

**MINUTES
of the
FOURTH MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**August 29, 2024
Taos Tent
7 Thunderbird Road
Taos Ski Valley**

The fourth meeting of the Investments and Pensions Oversight Committee (IPOC) for the 2024 interim was called to order by Senator Roberto "Bobby" J. Gonzales, chair, on Thursday, August 29, 2024, at 10:04 a.m. at the Taos Tent in Taos Ski Valley.

Present

Sen. Roberto "Bobby" J. Gonzales, Chair
Rep. Cynthia Borrego
Rep. Natalie Figueroa
Rep. Alan T. Martinez
Sen. Greg Nibert
Rep. William "Bill" R. Rehm
Sen. Antoinette Sedillo Lopez

Absent

Rep. Patricia Roybal Caballero, Vice Chair
Rep. Ambrose Castellano
Sen. Daniel A. Ivey-Soto
Sen. Joshua A. Sanchez
Rep. Linda Serrato
Sen. Elizabeth "Liz" Stefanics

Advisory Members

Rep. Eliseo Lee Alcon
Sen. Shannon D. Pinto

Sen. William F. Burt
Sen. Michael Padilla
Rep. Debra M. Sariñana

Guest Legislator

Rep. Harry Garcia

Staff

Cristina Vasquez, Staff Attorney, Legislative Council Service (LCS)
Rebecca Griego, Records Officer, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts and written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at www.nmlegis.gov, under the

"Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Thursday, August 29

Update from the Small Business Investment Corporation (SBIC) (10:13 a.m.)

Russell Cummins, executive director and investment advisor, SBIC, presented an update on the SBIC, a nonprofit corporation created in 2001 to provide job opportunities and support new and expanding businesses in New Mexico. According to Mr. Cummins, the SBIC provides loans to small businesses through partnerships with 10 different community development financial institutions for purposes that include affordable housing property rehabilitation, commercial property renovation and charter school construction. Since it was created, the SBIC has originated 7,212 loans for a total of \$253.7 million and has supported 25,018 jobs. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=8/29/2024&ItemNumber=1>.

Approval of Minutes (10:47 a.m.)

On a motion made and seconded, and with no objection, the minutes of the July 30, 2024 IPOC meeting were approved as submitted.

Educational Retirement Board (ERB): Investment Overview (11:08 a.m.)

David Archuleta, executive director, ERB, and Bob Jacksha, chief investment officer, ERB, provided an overview of ERB investment policy and performance. Mr. Jacksha noted that as of June 30, 2024, the ERB trust fund reached a new all-time high of \$17.1 billion and exceeded its actuarial target return of 7%, placing it in the top 10% of its peer group. Additionally, Mr. Jacksha described how different lump sum appropriations, employer contribution increases and a thirteenth cost-of-living adjustment check would affect the trust fund. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=8/29/2024&ItemNumber=2>.

Discussion of Letter to the Legislative Finance Committee (11:46 a.m.)

Mr. Archuleta and Greg Trujillo, executive director, Public Employees Retirement Association (PERA), joined committee members for a discussion of a draft letter to the Legislative Finance Committee regarding an infusion of \$700 million or more into the ERB and PERA trust funds. After members provided input and voiced certain concerns, the chair suggested that the committee request approval from the New Mexico Legislative Council for an additional meeting solely devoted to this topic.

New Mexico Finance Authority (NMFA): Venture Capital Program Overview and Update (1:10 p.m.)

Fernando Martinez, Jr., deputy director, NMFA, and Ryan Marie Decker, policy and capital strategist, NMFA, gave an overview of the NMFA's recently created Venture Capital Program, the purpose of which is to invest in New Mexico businesses that enhance economic development and create new job opportunities through providing capital for business startup; expansion; product or market development; recapitalization; or early stage development. According to Ms. Decker, the program has invested in a portfolio of eight funds that are a mix of local funds and national funds. To date, the NMFA has approved \$54 million in investment commitments in the past year, with \$32 million to local funds and \$22 million to national funds. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=8/29/2024&ItemNumber=4>.

PERA: Investment Overview (2:02 p.m.)

Mr. Trujillo and Michael Shackelford, chief investment officer, PERA, presented an overview of investment policies and procedures at the PERA. Mr. Shackelford noted that the PERA Board of Trustees is responsible for setting the actuarial assumed return of 7.25%; setting investment strategies and benchmarks; delegating implementation; and monitoring investment performance. He emphasized the importance of strategic asset allocation, as it is responsible for 92% of investment returns. Beginning in 2022, the PERA implemented a new strategic asset allocation focused on adding more risk through investments in global public stocks and private equity (now at 46% of asset allocation, up from 36% in fiscal year 2020); maintaining diversity across assets and risks; and simplification. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=8/29/2024&ItemNumber=5>.

Adjournment

There being no further business before the committee, the meeting adjourned at 3:04 p.m.