibel, Deputy Director  
Mr. Bob Jacksha, Chief Investment Officer  
Ms. Monica Lujan, Member Services Director  
Mr. Steve Neel, Deputy Chief Investment Officer

Ms. Renada Peery-Galon, ASD Director/CFO  
Mr. Kevin Swinson, Chief Information Officer  
Ms. Jenna Vigil, Benefit Services Bureau Chief  
Mr. Jacob Maule, Deputy General Counsel

**Others Present:**

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

**b. Approval of Agenda**

Dr. Fontenla moved approval of the agenda. Mr. Baca seconded the motion, which passed unanimously.

**c. Approval of Minutes: April 26, 2024**

Mr. Baca moved approval of the April 26 minutes, as presented. Dr. Duszynski seconded the motion, which passed unanimously.

**d. Introduction of Guests**

Chairman Goff presented Dr. Donald Duszynski with a plaque thanking him for his years of service and valuable contribution to the Board of Trustees.

**2. CONSENT AGENDA: BOARD TRAVEL**

Mr. Baca requested approval to attend the International Foundation of Employee Benefits Conference in San Diego from November 10-13.

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

**3. AUDIT COMMITTEE REPORT: MARY LOU CAMERON, CHAIR**

**a. Audit Committee Report – June 21, 2024**

Mr. Archuleta presented this report at Ms. Cameron's request.

Mr. Archuleta reported that the Audit Committee met on Friday, June 21, 2024, with NMERB staff and Moss Adams to review the FY24 audit schedule and workplan for the period ending June 30, 2024. Present were Ms. Cameron, Mr. Ortiz, Ms. Anaya (on behalf of Treasurer Montoya), and Mr. Archuleta. The Audit Committee exit conference will be held virtually on Thursday, November 21 at 9:00 a.m.

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

**4. ALTERNATIVE RETIREMENT PLAN COMMITTEE REPORT: MAX BACA, CHAIR**

**a. ARP Committee Report – June 27, 2024**

Mr. Archuleta stated that the ARP Committee did not have a quorum and two action items were consequently deferred to a special meeting to be scheduled in the next few days.

Mr. Baca apologized and explained that his absence was unavoidable because of a medical emergency that morning involving a family member.

**Treasurer Montoya moved to table the report. The motion passed unanimously.**

**5. EXECUTIVE DIRECTOR'S UPDATE: DAVID ARCHULETA, EXECUTIVE DIRECTOR**

**a. Board Appointments**

Mr. Archuleta announced the following appointments:

-- Russell Goff was re-elected to a four-year term as the NMAER representative to the NMERB. His term will be effective from July 1, 2024, to June 30, 2028.

-- Following Dr. Duszynski's retirement, the American Association of University Professors chapters in New Mexico have selected Dr. Reilly White to serve as their representative on the NMERB Board of Trustees from July 1, 2024, to June 30, 2028. Dr. White is an instructor at UNM Anderson School of Management.

**b. Agency Activities**

Mr. Archuleta presented highlights from the NMERB Departmental Activity Report.

**c. Retiree Health Care Authority**

Mr. Archuleta presented highlights from the NMRHCA June 2024 update report. He said the NMRHCA board has already adopted a legislative proposal for the upcoming session to again seek constitutional protection for the benefits it provides to the membership.

**d. Other**

None.

**6. 2025 LEGISLATIVE PROPOSAL REVIEW: RANDALL CHERRY, GENERAL COUNSEL**

Mr. Cherry stated that all of the language changes are conceptual and will go to the Legislative Council Service for final review.

**a. Restrictions on receipt of gifts: 22-11.5.1**

Mr. Cherry explained that that this change clarifies that there is no dollar limit on food or beverage, and that the \$50 refers to a gift.

**b. Educational retirement fund; suspense fund: 22-11-11**

Mr. Cherry stated that he understands that the unclaimed money consists of funds in the millions of dollars, where people have passed away and there have been no claims on the money, and the records no longer exist because they are so old. It would be a constitutional violation to move the monies into the general fund.

Treasurer Montoya said there is also unclaimed property involving people who are living, and technically and legally it belongs to the property owner.

Mr. Archuleta stated that there is an ongoing effort to reach out to those people. Two staff people are dedicated to reaching out to the 50,000 accounts the NMERB has to make sure they know they have money sitting in these accounts.

Treasurer Montoya recommended changing “unclaimed money” to “unclaimed property.”

**c. Retirement benefits; minimum contributory employment: 22-11-24**

Mr. Cherry said the NMERB has had the issue come up where people would terminate their job before completing five full years, or sixty months. The only exception is for people (teachers) who are on the 12-month contracts, and this clarifies that those people have to work the last day of the time period that they are able to work are given credit for the last three months, which is consistent with policy.

Responding to Dr. Fontenla, Ms. Lujan explained that people who work 16 days in a quarter receive credit for the quarter. If someone were to work four years and three quarters, and 16 days in the following quarter, however, they would have five years of service credit, but would not yet be vested because they have to work for the full five years.

Mr. Baca asked how the language addresses someone who works nine months on a 12-month contract with deferred compensation for the final three months. He expressed concern that the Legislative Council Service, in reviewing the draft, will not necessarily know about deferred comp in higher education. He said getting some additional expertise on how the different contracts are written would be advisable.

**d. Cost-of-living adjustment; eligibility; based on funded ratio; additional contributions: 22-11-31**

Mr. Cherry said this clarifies a practice that is already being followed. A member who is on a disability status who is receiving a COLA and turns sixty will continue to receive the COLA without interruption.

**e. Allowed service credit: 22-11-34**

Mr. Cherry said this removes “lump sum” and changes 60 days to 90 days.

**f. Disclosure of member or retired member information; penalty: 22-11-55**

Mr. Cherry said the NMERB shares reciprocity and some records with PERA but cannot provide certain detailed information with it (such as ACH account numbers) because statute limits the NMERB to Attorney General agencies, which doesn’t include PERA. NMERB has been trying to figure out a way to share the information and has drafted language that includes PERA “for the purpose of administering the Public Employees Retirement Reciprocity Act.” This is the statute that allows the NMERB to coordinate and work with PERA.

Treasurer Montoya said she understood the intent but expressed concern about unintended consequences and potential liability. She expressed concern about possible breaches.

Mr. Swinson said NMERB and PERA do transfer data files securely back and forth, but this is something slightly different, which is the ability to share information that is not related to transactions through the pension administration system.

Mr. Cherry said he understands that the detailed information that the NMERB wants to share and currently cannot includes bank account numbers and addresses.

Mr. Archuleta commented that addresses are a major issue. PERA and NMERB agree that this information needs to be shared.

Treasurer Montoya suggested that paragraph A be amended to add “addresses” after “dates of employment.”

Ms. Lujan responded that the problem is that there are times when NMERB members don’t provide their addresses, which means the NMERB can’t send them documents such as paper warrants through the mail.

Mr. Baca asked if there are any other changes that the NMERB should be considering as part of this review based on feedback from the various organizations it deals with. For instance, are there any difficulties with people not receiving benefits, or is there certain language that is creating an unnecessarily bureaucratic process for people in receiving their benefits.

Addressing the teacher shortage and return to work, Mr. Baca said he noticed that the 12-month layout period has expired and all that is left is the \$15,000/.25 FTE and the 36 month rule. He said a lot of teachers are going to reach the 36 months this year, and wondered if that should be looked into and brought back to the board for a recommendation.

Addressing how systems can talk to each other in a secure way in order to improve efficiencies and receive benefits, Mr. Baca suggested adding language that states in effect that the NMERB wants to provide benefits in the most efficient and least bureaucratic way. He said AI and advanced technology, which is right around the corner, allows for this much faster and more efficiently than before.

Mr. Archuleta commented that pensions in their fiduciary role generally oppose return to work programs, and the 36-month program wasn't something the NMERB pushed for. It recognizes that there is a teacher shortage, and it provides information, but its goal is to try to get teachers to work longer and earn additional service credits over a longer period of time. He would anticipate there will be a proposal in the upcoming session to extend or increase either the 36 months to something longer or eliminate it altogether.

**7. RETIREMENTS: MONICA LUJAN, MEMBER SERVICES DIRECTOR**

**a. Disability Retirements**

Ms. Lujan reported that there were four disability cases closed during the April-May period, for a total of 14 cases reviewed and processed during the calendar year.

**b. Age and Service**

Ms. Lujan reported that, for the April-May period, there were 4 disability benefits applications processed; 24 reciprocity applications processed; and 578 normal retirements, for a total of 606 applications for the bimonthly period. The average retirement age was 62.5 years.

**c. July Retirement Season Update**

Ms. Lujan presented a snapshot of retirements through June 17, 2024.

**Mr. Baca moved for approval of these reports. Dr. Duszynski seconded the motion, which passed unanimously.**

**8. INVESTMENT REPORTS: BOB JACKSHA, CIO**

**a. Custody Bank RFP (A)**

[Presenters: Bob Jacksha and Alan Myers with NEPC advisor Kristina Tomasik]

Mr. Myers reviewed highlights from the RFP and the sequence of events. The RFP will be issued on September 3, with proposals due by October 31 and board approval scheduled on December 13. The final contract would be put in place on February 28, 2025, with the transition period scheduled between June 30 and July 1, 2025.

Responding to Mr. Baca, Mr. Myers said the evaluation matrix is the same one used in 2014. Mr. Baca suggested tweaking it to make it more current. He noted that more than 80-90% relates to services provided and only 10% to the fee proposal.

Mr. Jacksha commented that NMERB really needs the best services and resources it can find, even if the fee is slightly higher.

Responding to Treasurer Montoya, Mr. Myers said each member of the Evaluation Committee was given an opportunity to review the 2014 RFP and make recommendations for any changes to staff. Most of the changes were incorporated, and the committee approved the final version. Mr. Archuleta added that the committee incorporated a lot of what was in the PERA RFP, as well.

Treasurer Montoya recommended changing the second paragraph on page 3 to reflect an initial four-year term with the option for a one-year renewal.

Treasurer Montoya questioned whether ten days was enough time for custody banks to submit any questions to the NMERB (page 4). Mr. Jacksha responded that staff developed this timeline to try to fit within the extension the board granted at the last meeting.

Treasurer Montoya noted that the Evaluation Committee schedule takes place during the holiday season. Mr. Jacksha said all of the committee members agreed to this schedule.

Treasurer Montoya suggested that the section on questions and inquiries be changed to reflect 5:00 p.m. Mountain Time rather than 4:00 p.m. Eastern Time (page 4).

Treasurer Montoya said SFTP (page 5) should be spelled out. She suggested that documents be submitted in pdf format.

Referring to the evaluation matrix, Treasurer Montoya said the offeror's proposal should be raised from 10% to at least 15-20%.

Mr. Myers responded that the fee proposal is set at 10% because custody banks are not going to undercut each other. He said they are like gas stations, with very little variation on prices. He said all the banks should have similar services as well. Treasurer Montoya asked why the offeror's services being provided (#2) were different from the offeror's resources, systems and technology (#4).

Ms. Tomasik agreed with the comment on the services being somewhat aligned across the providers, while at the same time the underlying makeup of those services (resources, systems,



technology) are going to differ, so she would allocate the higher percentage to the first two items as noted. While she is comfortable with the fee proposal being higher, she cautioned that the lowest fee proposal doesn't always equate to the statement of work or mean they can service the plan.

Ms. Tomasik commented that the Q&A turnaround time is quick but realistic for custody banks. She added that the overall due date turnaround is also standard for the custody bank market.

Treasurer Montoya agreed that price shouldn't be the number one factor, but the NMERB needs to show all of the custody banks that it does somewhat matter.

Treasurer Montoya recommended that the "offeror's services provided" be broken down into smaller percentages given that it is assigned 25%, which is more than the 20% assigned for the offeror's resources, systems and technology.

Treasurer Montoya asked what services were added to the scope of work in the newer version of the RFP. Mr. Jacksha responded none, other than KPIs (key performance indicators).

Referring to Section 2.1 on page 12, Treasurer Montoya suggested that the requirement that the offeror have at least \$4 billion in unimpaired capital could be too low. Ms. Tomasik agreed that this should be increased to \$10 billion.

Treasurer Montoya pointed out that the NMERB fund is now at \$17 billion, and that the coverage amounts in Section 2.2, 2.10 and 2.11 might also need to be increased. Ms. Tomasik responded that the \$10 billion in 2.10 was fine, but the values can be increased in 2.11. She said NEPC would take another look at 2.11 and adjust as needed.

Addressing Section 3.2 (Relationship Management Overview) Treasurer Montoya suggested that the scope of work require notification when there are changes in key personnel, changes in contact information, etc.

Mr. Myers said the NMERB reserves the right to change the custody bank service team it is working with. The custody bank has to notify the NMERB within two weeks of any changes, but the NMERB is usually notified within a couple of days.

Treasurer Montoya said the contract should specify what the NMERB wants in a relationship manager, and if anyone leaves from the top, the NMERB is informed. If the relationship manager is away, the custody bank should notify the NMERB and specify who would replace the relationship manager.

On Treasurer Montoya's recommendation that there be an initial four year term followed by a one-year renewal, Mr. Myers said the procurement policy states that the custody bank contract "will" (not "may") have an initial four-year term followed by two-year extensions indefinitely, because of the lengthy process and extra effort it takes to transfer assets from one bank to another. Mr. Jacksha said staff will look into this, although it may not have a choice.



Treasurer Montoya stated that she wasn't suggesting that the policy be changed, only that there be a process allowing for a one-year review. Mr. Jacksha said there are some provisions in the sample contract calling for regular meetings to review issues. Mr. Myers said there are biweekly calls, with agendas, to address issues to be dealt with. Treasurer Montoya commented that this was great, but she wanted this on paper so that the next group of people to come along will be made aware of what protections the NMERB already has in place.

Mr. Baca asked who created the KPIs and whether there is language in the sample contract addressing breaches and timelines on curing any breach. Mr. Myers responded that the NMERB developed KPIs working with State Street in about 2015. He has reviewed and made changes, and Ms. Tomasik has also reviewed them. In some cases, there is a monetary penalty if they don't meet certain criteria. In other cases, if there is a breach, they have to develop a plan to rectify the situation within a certain period. This is in the sample contract. He said the NMERB implemented KPIs in the past with State Street, and at some point, they stopped recognizing them. He stated that the NMERB needs to get to the point where the custody bank understands that this is mandatory and there are penalties associated with the breaches and a process for fixing the problem. He commented that enforcement is a big issue.

Treasurer Montoya suggested adding the relationship person to Section 3.2 along with other expectations the NMERB wants, such as the biweekly teleconference to discuss accounting and reporting issues. She suggested reporting be included in the evaluation matrix under services. She suggested that the 25% be broken down into five different items of 5% each.

The board agreed to hold a special meeting to approve the final draft.

**Treasurer Montoya moved to table. The motion passed unanimously.**

**b. Q1 Investment Report**

NEPC advisor Sam Austin presented the quarterly report.

In discussing the Total Fund Asset Allocation vs. Policy (Page 238), Treasurer Montoya questioned why the policy ranges were so broad, with some of them much higher than their policy target. She said it would be reasonable to increase the private equity policy target to 20%, which is more in line with the other pension funds and the permanent fund.

Mr. Jacksha noted that another asset allocation study is scheduled for the next calendar year, when the ranges and policy targets could be examined.

Treasurer Montoya made suggestions for color changes in the chart on page 238, such as changing the red to another color to avoid signifying alarm. She also suggested that the color ranges in the Asset Allocation History (page 240) be more consistent with the color ranges in the charge on page 238 to avoid confusion.

Treasurer Montoya asked what percentage of the portfolio is domestic versus international. Mr. Jacksha responded that there is a small amount in real estate and infrastructure and certain private equity, with 9.5% in non-US Equity with a small piece in opportunistic credit. Overall, it does not exceed 15%. Treasurer Montoya asked that these percentages be included in a future presentation.

Mr. Jacksha said there is a broad general policy with individual policies for private equity, infrastructure and real estate, and those have limits. Treasurer Montoya said it would be helpful to have this information in an RFP, so people can see what percentage of the portfolio is in domestic versus international.

Treasurer Montoya asked that future presentations include the percentage of DEI in fund managers.

**c. Staff Selection Committee Report**

Mr. Neel reviewed actions taken by the Staff Selection Committee at its May meeting.

**d. Other Investment Reports**

Bob reviewed items addressed by the Investment Committee in today's meeting.

[10-minute break.]

**9. STAFF SALARY PLAN STUDY/RECOMMENDATION AD-HOC COMMITTEE:**  
**RUSSELL GOFF**

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Chairman Goff stated that Mr. Archuleta is prepared to commission a compensation study with REDW and send the recommendations to an ad hoc committee to review, consider and recommend to the full board. The study will review all employees, and not just investment staff.

Responding to Treasurer Montoya, Mr. Archuleta said the NMERB is in partnership with REDW to do its internal audits, and the cost of the study will be about \$30,000. The study is scheduled to start at the beginning of the fiscal year and will take two to three months.

Mr. Baca suggested that the contract include recommended changes to the NMERB as the market changes over the next five years.

Treasurer Montoya moved that the following board members serve on the ad hoc committee: Max Baca, Larry Magid, Matias Fontenla, and Russell Goff. Mr. Baca seconded the motion, which passed unanimously.

**10. BOARD SELF-EVALUATION PROCESS: RUSSELL GOFF**

- a. Board
- b. Executive Director

Chairman Goff referred to a board evaluation survey and asked board members to complete the self-evaluation form and return it to him.

Chairman Goff said he will be starting the process to evaluate the Executive Director and will meet with Vice Chair Cameron and Secretary Magid to develop two surveys, one general and the other on specific goals. He said he would like these to be sent out in early August.

**11. EXECUTIVE SESSION: 12:30 p.m.**

- a. Pending litigation in which the Board is a participant (session closed per § 10-15-1(H)(7). Update regarding Katherine Chippeaux, Robert Jacksha, Duncan Manning, Nathan Sax, and Pete Werner v. The State of New Mexico, Educational Retirement Board and Department of Finance and Administration; Case No. D-101-CV-2023-01297 (1<sup>st</sup> Judicial District Court, Santa Fe); Randall J. Cherry, General Counsel to the Board.

Chairman Goff moved to enter executive session for the following purpose: Discussion of pending litigation in which the NMERB is a participant, session closed per § 10-15-1(H)(7) of the Open Meetings Act, specifically Katherine Chippeaux, Robert Jacksha, et al, v. NMERB et al, Case No. D-101-CV-2023-01297.

Mr. Baca seconded the motion, which passed unanimously by roll call vote.

[The board was in executive session from 12:35 p.m. to 12:45 p.m.]

Chairman Goff moved that the board come out of executive session. The only matter discussed during executive session was pending litigation in which the NMERB is a participant, specifically Katherine Chippeaux, Robert Jacksha, et al, v. NMERB et al, Case No. D-101-CV-2023-01297.

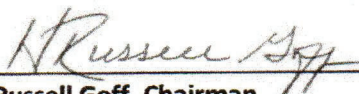
Treasurer Montoya seconded the motion, which passed unanimously by roll call vote.

**12. ACTION FROM EXECUTIVE SESSION**

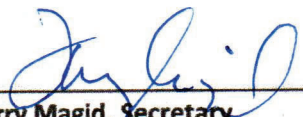
None.

**13. NEXT MEETING: FRIDAY, AUGUST 23, 2024 – ALBUQUERQUE**

**14. ADJOURN: 12:50 p.m.**

  
\_\_\_\_\_  
Russell Goff, Chairman

ATTEST:

  
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Larry Magid, Secretary