

MINUTES OF THE
ALTERNATIVE RETIREMENT PLAN COMMITTEE
SPECIAL MEETING/WEBINAR

July 7, 2024

I. PROCEDURAL ITEMS

a. Roll Call/Ascertain Quorum

A special meeting of the Alternative Retirement Plan (ARP) Committee was called to order at 9:00 a.m. A quorum was present.

Members Present:

Mr. Max Baca, Chair
Dr. Matias Fontenla

Staff Present:

Mr. David Archuleta, Executive Director
Mr. Lawrence Esquibel, Deputy Director
Mr. Randall Cherry, General Counsel

Others Present:

Mr. Jared Hardin, Financial Advisor, CAPTRUST
Ms. Judith Beatty, Recorder

b. APPROVAL OF AGENDA

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

2. REVIEW AND APPROVAL OF MINUTES: December 7, 2023; June 27, 2024

Dr. Fontenla moved approval of the December 7, 2023, minutes. Chairman Baca seconded the motion, which passed unanimously.

Chairman Baca moved to table the June 27, 2024, minutes. Dr. Fontenla seconded the motion, which passed unanimously.

3. DEFINED CONTRIBUTION QUARTERLY REVIEW: MARCH 31, 2024
JARED HARDIN, FINANCIAL ADVISOR, CAPTRUST

- **Fund Lineup Recommendations**

Mr. Hardin stated that Oakmark International Institutional Fund fills out the foreign large value asset class on the investment side for TIAA and Fidelity and is a concentrated strategy with 65-66 different investments. It holds the strategy for a long period of time, so investors have to wait for a long period of time before seeing any reward. The fund has significantly underperformed and is more volatile than what CAPTRUST would like to see for a participant-directed retirement plan. CAPTRUST feels that the biggest payoff is with a more growth-oriented focus in the foreign international equity space.

Mr. Hardin said CAPTRUST is recommending removing Oakmark International and taking the assets from that fund and mapping it to the passively managed Foreign Large Growth space, i.e., the index version, in both the TIAA and Fidelity programs. The participants who invested in Oakmark chose to have more of an international exposure, so CAPTRUST wants to honor as much as possible the election they made and move them into the International Index Fund. There is under \$3 million in this fund between TIAA and Fidelity. Of the three options possible, CAPTRUST is recommending MFS International Growth Fund R6 as the investment option because it is the best performing over the 3-, 5- and 10-year period and is not as concentrated. In addition, the portfolio already has the DFA Emerging Markets Fund, and this complements that rather than overlaps it with a heavier weight toward developed markets.

Chairman Baca moved that the committee approve CAPTRUST's recommendation for the investment watchlist, as follows:

- **Remove Oakmark International Fund as an investment option, mapping all assets and future contributions to TIAA-CREF International Equity Index Institutional, and**
- **Add Foreign Large Growth as an available asset class utilizing MFS International Growth Fund R6 as the investment option. No current assets or future allocations will be mapped to the fund.**

Dr. Fontenla seconded the motion, which passed unanimously.

4. PROFESSIONAL SERVICES CONTRACT FY25 – CAP FINANCIAL PARTNERS, LLC
D/B/A CAPTRUST FINANCIAL ADVISORS: RANDALL CHERRY, GENERAL COUNSEL

Chairman Baca commented that he was not comfortable reviewing contracts right before they are scheduled to expire and asked staff to look into policies and procedures to see if it would be possible to extend the period to 18 months, giving sufficient time for review.

Dr. Fontenla said he had the same concern. This has happened a few times at a general meeting of the NMERB Board of Trustees, where the board is looking at a contract less than a month before they are scheduled to vote on it. He said some board members are not as knowledgeable in terms of comparables and looking at other options and would like a little bit more information so they can feel confident in voting. For example, he did not know if the \$60,000 fee being charged by CAPTRUST was reasonable.

Mr. Archuleta responded that he would agree and the NMERB would modify its practices going forward.

Mr. Cherry reviewed the memorandum recommending approval of an amendment to the Retirement Plan Advisory Services Agreement effective July 1, 2024, with CAPTRUST for fiscal year 25 (7/1/24 – 6/30/25) with compensation at \$60,000 per year.

Mr. Archuleta commented that Mr. Hardin and CAPTRUST always make very informative presentations and thoroughly review the investments. He said he feels the committee can feel confident knowing that these investments are being properly monitored, with logical and sound advice to the committee regarding removing or replacing any investments.

Mr. Cherry concurred. He works closely with Mr. Hardin between meetings, and he is always responsive and incredibly knowledgeable in all of the areas where staff needs information.

Dr. Fontenla moved approval of extending the Retirement Plan Advisory Services Agreement with CapFinancial Partners LLC, d/b/a CAPTRUST Financial Advisors, for a term of one year beginning July 1, 2024. Chairman Baca seconded the motion, which passed unanimously.

5. OTHER BUSINESS: SCHEDULE WINTER 2024 ARP COMMITTEE MEETING

Chairman Baca noted that the committee meetings traditionally take place every December and June; however, if it isn't possible to extend the contract to 18 months to allow more time to review any renewal request, perhaps the committee could change the meeting dates to allow for that.

Mr. Archuleta responded that the committee could opt to meet more than twice a year, but if it is the will of the committee, they could initiate the quote process, since this is a small purchase contract, and an RFP therefore isn't necessary.

Chairman Baca suggested amending the contract to 18 months, which would put it into a new renewal cycle.

Next meeting was scheduled on Thursday, December 12 at 9:00 a.m.

6. **ADJOURNMENT:** 9:35 a.m.

Accepted by:



Max Baca, Chair