



NEW MEXICO
EDUCATIONAL RETIREMENT BOARD

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MINUTES OF THE
NEW MEXICO EDUCATIONAL RETIREMENT BOARD OF TRUSTEES
REGULAR MEETING
December 5, 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 attendance]
Mr. Max Baca, Secretary
The Hon. Laura M. Montoya, New Mexico State Treasurer
& Ms. Christine Anaya, Designee
Dr. Matías Fontenla
Ms. Renee Ward [virtual attendance]
Dr. Reilly White

Members Excused:

Secretary Stephanie Rodriguez
Mr. Antonio Ortiz

Staff Present:

Mr. David Archuleta, Executive Director
Mr. Bob Jacksha, Chief Investment Officer
Mr. Steve Neel, Deputy CIO, Alternative Assets
Mr. Ian Padilla-Salazar, Executive & HR Assistant
Ms. Renada Peery-Galon, Deputy Director
Mr. G. Alan Myers, Portfolio Manager, Securities & Credit

Mr. Raul Duran, Member Services Director
Mr. Jacob Maule, General Counsel

Others Present:

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

b. Approval of Agenda

Mr. Baca requested that Items 4 and 5 be reversed.

Ms. Cameron moved approval of the agenda, as amended. Dr. Fontenla seconded the motion, which passed unanimously.

c. Approval of Regular Meeting Minutes: October 24, 2025

Ms. Cameron moved for approval of the October 24, 2025, minutes. Mr. Baca seconded the motion, which passed, with Treasurer Montoya abstaining.

2. PUBLIC FORUM AND INTRODUCTIONS

Attendees introduced themselves.

3. CONSENT AGENDA: BOARD TRAVEL

Chairman Goff requested approval to attend the NEPC conference in Phoenix on January 27-28.

Dr. Fontenla said he would like to attend.

Ms. Ward moved for approval. Mr. Baca seconded the motion, which passed unanimously.

5. ARP – CAPTRUST OVERVIEW AND UPDATE: JARED HARDIN, FINANCIAL ADVISOR, CAPTRUST

4. ALTERNATIVE RETIREMENT PLAN (ARP) COMMITTEE REPORT: MAX BACA, CHAIR

Mr. Hardin made a slide presentation.

Mr. Hardin provided additional background and context to some of the initiatives that the ARP Committee has undertaken. He commended the committee for their insight and engagement into the meetings. A year ago, CAPTRUST presented an ambitious agenda of items it wanted the committee to cover over the course of the following year, including a request for proposals to benchmark services and fees for ARP's recordkeepers, TIAA and Fidelity.

Reviewing highlights, Mr. Hardin said they were able to renegotiate the terms of the recordkeepers and have lowered the recordkeeping fee and the administrative fee the participants pay for plan expenses. They will also be lowering the annual investment management expenses of the ARP program by almost \$850,000. ARP participants will save either in fees being lowered or investment expenses being lowered more than \$1 million a year, in addition to returning excess fees. They are lowering the investment management expenses through the use of Collective Investment Trusts (CITs) across some of asset classes and investments that are available in the ARP program. This will allow CAPTRUST to hone the efficiencies of TIAA and Fidelity across the board for all participants.

Mr. Hardin said CAPTRUST recommended switching some of the mutual fund investments that are utilized in the ARP program to a CIT version of that investment. Because mutual funds are available to people of the street, the SEC has certain requirements that increase overhead expenses, while CITs are only available to institutional level retirement plans. Because of that, the amount of administrative oversight is lower than a mutual fund, which leads to lower overhead costs. ARP's plan assets have grown to a level where CAPTRUST is really able to leverage those plan assets and the benefits of a CIT to lower plan expenses.

Dr. White noted that, in addition to savings that would be realized in recordkeeper fees, all of the CITs were outperforming the mutual funds that were being replaced.

Mr. Hardin said one of CAPTRUST's recommendations was to change the Target Date Fund series in the TIAA program primarily because of performance issues CAPTRUST has been monitoring over the past 3-5 years. The Nuveen Lifecycle series is an actively managed investment, so participants are paying more for the potential outperformance of the index over the benchmark. Between the two options (active and index), participants are paying \$500,000 more per year to be in them in total. He said YTD returns in the target date funds in this vintage are 11.62%, but the index version paid 13.25%, so participants paid \$500,000 more this year and got 2% less. Prior to this year the gap was much narrower, but the gap has widened, which is one reason why CAPTRUST went with the Nuveen Lifecycle index fund, and added a component onto this that is available. Due to the Educational Retirement Act that governs the ARP, participants at retirement can only annuitize or take a full lump sum. CAPTRUST wanted to incorporate that into a target date fund series as well, so went with the income-based target date retirement fund series that will allow participants, if they choose, to annuitize part of the balance and get guaranteed lifetime income in their retirement.

6. 2025 ACTUARIAL EVALUATION REPORT: DANA WOLFREY, FSA,; THOMAS LYLE, FSA – GABRIEL, ROEDER, SMITH & COMPANY

Ms. Woolfrey and Mr. Lyle made a presentation.

In reviewing short-term risk, Mr. Lyle said the 2025 funded ratio is about 68% with \$8.8 billion in unfunded liabilities. NMERB only needs to maintain a 2.5% return this year in order to see its unfunded liability increase. The actuarial projection includes the following assumptions: future market earnings, net of investment-related expenses, will equal 7.00% annually; no change in number of active

members; employer and member contributions will remain a constant percentage of payroll; and no benefit changes or other demographic changes/losses.

Dr. White commented that the assumptions cited by GRS can change very quickly, depending on market conditions and expectations, among other things.

Mr. Archuleta stated that a representative from the National Association of State Retirement Administrators will be at the board retreat and will provide a good representation of what plans are doing across the country as well as discuss different projection assumptions based on a variety of return scenarios. He noted that returns are averaging 6.9% for pension plans the size of NMERB.

Mr. Baca noted that NMERB's payroll has increased over a 5-year period (2020-2025) by nearly 40%, by nearly \$1 billion. He questioned whether the market would be able to keep up with that for another 5 years. Over the next decade, more people will be drawing on pensions than ever before with fewer putting money in, which is a big concern for him. He questioned how that would be sustainable given payroll growth over that period of \$1 billion.

Ms. Woolfrey said money going out is already built into the model. She said GRS could provide projections under different scenarios to address Mr. Baca's concerns and would include this in next year's experience study. She noted that, the farther the NMERB gets down the funding road, the less of a concern it becomes because a fully funded plan doesn't need population growth, etc.

Treasurer Montoya moved for approval. Mr. Baca seconded the motion, which passed unanimously.

7 EXECUTIVE DIRECTOR'S REPORT: DAVID ARCHULETA, EXECUTIVE DIRECTOR

a. Agency Activities

Mr. Archuleta presented highlights from his report.

- On November 5, staff presented a final update to the interim Investments and Pensions Oversight Committee
- On November 21, NMERB was issued a certificate of occupancy and most of NMERB staff will be relocated by the end of the day.
- Staff will present a change order request to the State Board of Finance on December 16. The request extended the substantial completion date, remobilization costs associated with delays in access to water, sewer and fire line hookups, and other changes.
- Staff has been working with TELUS, the Pension Administration System, to come up with a new timeline. NMERB should be going live in September 2027.
- NMERB had the exit conference for the financial audit on November 19. There were no findings.

b. Retiree Health Care Authority

- NMRHCA met earlier this week and deferred action on a revision to their investment policy. The NMRHCA also approved a request by Taos Ski Valley to join the plan. The NMRHCA Fund now has almost \$1.9 billion in assets and is 54.5% funded.

c. Other

Mr. Archuleta reported NMERB will be reviewing the proxy voting policies in place in conjunction with a review of the Investment Policy.

8. RETIREMENTS: RAUL DURAN, MEMBER SERVICES DIRECTOR

a. Disability

Mr. Duran reported that there has been a total of 5 new claims during October and November for a total of 41 disability cases in CY 2025.

b. Age & Services

Mr. Duran reported that, for the October-November bimonthly period, there have been 4 disability retirements, 29 reciprocity retirements, and 268 regular retirements, for a grand total of 301 retirements.

Mr. Baca moved for approval. Ms. Cameron seconded the motion, which passed unanimously. [Not present during the vote: Dr. Fontenla]

9. INVESTMENT REPORTS: BOB JACKSHA, CHIEF INVESTMENT OFFICER

a. Asset Allocation Recommendation

[Presenter: Sam Austin, NEPC]

Mr. Austin said NEPC supports staff's decision to incrementally adjust NMERB's policy target asset allocation as detailed in Proposal I of the chart on page 136 in the board book. Proposal I is the following: 1% reduction to EM Equity, 1% reduction to Private Equity, 2% elimination of Global AA, 3% increase to Diversifying Assets, and 1% increase to Private Real Assets. This slightly increases the expected return for the portfolio to 7.26% and reduces the expected risk to 14.8%, resulting in a higher Sharpe ratio of 0.236.

Responding to Treasurer Montoya, Mr. Austin stated that "Diversifying Assets" is an NMERB nomenclature and most closely tracks with the Hedge Fund-Credit category in the Asset Allocation scenarios.

Treasurer Montoya said Mix A made the most sense to her, not Proposal I. She said SIC and PERA have both increased their allocation to Private Debt, while which would be reflected in Mix A (at 20%). Proposal 1 reflects no increase from the current allocation of 18%.

Regarding NMERB's Opportunistic Credit, or Private Debt as reflected in the chart, Mr. Jacksha said the NMERB's allocation is on the high side compared to other funds. He said he didn't know what SIC or PERA were allocating, but he guessed it was below 18%. He said NMERB feels this is a good asset class and is a little less optimistic than NEPC is. He commented that the return difference between Mix A and Proposal I is not very much, and given the forecast of 3 basis points, it's about the same.

Mr. Austin commented that, in a market where the adjusted price equity valuation number is 40 times versus the historical average of 16, taking equity exposure off the table and putting it in asset classes that are not highly correlated to equities, is a smart move. All of the portfolios are very close to the efficient frontier.

Treasurer Montoya agreed but said she was not comfortable with the 3% increase in Hedge Fund-Credit from 8% to 11%. She asked if the Board would consider increasing it to 10% and then increasing Private Debt from 18% to 19%.

Mr. Jacksha responded that Diversifying Assets has two components, 8% in Other and 2% in Global Asset allocation, which adds up to 10%. NMERB is eliminating the Global Asset allocation as a separate category but will still include it in Diversifying Assets and is now calling the category Diversifying Assets, eliminating "Other." Originally, NMERB had Global Asset Allocation and Risk Parity, and decided to add Other Diversifying Assets. A few years ago, NMERB eliminated Risk Parity. They would still use Global Asset allocation there but would combine it within the whole category. He said the bottom line is that it is at 10% now and they are looking to increase it slightly. Diversifying Assets has done very well for NMERB, which is why they increased it.

Mr. Jacksha added that some private debt has an equity beta embedded in it, especially with corporate debt, so diversifying assets gives a better element of diversification than private credit might.

Dr. Fontenla moved to approve the Asset Allocation. Dr. White seconded the motion, which passed unanimously.

b. Q3 2025 Investment Report

Mr. Austin presented this report.

c. Staff Selection Committee Report

Mr. Neel presented this report.

d. International Travel Approval

Mr. Neel requested authorization on behalf of G. Alan Myers for international travel (London, England) to attend the Lone Star Annual Investor Conference and Limited Partners Advisory Committee meetings, which would take place during the week of March 2, 2026, in London.

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

e. Investment Committee Report

Mr. Neel reviewed actions and discussion at this morning's Investment Committee meeting.

f. Other Investment Reports

Mr. Neel introduced Craig Johnson, who has joined Investment staff as Portfolio Manager.

10. 2026 OPEN MEETINGS ACT RESOLUTION: JACOB MAULE, GENERAL COUNSEL

Mr. Maule requested approval of the 2026 Open Meetings Act Resolution, which reflects no significant changes from the previous year.

Treasurer Montoya moved for approval. Chairman Goff seconded the motion, which passed unanimously.

11. EXECUTIVE SESSION: 12:08 p.m.

Chairman Goff moved that the board go into executive session for the following purposes:

- 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 (1st Judicial District Court, Santa Fe); Jacob Maule, General Counsel to the Board.**
- b. Limited Personnel Matters (session closed per § 10-15-1(H)(2)**

[Board was in executive session from 12:08 to 12:50 p.m.]

12. ACTION FROM EXECUTIVE SESSION:

Chairman Goff moved to come out of executive session. The only matters discussed in executive session were pending litigation in which the Board is a participant (session closed per § 10-15-1(H)(7). Regarding Katherine Chippeaux, Robert Jacksha, Duncan Manning, Nathan Sax, and Pete Werner v. NMERB et al; Case No. D-101-CV-2023-01297; and Limited Personnel Matters. Session

closed per § 10-15-1(H)(2). Limited personnel matters. Ms. Cameron seconded the motion, which passed unanimously.

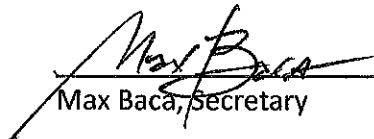
13. NEXT MEETING: FRIDAY, FEBRUARY 27, 2026 – 5211 LAS SOLERAS DRIVE, SANTA FE

14. ADJOURN: 12:50 p.m.



Russell Goff, Chairman

ATTEST:



Max Baca, Secretary