



NEW MEXICO
EDUCATIONAL RETIREMENT BOARD

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MINUTES OF THE
NEW MEXICO EDUCATIONAL RETIREMENT BOARD OF TRUSTEES

REGULAR MEETING

April 25, 2025

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 [virtual]
Mr. Max Baca, Secretary
Hon. Laura M. Montoya, New Mexico State Treasurer [virtual]
and Designee, Christine Anaya [virtual]
Dr. Matías Fontenla
Mr. Antonio Ortiz [virtual]
Ms. Renee Ward
Dr. Reilly White

Members Excused:

Secretary Stephanie Rodriguez

Staff Present:

Mr. David Archuleta, Executive Director
Mr. Lawrence Esquibel, Deputy Director
Mr. Bob Jacksha, Chief Investment Officer
Mr. Jacob Maule, General Counsel
Mr. Steve Neel, Deputy CIO, Alternative Assets
Mr. Ian Padilla-Salazar, Executive & HR Assistant

Ms. Renada Peery-Galon, ASD Director/CFO
Mr. Kevin Swinson, Chief Information Officer
Mr. Raul Duran, Benefit Services Bureau Chief

Others Present:

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

b. Approval of Agenda

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

c. Approval of Regular Meeting Minutes: February 28, 2025

Ms. Cameron moved for approval of the February 28, 2025, minutes. Mr. Baca seconded the motion, which passed unanimously.

d. Approval of Special Meeting Minutes: January 9, 2025

Mr. Baca moved for approval of the January 9, 2025, meeting minutes. Dr. Fontenla seconded the motion, which passed unanimously.

2. PUBLIC FORUM AND INTRODUCTIONS

Attendees introduced themselves.

3. CONSENT AGENDA: BOARD TRAVEL

No requests.

4. STAFF RETIREMENT: RUSSELL GOFF, CHAIR

a. Lawrence Esquibel

Chairman Goff and the board celebrated the retirement of Lawrence Esquibel, who joined NMERB more than a decade ago as Chief Information Officer prior to being promoted to Deputy Director in 2021.

b. Robert Shulman

Chairman Goff and the board celebrated the retirement of Legal Counsel Robert Shulman, whose 26 years of guidance, unwavering professionalism, and vast legal knowledge have been invaluable to the NMERB.

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

a. Agency Activities

Mr. Archuleta presented highlights from his report.

b. Retiree Health Care Authority

Mr. Archuleta reported that the joint memorial that would have provided NMRHCA the same constitutional protections over their program as PERA's and NMERB's failed to gain traction and was not passed by the Senate.

c. Other

None.

6. STAFF COMPENSATION STUDY: DAVID ARCHULETA, EXECUTIVE DIRECTOR

Mr. Archuleta reviewed the highlights of the work done by REDW. Later, he will schedule a meeting with the ad hoc committee to come forward with specific recommendations that will identify those people who are determined to be a priority and what can be done to address that, as well as measure the fiscal impact associated with that.

Mr. Archuleta commented that several changes are going to happen in the coming fiscal year. SPO recently conducted a study of all the pay bands across state government and they will be consolidating a few positions to a limited number but with a wider range of pay for each position. The impact on NMERB members is not yet known, but NMERB paid for this compensation study to determine what REDW believes to be the market value associated with every position from general maintenance staff to the Chief Investment Officer. In addition to this, the legislature authorized a 4 percent pay increase that will be calculated into the total. Another big change is the bill passed by the legislature that allowed for an increase in contributions for healthcare benefits for all employees. Beginning July 1, everyone is going to have 80 percent of their benefits picked up, regardless of single coverage or family coverage. The estimated cost is just under \$300,000 for that change, which will impact the NMERB budget.

Mr. Archuleta noted that REDW's report states that NMERB, on average, pays its non-exempt, exempt and executive employees below the midpoint (market rate, or 100 percent) of their salary range. Page 45 of the report recommends that NMERB provide an organizational assessment, succession planning and governance in its strategic plan. NMERB is coming to the end of the three-year strategic plan implemented in 2022, and the next version will include a succession plan.

Mr. Archuleta said REDW also recommends the development and enhancement of employee performance evaluation processes. He said NMERB is required to do an interim and closing evaluation of employee performance every year. He feels the current process has been working well. Recently, NMERB also performed a performance evaluation of executive exempt employees so there would be some justification when NMERB comes forward with proposed salaries for this group.

Mr. Archuleta said another recommendation is to assess and evaluation current HR functions. Currently, NMERB's HR manager is part of the decision-making process when a recommendation is made for salary adjustments. For the most part, NMERB tries to make a competitive offer when someone comes into the organization, but that isn't possible when it bumps up against people who has

been with NMERB for a number of years, or when their salary would exceed that of people working in comparable positions.

Mr. Archuleta said REDW also recommends development of employee handbooks and related policies and procedures. Two years ago, NMERB totally revamped the employee handbook and went through every policy it had. In addition, staff regularly evaluates the handbook to ensure that it is kept current.

Mr. Archuleta said the final recommendation is to implement an employee hotline. He recognized the fact that, although NMERB maintains an open-door policy and welcomed criticism or suggestions about how NMERB can improve things, people can be reluctant to share their concerns. While this is something NMERB will take into consideration, he does not have any immediate plans to establish a hotline for employees to call in and complain.

Dr. Fontenla noted that SIC recently approved some bands for their salaries, which look much higher than those recommended by REDW. He expressed concern that if NMERB could lose personnel if it isn't aligned with SIC's pay bands.

Mr. Archuleta agreed that there are differences between the two recommendations, but overall, he feels the range is comparable, but it will come down to a matter of employee evaluation. He said he didn't know how the board wanted to approach this, for instance, setting a minimum for all investment staff, or if that applies to all staff, but he did not think the board should be involved in making individual salary recommendations.

Treasurer Montoya spoke to the differences between the NMERB and SIC. SIC did approve pay bands recommended by the consultants it worked with, which provided ranges, but it is the director who made the salary decisions.

**7. FY26 OPERATING BUDGET: RENADA PEERY-GALON, ASD DIRECTOR/CHIEF
FINANCIAL OFFICER; MEGAN MANNILA, BUDGET AND FINANCIAL
SERVICES MANAGER**

a. FY26 Operating Budget Adoption

Ms. Peery-Galon noted that the only changes to the FY26 operating budget since the board's approval on August 23, 2024, are the compensation and the health benefits that were added.

Ms. Mannila presented highlights from the FY26 operating budget.

Ms. Peery-Galon requested adoption of the fiscal year 2026 operating budget to include a 4 percent pay increase for all employees subject to the State Personnel Act and executive exempt employees, including the executive director.

Treasurer Montoya questioned why board would be approving a 4 percent pay increase for the Executive Director in advance of his evaluation this August.

Mr. Archuleta responded that, last year, everyone in the organization was approved for an increase, including him. At the conclusion of his evaluation, the board authorized an additional 2 percent.

Chairman Goff confirmed that the board has the option of approving an additional percentage for the Executive Director following the August evaluation.

Mr. Baca moved to approve the FY26 operating budget as presented by staff with the salary increases as noted. Dr. Fontenla seconded the motion, which passed unanimously.

b. FY26 Organizational Chart

Ms. Peery-Galon requested approval of the fiscal year 2026 agency organization chart for the NMERB, as required by §2.82.1.13 of the New Mexico Administrative Code.

Mr. Baca moved for approval of the FY26 agency organization chart.

8. SALE OF REAL PROPERTY: JACOB MAULE, GENERAL COUNSEL

Mr. Maule reported that the new building is almost complete. Today, approval is being requested of the sale of NMERB's current office building, located at 701 Camino de Los Marquez, to the General Services Department at the appraised value. The appraisal amount is \$2,325,000.00.

Mr. Maule said NMERB outgrew its current office building 15 years ago. Efforts began around 2010 to secure funding to renovate and construct a new location. NMERB was able to secure the full funding from the legislature in 2023. That year, the legislature approved purchase of the NMERB's current building by GSD.

Mr. Maule said there are a few details that are being worked out to secure water from the City of Santa Fe; however, the building is completed and NMERB is in the process of readying it for the transition of staff and operations.

Responding to Mr. Baca, Mr. Maule said the appropriation for GSD expires at the end of June, so the sale needs to take place by then, even though NMERB won't be leaving the building until it is ready to occupy the new building. NMERB is not in jeopardy of being kicked out of the current building.

Mr. Baca moved that the Board of Trustees from the New Mexico Educational Retirement Board authorize the sale of NMERB's current office building located at 701 Camino de Los Marquez to the General Services Department at the appraised value. Dr. Fontenla seconded the motion, which passed unanimously.

**9. PENSION ADMINISTRATION SYSTEM MODERNIZATION PROJECT UPDATE:
KEVIN SWINSON, IT DIRECTOR**

Mr. Swinson made this presentation.

**10. DISPOSAL OF INFORMATION TECHNOLOGY EQUIPMENT AND FURNITURE:
KEVIN SWINSON, IT DIRECTOR; MEGAN MANNILA, BUDGET AND FINANCIAL
SERVICES MANAGER**

Mr. Swinson referred to the IT Disposal List and noted that the new building includes all new infrastructure and hardware, which frees up all the existing infrastructure hardware supporting all of

the NMERB's other buildings. Most of the assets being disposed of are old monitors as well as legacy infrastructure.

Ms. Mannila said the Furniture and Fixture Disposal List includes items that will no longer be usable after NMERB moves into the new building.

Ms. Mannila stated that NMERB notifies the Office of the State Auditor of the official finding to dispose of the property, and then it is required to wait 30 days before offering the items to GSD. Her usual process is to wait for the approved minutes at the next board meeting; however, because of the time crunch of getting out of the current building, she will be asking three board members to sign off on a memorandum that can be sent along with the disposal list to the Office of the State Auditor.

Ms. Mannila asked for authorization to dispose of the items on the IT Disposal List and Furniture and Fixture Disposal List.

Treasurer Montoya requested that NMERB also approach the nonprofits in the state to see if they want any items that GSD doesn't want.

Ms. Mannila responded that, after they go through the GSD disposal, they usually reach out to the public schools or other agencies.

Mr. Baca noted that there were several switches on the IT list and asked why they were being disposed of when they are actively used. Mr. Swinson responded that they are moving from Cisco products to Fortinet products and Meraki products. Mr. Baca commented that Highlands is a big Cisco shop, and suggested NMERB offer them the switches. Mr. Swinson responded that, once the board approves the list, it is first offered to state agencies and then nonprofits.

Mr. Baca moved for approval of the lists as presented, subject to any cooperation from nonprofit schools and public schools. Dr. Fontenla seconded the motion, which passed unanimously.

11. RETIREMENTS: RAUL DURAN, MEMBER SERVICES DIRECTOR

a. Disability Retirements

Mr. Duran reported that, for the February-March bimonthly period, there were five new disability claims, for a total of 22 for the calendar year.

b. Services

Mr. Duran reported that there was one disability retirement, 26 reciprocity retirements, and 329 normal retirements, for a total of 356 retirements.

Dr. Fontenla moved to approve the retirement reports. Mr. Baca seconded the motion, which passed unanimously.

12. INVESTMENT REPORTS: BOB JACKSHA, CHIEF INVESTMENT OFFICER

a. Staff International Travel

Mr. Neel referred to his memorandum addressed to the board, which requested approval for international travel to London and Stockholm in June 2025. The London trip is for on-site due diligence for an upcoming \$40 million commitment to the Private Equity portfolio. The Stockholm trip is to attend EQT's annual meeting and Limited Partner Advisory Committee. NMERB has \$80 million committed to the EQT Infrastructure platform.

Mr. Neel stated that there was a change in policy at the Department of Finance & Administration, which requires governing board approval for any international travel. NMERB has an internal travel policy, as well, which was changed to align with the DFA policy. He added that this doesn't represent any change in NMERB practices, as it does due diligence and portfolio monitoring internationally.

Mr. Jacksha said the London trip is to meet with the manager and interview staff and determine if NMERB wants to reinvest. Mr. Neel stated that NMERB has an existing relationship with the company, which has come out with a new fund of interest to NMERB.

Responding to Mr. Baca, Mr. Neel said staff has gone to this before. Two staff members would be traveling. No date has been set, but the estimated cost is \$5,000 per traveler; however, this could change depending on the cost of hotel rooms.

Mr. Jacksha said the Stockholm trip is for ongoing monitoring. NMERB also sits on the advisory council, which votes on certain items for the fund.

Mr. Baca questioned whether two hours of meetings warrants the cost to the fund and time involved.

Mr. Neel responded that NMERB staff wants to apply the same amount of rigor and due diligence to all of its investments regardless of geography. He said the meeting in London will take 3 to 3-1/2 hours, but they also plan to visit other relationships NMERB has in the London area.

Treasurer Montoya questioned why staff would be traveling overseas to meet with a partner NMERB already has a relationship with.

Mr. Neel responded that NMERB refreshes its underwriting for each fund, and it wants to employ the same amount of rigor for an existing relationship as it does for a recommitment to an existing relationship. People change and strategies change, and NMERB wants to be consistent in its underwriting.

Dr. Fontenla moved the Educational Retirement Board authorize international travel to London, England for due diligence and Stockholm, Sweden to attend EQT's annual meeting and Limited Partner Advisory Committee. Mr. Baca seconded the motion, which passed unanimously.

b. Staff Selection Committee Report

Mr. Jacksha and Mr. Neel reported on the March and April SSC meetings.

Treasurer Montoya commented on the constantly shifting market as it reacts to chaos from leadership in Washington. While on one hand it is great that NMERB can make money through opportunistic investments, on the other hand those may not align with the needs and interests of the pensioners.

Treasurer Montoya requested that staff have a shock analysis done for the next meeting.

c. Investment Committee Report

Mr. Jacksha reviewed action taken at this morning's Investment Committee meeting.

d. Other Investment Reports

On the custody bank contract, Mr. Jacksha reported that staff spent about a day and a half with Northern Trust in NMERB offices and settled some operational details.

13. EXECUTIVE SESSION: 11:20 a.m.

- a. Deliberations regarding the Hearing Officer's Recommended Decision in the Administrative Appeal of Gloria J. Vigil, NMERB No. 24-04. (Session closed per NMSA 1978, §10-15-1(H)(3). Douglas Wilber, Assistant Attorney General
- b. 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 (1st Judicial District Court, Santa Fe); Jacob Maule, General Counsel to the Board.

Chairman Goff moved that the board enter executive session for the following purposes: a) Deliberations in connection with the administrative adjudicatory proceeding (session closed per § 10-15-1(H)(3) of the Open Meetings Act, specifically, the Administrative Appeal of Gloria J. Vigil, NMERB No. 24-04; and b) discussion of pending litigation in which 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. ERB, Case No. D-101-2023-02197. Mr. Baca seconded the motion, which passed unanimously.

[The board was in executive session from 11:20 a.m. to 12:50 p.m.]

Chairman Goff moved that the board come out of executive session. The only matters discussed were: a) Deliberations in connection with the administrative adjudicatory proceeding, specifically, the Administrative Appeal of Gloria J. Vigil, NMERB No. 24-04; and b) pending litigation in which NMERB is a participant, specifically, Katherine Chippeaux, Robert Jacksha, et al. v. ERB, Case No. D-101-2023-02197.

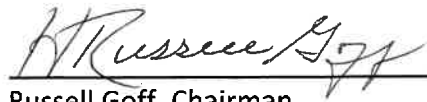
Mr. Baca seconded the motion, which passed unanimously.

14. ACTION FROM EXECUTIVE SESSION: 12.50 p.m.

Dr. Fontenla moved that, in the case of Gloria J. Vigil, NMERB rejects the Hearing Officer's recommendation based on specific circumstances of the case. Treasurer Montoya seconded the motion, which passed unanimously.

15. NEXT MEETING: FRIDAY, JUNE 27, 2025 – ALBUQUERQUE

16. ADJOURN: 12:50 p.m.

A handwritten signature in blue ink, appearing to read "Russell Goff", written over a horizontal line.

Russell Goff, Chairman

ATTEST:

A handwritten signature in blue ink, appearing to read "Max Baca", written over a horizontal line.

Max Baca, Secretary