

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

**October 2, 2023
State Capitol, Room 322
Santa Fe**

The fourth meeting of the Investments and Pensions Oversight Committee for the 2023 interim was called to order by Senator Roberto "Bobby" J. Gonzales, chair, at 10:14 a.m. on Monday, October 2, 2023, in Room 322 of the State Capitol in Santa Fe.

Present

Sen. Roberto "Bobby" J. Gonzales, Chair
Rep. Cynthia Borrego
Rep. Natalie Figueroa
Sen. Stuart Ingle
Sen. Daniel A. Ivey-Soto
Rep. William "Bill" R. Rehm
Sen. Elizabeth "Liz" Stefanics

Absent

Rep. Patricia Roybal Caballero, Vice Chair
Rep. Ambrose Castellano
Rep. Alan T. Martinez
Sen. Joshua A. Sanchez
Sen. Antoinette Sedillo Lopez
Rep. Linda Serrato

Advisory Members

Rep. Eliseo Lee Alcon
Sen. William F. Burt
Sen. Michael Padilla
Sen. Shannon D. Pinto
Rep. Debra M. Sariñana

Guest Legislator

Sen. George K. Muñoz

Staff

Cristina Vasquez, Staff Attorney, Legislative Council Service (LCS)
Carrie McGovern, Researcher, LCS
Catherine Sayler, Staff, LCS
Simon Suzuki, Staff Attorney, 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.

Monday, October 2

New Mexico Finance Authority (NMFA): Update (10:14 a.m.)

Marquita Russel, chief executive officer, NMFA, and Adam Johnson, chief of operations innovation, NMFA, provided an update on new program activity at the NMFA, including details on the implementation of programs created in the Venture Capital Program Act and Opportunity Enterprise Act, both of which were enacted in 2022. Also discussed were updates on the Public Project Revolving Fund, Small Business Recovery Loan Fund and Local Economic Development Act recovery grants. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20100223%20Item%201%20Report%20on%20NMF%20New%20Program%20Activity.pdf>.

Approval of Minutes (10:57 a.m.)

On a motion made and seconded, and without opposition, the minutes of the August 18, 2023 meeting were approved as submitted.

State Investment Council (SIC): Long-Term Investment Options for State Agencies and Other Governmental Entities (11:21 a.m.)

Charles Wollmann, director of communications, legislative and client matters, SIC, described how governmental entities, including cities, counties, state agencies and public educational institutions, can invest their long-term reserves with the SIC. According to Mr. Wollmann, the SIC currently oversees \$47 million in assets from these entities, which is expected to grow to \$100 million in 10 years, with the Retiree Health Care Authority being the largest client and the Springer Municipal School District being the smallest client. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20100223%20Item%202%20SIC%20Governmental%20Client%20Options.pdf>.

Judicial and Magistrate Retirement Plans

A. Update on Fund Solvency and Administration (1:08 p.m.)

Greg Trujillo, executive director, Public Employees Retirement Association (PERA), presented an update on the PERA's judicial and magistrate retirement plans. As of June 30, 2022, both plans had more retired members and beneficiaries than active members paying into the plans, which negatively affects the solvency of the plans. For example, the judicial plan's funded ratio is 61.2% and the magistrate plan's funded ratio is 52.9%, as compared to 70% for

the PERA's state general plan's funded ratio, and the magistrate plan is the PERA's worst-funded plan.

B. Proposed Changes (1:18 p.m.)

Arthur W. Pepin, director, Administrative Office of the Courts, and The Honorable David K. Thomson, justice, New Mexico Supreme Court, followed Mr. Trujillo's presentation with proposed legislative changes to improve the funding levels of the judicial and magistrate retirement plans. For both plans, such changes include increasing member and employer contribution rates, reducing vesting periods and increasing the maximum pension.

The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=10/2/2023&ItemNumber=3>.

Education Trust Board (ETB): Update (2:02 p.m.)

Natalie Cordova, executive director, ETB, and Gary Gordon, chair, ETB, presented an update on the ETB's 529 plans that allow individuals to invest and pay for that person's or another person's qualified higher education expenses without paying federal tax. They described the total assets and membership of the two 529 plans that the ETB oversees, Scholar's Edge and the Education Plan, and also gave examples of recent marketing and promotional activities to boost enrollment in the plans. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20100223%20Item%204%20ETB%20Update.pdf>.

Public Comment

There was no public comment.

Adjournment

There being no further business before the committee, the meeting adjourned at 2:44 p.m.