



NEW MEXICO LEGISLATURE

INVESTMENTS AND
PENSIONS OVERSIGHT
COMMITTEE

2023 INTERIM FINAL REPORT

LEGISLATIVE COUNCIL SERVICE
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INTERIM SUMMARY

Investments and Pensions Oversight Committee 2023 Interim Summary

The Investments and Pensions Oversight Committee met six times during the 2023 interim. The committee received testimony relating to fund solvency, fiscal sustainability and the investment of the funds managed by the Public Employees Retirement Association (PERA), the Educational Retirement Board (ERB) and the Retiree Health Care Authority (RHCA). Additionally, the committee received general updates from the PERA, the ERB, the RHCA, the State Investment Council, the Economic Development Department, the Education Trust Board, the State Treasurer's Office and the New Mexico Finance Authority.

The committee also focused time to discuss the topic of return to work, specifically for retired members subject to the Public Employees Retirement Act, as well as best practices for board governance. Committee members heard from interested parties and stakeholders, including unions, local governments, active employees, employers and retirees, on the topic of return to work and received expert testimony on board governance from the research director of the National Association of State Retirement Administrators.

At the final meeting of the interim, the committee endorsed legislation to affirm a property right in retiree health care plans held by a public employees retiree health care system as well as legislation relating to legislative retirement.

WORK PLAN AND MEETING SCHEDULE

2023 APPROVED
WORK PLAN AND MEETING SCHEDULE
for the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

Members

Sen. Roberto "Bobby" J. Gonzales, Chair
Rep. Patricia Roybal Caballero, Vice Chair
Rep. Cynthia Borrego
Rep. Ambrose Castellano
Rep. Natalie Figueroa
Sen. Stuart Ingle
Sen. Daniel A. Ivey-Soto

Rep. Alan T. Martinez
Rep. William "Bill" R. Rehm
Sen. Joshua A. Sanchez
Sen. Antoinette Sedillo Lopez
Rep. Linda Serrato
Sen. Elizabeth "Liz" Stefanics

Advisory Members

Rep. Eliseo Lee Alcon
Sen. William F. Burt
Sen. Michael Padilla

Sen. Shannon D. Pinto
Rep. Debra M. Sariñana

Work Plan

The Investments and Pensions Oversight Committee (IPOC) was created by the New Mexico Legislative Council on May 1, 2023. During the 2023 interim and as time permits, the IPOC will:

A. receive reports from the Public Employees Retirement Association (PERA), the Educational Retirement Board (ERB) and the Retiree Health Care Authority (RHCA) on each agency's sustainability and solvency — as measured by actuarial valuation reports, unfunded liabilities, other metrics and experience studies as influenced by funding policies — and on each agency's plans for improving sustainability and solvency;

B. receive reports from the State Investment Council (SIC), the Office of the State Treasurer (OST), the PERA, the ERB and the RHCA on the value and investment of the funds managed by each respective agency, as demonstrated by the comparative fiscal performance of the funds;

C. receive an overview and analysis of the different funds managed by the PERA, the ERB, the RHCA, the SIC and the OST, including funded and unfunded rates and projections of the managed funds;

D. review the current investment and administrative structure of the state's pension and retirement benefit programs and receive testimony on the challenges and strengths of those structures and potential solutions and alternatives;

E. receive updates and reports from the SIC, the PERA, the ERB and the RHCA on each agency's strategic goals and their plans and actions to reach their goals, including staffing needs;

F. receive updates and testimony from the SIC, the PERA, the ERB and the RHCA on the governance of each agency's funds, including a review of any policy or considerations that are taken into account when assets are allocated for investment;

G. review and receive testimony from the PERA and the ERB on return-to-work policies and the effect of those policies on the actuarial valuation of the respective funds;

H. receive updates from the SIC on permanent funds, endowments, the New Mexico Private Equity Investment Program and the America's Frontier Fund investment;

I. receive testimony on issues relevant to the investment of public funds and the administration of pension programs, including testimony from public and private organizations that represent current state and county employees;

J. receive testimony from the PERA and the ERB on the possible effects of adopting an automatic escalator, including the possible effect on fund solvency;

K. receive testimony from the SIC, the PERA, the ERB and the RHCA on each agency's suggestions to improve and expand existing statutes for functionality and to better align with national best practices;

L. review retirement, pension and investment programs from other states to compare and determine the efficiency of and potential improvements to New Mexico's retirement, pension and investment programs;

M. consider legislation relevant to these topics; and

N. as necessary, examine other issues relevant to the investment of public funds and the administration of pension programs.

**Investments and Pensions Oversight Committee
2023 Approved Meeting Schedule**

<u>Date</u>	<u>Location</u>
June 2	Santa Fe
July 26	Santa Fe
August 18	Santa Fe
October 2	Santa Fe
October 31	Santa Fe
November 27	Santa Fe

AGENDAS AND MINUTES

**TENTATIVE AGENDA
for the
FIRST MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**June 2, 2023
State Capitol, Room 321
Santa Fe**

Friday, June 2

- 10:00 a.m. **Call to Order and Introductions**
—Senator Roberto "Bobby" J. Gonzales, Chair
—Representative Patricia Roybal Caballero, Vice Chair
- 10:15 a.m. (1) **[Legislative Finance Committee \(LFC\) Investment Performance Report](#)**
—Jennifer Faubion, Economist, LFC
- 10:45 a.m. (2) **[Proposed 2023 Interim Work Plan and Meeting Schedule](#)**
—Cristina Vasquez, Staff Attorney, Legislative Council Service
- 11:45 a.m. **Public Comment**
- 12:00 noon **Adjourn**

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

**June 2, 2023
State Capitol, Room 321
Santa Fe**

The first meeting of the Investments and Pensions Oversight Committee (IPOC) for the 2023 interim was called to order by Senator Roberto "Bobby" J. Gonzales, chair, on Friday, June 2, 2023, at 10:08 a.m. in Room 321 of the State Capitol in Santa Fe.

Present

Sen. Roberto "Bobby" J. Gonzales, Chair
Rep. Patricia Roybal Caballero, Vice Chair
Rep. Cynthia Borrego
Rep. Ambrose Castellano
Sen. Stuart Ingle
Sen. Daniel A. Ivey-Soto
Rep. Alan T. Martinez
Sen. Joshua A. Sanchez
Sen. Antoinette Sedillo Lopez
Rep. Linda Serrato
Sen. Elizabeth "Liz" Stefanics

Absent

Rep. Natalie Figueroa
Rep. William "Bill" R. Rehm

Advisory Members

Rep. Eliseo Lee Alcon
Sen. Michael Padilla

Sen. William F. Burt
Sen. Shannon D. Pinto
Rep. Debra M. Sariñana

Staff

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

Friday, June 2

Legislative Finance Committee (LFC) Investment Performance Report (10:15 a.m.)

Jennifer Faubion, economist, LFC, provided the committee with the LFC's investment performance report for the second quarter of fiscal year 2023 (the period of October 1 through December 31, 2022), which covers the Public Employees Retirement Association, the Educational Retirement Board, the State Investment Council, the Land Grant Permanent Fund, the Severance Tax Permanent Fund and the Early Childhood Education and Care Fund. During the second quarter, markets rebounded and the funds gained value, although volatility in several areas persists. As of December 31, 2022, the aggregate value of New Mexico's investment holdings stood at \$65.9 billion. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20060223%20Item%201%20LFC%20Quarterly%20Investment%20Report%20-%20pd%20end%20Dec%2031%202022.pdf>.

Proposed 2023 Interim Work Plan and Meeting Schedule (10:58 a.m.)

Ms. Vasquez reviewed the IPOC's proposed 2023 work plan and meeting schedule with committee members, and members provided feedback and comments.

On a motion made by Senator Stefanics and seconded by Representative Serrato and with no opposition, the committee voted to adopt the 2023 proposed work plan and meeting schedule.

Public Comment

There was no public comment.

Adjournment

There being no further business before the committee, the meeting adjourned at 11:15 a.m.

Revised: July 21, 2023

**TENTATIVE AGENDA
for the
SECOND MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**July 26, 2023
State Capitol, Room 322
Santa Fe**

Wednesday, July 26

- 10:00 a.m. **Call to Order and Introductions**
—Senator Roberto "Bobby" J. Gonzales, Chair
—Representative Patricia Roybal Caballero, Vice Chair
- 10:15 a.m. (1) [Retiree Health Care Authority \(RHCA\): Sustainability and Solvency](#)
—Neil Kueffer, Executive Director, RHCA
- 11:15 a.m. (2) [Educational Retirement Board \(ERB\): Sustainability and Solvency](#)
—David Archuleta, Executive Director, ERB
- 12:15 p.m. **Lunch**
- 1:15 p.m. (3) [Public Employees Retirement Association \(PERA\): Sustainability and Solvency](#)
—Greg Trujillo, Executive Director, PERA
- 2:15 p.m. (4) [Update from the State Investment Council \(SIC\)](#)
—Steve Moise, State Investment Officer, SIC
—Robert "Vince" Smith, Chief Investment Officer, SIC
- 3:00 p.m. (5) [Overview of Funds Managed by the SIC](#)
—Dawn Iglesias, Investment Strategist, SIC
—Charles Wollmann, Director of Communications, Legislative and Client
Matters, SIC
- 4:00 p.m. **Public Comment**
- 4:15 p.m. **Adjourn**

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

**July 26, 2023
State Capitol, Room 322
Santa Fe**

The second meeting of the Investments and Pensions Oversight Committee for the 2023 interim was called to order by Senator Roberto "Bobby" J. Gonzales, chair, on Wednesday, July 26, 2023, at 10:18 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Sen. Roberto "Bobby" J. Gonzales, Chair
Rep. Patricia Roybal Caballero, Vice Chair
Rep. Cynthia Borrego
Rep. Natalie Figueroa
Sen. Stuart Ingle
Sen. Daniel A. Ivey-Soto
Rep. Alan T. Martinez
Rep. William "Bill" R. Rehm
Sen. Antoinette Sedillo Lopez
Rep. Linda Serrato
Sen. Elizabeth "Liz" Stefanics

Absent

Rep. Ambrose Castellano
Sen. Joshua A. Sanchez

Advisory Members

Rep. Eliseo Lee Alcon
Sen. Shannon D. Pinto
Rep. Debra M. Sariñana

Sen. William F. Burt
Sen. Michael Padilla

Staff

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

Guests

The guest list is in the meeting file.

Handouts

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Wednesday, July 26

Educational Retirement Board (ERB): Sustainability and Solvency (10:19 a.m.)

David Archuleta, executive director, ERB, provided a review of measures the ERB has taken to improve the solvency of the Educational Retirement Fund, including a cost-of-living adjustment that went into effect on July 1, 2023 and a 2022 employer contribution increase of two percentage points to 18.15%. As of March 31, 2023, the fund had slightly negative returns, but there are no immediate solvency concerns due to modifications made over the last 10 years. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20072623%20Item%202%20ERB%20-Sustainability%20and%20Solvency.pdf>.

Approval of Minutes (10:58 a.m.)

On a motion made and seconded, and without opposition, the minutes of the June 2, 2023 meeting were approved as submitted.

Retiree Health Care Authority (RHCA): Sustainability and Solvency (11:04 a.m.)

Neil Kueffer, executive director, RHCA, gave a presentation on the sustainability of the RHCA, which currently has 67,000 members on plans and 92,484 active employees contributing for future retirement benefits. In 2022, the RHCA's funded ratio was just 33%, and Mr. Kueffer noted that if no changes are made, the RHCA will be in deficit spending in 2028. He further stated that there have been eight unsuccessful attempts at raising employer and employee contribution rates, which were last increased in 2012. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20072623%20Item%201%20RHCA%20-Sustainability%20and%20Solvency.pdf>.

Public Employees Retirement Association (PERA): Sustainability and Solvency (1:39 p.m.)

Greg Trujillo, executive director, PERA, reported that pension reforms enacted in 2013 and 2020 have helped ensure the sustainability of the PERA. As of June 30, 2023, the funded ratio of the pension fund was 70%, and while the unfunded actuarial accrued liability grew by \$6 billion from 2008 through 2012, it has grown by \$1 billion since, proving that the pension reforms are working. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20072623%20Item%203%20PERA%20-Sustainability%20and%20Solvency.pdf>.

Update from the State Investment Council (SIC) (2:44 p.m.)

Steve Moise, state investment officer, SIC, and Robert "Vince" Smith, chief investment officer, SIC, provided an update on the SIC. Highlights include growth in the Land Grant Permanent Fund (LGPF), the Severance Tax Permanent Fund (STPF) and the Early Childhood Education and Care Fund (ECECF), which as of June 30, 2023 were valued at \$28.01 billion, \$8.37 billion and \$3.57 billion, respectively. The SIC has \$44.57 billion in total assets under management and \$1.78 billion in total distributions for fiscal year 2024. Mr. Moise announced that he is retiring on October 1, 2023, and a national search for a new state investment officer is ongoing. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20072623%20Item%204%20Update%20from%20the%20SIC%20.pdf>.

Overview of Funds Managed by the SIC (3:42 p.m.)

Dawn Iglesias, investment strategist, SIC, and Charles Wollmann, director of communications, legislative and client matters, SIC, gave a summary of the funds managed by the SIC. In addition to the LGPF, the STPF and the ECECF, the SIC also manages the Tobacco Settlement Permanent Fund, the Water Trust Fund, the Tax Stabilization Reserve, the Rural Libraries Endowment Fund and two new funds created in the 2023 legislative session: the Conservation Legacy Permanent Fund and the Opioid Settlement Restricted Fund. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20072623%20Item%204%20Overview%20of%20SIC%20funds.pdf>.

Public Comment

There was no public comment.

Adjournment

There being no further business before the committee, the meeting adjourned at 4:45 p.m.

Revised: August 16, 2023

**TENTATIVE AGENDA
for the
THIRD MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**August 18, 2023
State Capitol, Room 309
Santa Fe**

Friday, August 18

- 10:00 a.m. **Call to Order and Introductions**
—Senator Roberto "Bobby" J. Gonzales, Chair
—Representative Patricia Roybal Caballero, Vice Chair
- 10:10 a.m. (1) **[Global Economic Overview and New Mexico Venture Capital Investments](#)**
—Robert "Vince" Smith, Chief Investment Officer, State Investment Council (SIC)
—Charles Wollmann, Director of Communications, Legislative and Client Matters, SIC
- 11:40 a.m. (2) **[New Mexico Certified Incubators: Successes and Opportunities](#)**
—Josue Olivares, Executive Director, Rio Grande Community Development Corporation
—Marie Longserre, President and Chief Executive Officer, Santa Fe Business Incubator
- 12:10 p.m. **Lunch**
- 12:40 p.m. (3) **[New Mexico Agricultural Economy and Opportunities to Invest](#)**
—Candie Sweetser, Manager, Government Affairs, New Mexico Department of Agriculture
—Jay Lillywhite, Ph.D., Assistant Dean, Economic and Rural Development, College of Agricultural, Consumer and Environmental Sciences, New Mexico State University
—Jason New, Director, Marketing and Development Division, New Mexico Department of Agriculture
- 1:40 p.m. (4) **[Local Economic Development Act Overview](#)**
—Mark Roper, Director, Economic Development Division, Economic Development Department
- 2:40 p.m. **Public Comment**
- 3:00 p.m. **Adjourn**

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

**August 18, 2023
State Capitol, Room 309
Santa Fe**

The third meeting of the Investments and Pensions Oversight Committee for the 2023 interim was called to order by Senator Roberto "Bobby" J. Gonzales, chair, at 10:00 a.m. on Friday, August 18, 2023, in Room 309 of the State Capitol in Santa Fe.

Present

Sen. Roberto "Bobby" J. Gonzales, Chair
Rep. Patricia Roybal Caballero, Vice Chair
Rep. Cynthia Borrego
Rep. Natalie Figueroa
Sen. Stuart Ingle
Sen. Daniel A. Ivey-Soto
Rep. William "Bill" R. Rehm
Sen. Joshua A. Sanchez
Sen. Antoinette Sedillo Lopez

Absent

Rep. Ambrose Castellano
Rep. Alan T. Martinez
Rep. Linda Serrato
Sen. Elizabeth "Liz" Stefanics

Advisory Members

Rep. Eliseo Lee Alcon
Sen. Shannon D. Pinto
Rep. Debra M. Sariñana

Sen. William F. Burt
Sen. Michael Padilla

Guest Legislators

Rep. Cristina Parajon
Sen. Nancy Rodriguez

Staff

Cristina Vasquez, Staff Attorney, Legislative Council Service (LCS)
Markela Clinton, Committee Coordinator, LCS
Carrie McGovern, Researcher, LCS
Clinton Turner, Research and Fiscal Policy Analyst, LCS

Guests

The guest list is in the meeting file.

Handouts

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References to Webcast

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Friday, August 18

Global Economic Overview and New Mexico Venture Capital Investments (10:01 a.m.)

Robert "Vince" Smith, chief investment officer, State Investment Council (SIC), began with a presentation on the global economic investment outlook, noting that aging populations and low birth rates in economically developed countries, such as China, Russia and Japan, could result in slower economic growth globally and heightened geopolitical tensions and global debt levels due to higher interest rates, and inflation could have an effect as well. However, Mr. Smith said that the United States is positioned to weather these economic challenges.

Charles Wollmann, director, Communications, Legislative and Client Matters, SIC, followed with a review of the SIC's New Mexico private equity investment program, with most investments made in venture capital, i.e., startups and growth equity. Mr. Wollmann detailed the process and due diligence that the SIC follows when making New Mexico private equity investments. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=8/18/2023&ItemNumber=1>.

Approval of Minutes (10:38 a.m.)

On a motion made and seconded, and without opposition, the minutes of the July 26, 2023 meeting were approved as submitted.

New Mexico Certified Incubators: Successes and Opportunities (11:43 a.m.)

Josue Olivares, executive director, Rio Grande Community Development Corporation, and Marie Longserre, president and chief executive officer, Santa Fe Business Incubator, relayed the importance of New Mexico business incubators as a driver of job creation and economic growth. They noted that incubators can provide facilities and wraparound services to new and existing entrepreneurs and shared the success story of an Albuquerque catering company. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=8/18/2023&ItemNumber=2>.

New Mexico Agricultural Economy and Opportunities to Invest (1:24 p.m.)

Candie Sweetser, manager, Government Affairs, New Mexico Department of Agriculture; Jay Lillywhite, Ph.D., assistant dean, Economic and Rural Development, College of Agricultural, Consumer and Environmental Sciences, New Mexico State University; and Jason

New, director, Marketing and Development Division, New Mexico Department of Agriculture, gave a presentation on New Mexico's agricultural economy, noting its food and fiber supply chain totaled \$18.6 billion in total output and 146,381 jobs in 2021. Also provided was information regarding New Mexico's agricultural contributions, with crop and livestock sales totaling \$3.2 billion from 24,700 mostly family-owned farms consisting of 40 million acres. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=8/18/2023&ItemNumber=3>.

Local Economic Development Act (LEDA) Overview (2:28 p.m.)

Mark Roper, director, Economic Development Division, Economic Development Department (EDD), provided an overview of the LEDA in New Mexico, which is the investment of public money into a private company to offset costs associated with land, buildings and infrastructure. Mr. Roper detailed the process that the EDD uses to oversee LEDA projects, and he described recently awarded LEDA projects, such as Maxeon Solar Technologies in Albuquerque and Arcosa, Inc. wind towers in Belen. The presentation can be found here:

[https://www.nmlegis.gov/handouts/IPOC%20081823%20Item%204%20Local%20Economic%20Development%20Act%20\(LEDA\)%20Overview.pdf](https://www.nmlegis.gov/handouts/IPOC%20081823%20Item%204%20Local%20Economic%20Development%20Act%20(LEDA)%20Overview.pdf).

Public Comment

There was no public comment.

Adjournment

There being no further business before the committee, the meeting adjourned at 3:09 p.m.

Revised: September 28, 2023

**TENTATIVE AGENDA
for the
FOURTH MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

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

Monday, October 2

- 10:00 a.m. **Call to Order and Introductions**
—Senator Roberto "Bobby" J. Gonzales, Chair
—Representative Patricia Roybal Caballero, Vice Chair
- 10:10 a.m. (1) **[New Mexico Finance Authority \(NMFA\): Update](#)**
—Marquita Russel, Chief Executive Officer, NMFA
- 11:10 a.m. (2) **[State Investment Council \(SIC\): Long-term Investment Options For State Agencies and Other Governmental Entities](#)**
—Charles Wollmann, Director of Communications, Legislative and Client Matters, SIC
- 12:10 p.m. **Lunch**
- 1:10 p.m. (3) **[Judicial and Magistrate Retirement Plans](#)**
A. Update on Fund Solvency and Administration
—Greg Trujillo, Executive Director, Public Employees Retirement Association
B. Proposed Changes
—Arthur W. Pepin, Director, Administrative Office of the Courts
—The Honorable David K. Thomson, Justice, New Mexico Supreme Court
- 2:10 p.m. (4) **[Education Trust Board \(ETB\): Update](#)**
—Natalie Cordova, Executive Director, ETB
- 3:10 p.m. **Public Comment**
- 3:30 p.m. **Adjourn**

**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

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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.

Revised: October 25, 2023

**TENTATIVE AGENDA
for the
FIFTH MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**October 31, 2023
State Capitol, Room 322
Santa Fe**

Tuesday, October 31

- 10:00 a.m. **Call to Order and Introductions**
—Senator Roberto "Bobby" J. Gonzales, Chair
—Representative Patricia Roybal Caballero, Vice Chair
- 10:10 a.m. (1) **Public Retirement System Governance and Board Composition**
—Keith Brainard, Research Director, National Association of State Retirement Administrators
- 11:10 a.m. (2) **Public Employees Retirement Association (PERA) Board Elections: Procedure and Overview**
—Greg Trujillo, Executive Director, PERA
- 11:30 a.m. (3) **PERA Discussion on Governance**
A. PERA Board Members
—Diana Rosales-Ortiz, Chair, State Member, Office of the Attorney General, PERA Board
—Valerie Barela, Municipal Member, City of Albuquerque, PERA Board
—Juan J. Diaz, State Member, Workforce Solutions Department, PERA Board
—Francis Page, Retiree Member, PERA Board
—TBD
B. American Federation of State, County and Municipal Employees (AFSCME)
—Carter Bundy, Political Action Representative, AFSCME International
C. Think New Mexico
—Fred Nathan, Jr., Founder and Executive Director, Think New Mexico
—Dominic Garcia, Former Chief Investment Officer, PERA
D. Retired Public Employees of New Mexico (RPENM)
—Miguel Gómez, Executive Director, RPENM
—Michael Francis, President, RPENM
E. Local Governments: New Mexico Counties (NMC) and New Mexico Municipal League (NMML)
—Grace Philips, General Counsel, NMC
—A.J. Forte, Executive Director, NMML

- 12:30 p.m. **Lunch**
- 1:00 p.m. (4) [Discussion on Return to Work](#)
 A. Albuquerque Police Officers' Association (APOA)
 —Shaun Willoughby, President, APOA
 B. AFSCME
 —Carter Bundy, Political Action Representative, AFSCME International
 C. State Personnel Office (SPO)
 —Dylan Lange, Acting Director, SPO, General Services Department
 D. PERA
 —Greg Trujillo, Executive Director, PERA
 E. Educational Retirement Board (ERB)
 —David Archuleta, Executive Director, ERB
 F. Local Governments: NMC and NMML
 —Grace Philips, General Counsel, NMC
 —A.J. Forte, Executive Director, NMML
 —Tim Johnson, Public Safety Director, NMML
 G. New Mexico State Police
 —W. Troy Weisler, Chief, New Mexico State Police Division, Department
 of Public Safety
 H. Albuquerque Police Department (APD)
 —Josh Brown, Deputy Chief, APD
- 3:15 p.m. **Public Comment**
- 3:40 p.m. **Adjourn**

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

**October 31, 2023
State Capitol, Room 322
Santa Fe**

The fifth meeting of the Investments and Pensions Oversight Committee (IPOC) for the 2023 interim was called to order by Senator Roberto "Bobby" J. Gonzales, chair, on Tuesday, October 31, 2023, at 10:08 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Sen. Roberto "Bobby" J. Gonzales, Chair
Rep. Patricia Roybal Caballero, Vice Chair
Rep. Cynthia Borrego
Rep. Natalie Figueroa
Rep. William "Bill" R. Rehm
Sen. Joshua A. Sanchez
Sen. Antoinette Sedillo Lopez
Sen. Elizabeth "Liz" Stefanics

Absent

Rep. Ambrose Castellano
Sen. Daniel A. Ivey-Soto
Rep. Alan T. Martinez
Rep. Linda Serrato

Advisory Members

Rep. Eliseo Lee Alcon

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

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.

Tuesday, October 31

Public Retirement System Governance and Board Composition (10:09 a.m.)

Keith Brainard, research director, National Association of State Retirement Administrators, presented an overview of public retirement system governance and retirement board composition nationwide. He described the four different state retirement board governance models and the varying composition and knowledge and experience requirements of board members. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20103123%20Item%201%20Overview%20of%20Nationwide%20Governance%20Practices.pdf>.

Approval of Minutes (10:43 a.m.)

On a motion made and seconded, and without opposition, the minutes of the October 2, 2023 meeting were approved as submitted.

Public Employees Retirement Association (PERA) Board Elections: Procedure and Overview (10:44 a.m.)

Greg Trujillo, executive director, PERA, gave a description of the composition of the 12-member Public Employees Retirement Board, which consists of four elected state plan members, three elected municipal members, one elected county member, two elected retired members and two ex-officio members. In addition, he reviewed the nominating petition process and election ballot process for board elections, as well as the 2023 board election results. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20103123%20Item%202%20PERA--Elections.pdf>.

PERA Discussion on Governance

A. PERA Board Members (11:10 a.m.)

Diana Rosales-Ortiz, chair, state member, Office of the Attorney General, Public Employees Retirement Board; Valerie Barela, municipal member, City of Albuquerque, Public Employees Retirement Board; Juan J. Diaz, state member, Workforce Solutions Department, Public Employees Retirement Board; and Francis Page, retiree member, Public Employees Retirement Board, each presented to the committee their views on Public Employees Retirement Board governance, including various steps the board has taken to improve governance over the last two to three years. These steps include the creation of a governance committee, additional governance training for board members and the adoption of a board strategic plan.

B. American Federation of State, County and Municipal Employees (AFSCME) (11:29 a.m.)

Carter Bundy, political action representative, AFSCME International, described his organization's view on Public Employees Retirement Board governance. According to Mr. Bundy, while the solvency of the PERA retirement fund is overseen by the legislature and the governor, the Public Employees Retirement Board has the duty to ensure that members receive their benefits and to provide oversight of investments. In terms of an elected versus an appointed board, he noted that elected members are best to perform fiduciary duties, as appointees run the risk of outside influence and scandal.

C. Think New Mexico (11:39 a.m.)

Fred Nathan, Jr., founder and executive director, Think New Mexico, said that evidence has shown that requiring retirement board members to have relevant qualifications tends to improve pension fund investment performance. Regarding the Public Employees Retirement Board, there is no statutory requirement for members to have relevant qualifications. He presented two options for improving fund performance: restructuring the Public Employees Retirement Board to a nine-member appointed board whose members would be required to have financial or investment knowledge and experience, or creating a consolidated investment board for the PERA and the Educational Retirement Board (ERB), while having the existing Public Employees Retirement Board and the ERB responsible for plan and benefit administration.

D. Retired Public Employees of New Mexico (RPENM) (11:50 a.m.)

Miguel Gómez, executive director, RPENM, and Jason Quintana, member, RPENM, stated that the RPENM opposes the restructuring of the Public Employees Retirement Board to an appointed board because an elected board is more inclusive and responsive to constituents' needs and elected members can be replaced in the next election if they do not perform their duties.

E. Local Governments: New Mexico Association of Counties (NMC) and New Mexico Municipal League (NMML) (12:03 p.m.)

Grace Philips, general counsel, NMC, and A.J. Forte, executive director, NMML, presented their organizations' respective views on Public Employees Retirement Board governance. While Ms. Philips said that NMC does not have a formal opinion on this topic, Mr. Forte noted that the NMML does not support an appointed board and believes that the electorate should decide. Augustine Romero, president, Local 3022, City of Albuquerque Management Series, AFSCME Council 18, said that his organization supports an elected Public Employees Retirement Board.

The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=10/31/2023&ItemNumber=3>.

Discussion on Return to Work (1:20 p.m.)

Representative Rehm began the discussion on return to work by saying that he plans to introduce two return-to-work bills in the upcoming legislative session as a way to solve the problem of understaffing in state agencies.

A. Albuquerque Police Officers' Association (APOA) (1:24 p.m.)

Shaun Willoughby, president, APOA, indicated that the APOA is advocating against return to work, also known as double dipping, as a method of ameliorating chronic understaffing at law enforcement agencies. He said that return to work has negative effects on law enforcement agencies by devaluing the need to retire at a reasonable age and by preventing the upward mobility of younger staff into higher-paying positions.

B. AFSCME (1:35 p.m.)

Mr. Bundy noted that return to work is counterproductive to solving staffing shortages in state agencies because double dippers most often return to work in higher level management jobs rather than frontline positions. He suggested that a better solution to return to work is offering more competitive pay and providing incentives for younger New Mexico residents to want to be educated and employed in New Mexico instead of doing so in other states.

C. State Personnel Office (SPO) (1:46 p.m.)

Dylan Lange, acting director, SPO, noted that the fiscal year (FY) 2022 staffing vacancy rate was 23.8%, and, while filled positions have steadily increased, the creation of new positions is outpacing the filling of existing positions. Mr. Lange said that the SPO is attempting to help understaffed state agencies by updating competitive salary schedules, reassessing salary structures, modernizing classifications and offering flexibility in hiring to recruit hard-to-fill positions.

D. PERA (1:57 p.m.)

Mr. Trujillo said that the Public Employees Retirement Board remains neutral on return-to-work proposals so long as these proposals do not have any negative actuarial impacts. While the PERA has historically had some form of return to work, he noted that the actual number of double dippers in the PERA has decreased from 1,500 in 2010 to 145 in 2023. Additionally, Mr. Trujillo stated that there have been recently enacted alternatives to return to work, including increasing the pension maximum to 100% of a PERA member's final average salary to incentivize longer PERA careers and recruitment and retention funding and bonuses through the Law Enforcement Protection Fund and Law Enforcement Retention Fund.

E. ERB (2:05 p.m.)

David Archuleta, executive director, ERB, reviewed the ERB's four available return-to-work programs: returning to work after a 12-consecutive-month layout, which sunsets in 2023; returning to work for 36 months of consecutive or nonconsecutive employment after a 90-day layout; returning to a position paying less than \$15,000 per year; or returning as a .25 full-time-equivalent employee. In FY 2023, there were 2,792 return-to-work employees in the ERB.

F. Local Governments: NMC and NMML (2:15 p.m.)

Ms. Philips; Tim Johnson, public safety director, NMML; and Mr. Forte each provided their perspective on return to work. Ms. Philips indicated that the COVID-19 pandemic caused an alarming decrease in staffing levels at county detention facilities, with more than 50% of counties reporting vacancy rates of more than 20%. She said that while she is not sure if return to work is the solution to understaffing, counties need help hiring new people. Mr. Johnson followed by stating that return to work could be helpful in targeted areas such as public safety and water and wastewater positions, although guardrails need to be in place, which could include sunset provisions, phasing out return-to-work employees with the hiring of new personnel and mandating that return-to-work employees in law enforcement agencies work as patrol officers. Lastly, Mr. Forte said that return to work needs to be targeted to the positions that need it most and young people need to be brought into the system.

G. New Mexico State Police (NMSP) (2:40 p.m.)

W. Troy Weisler, chief, NMSP Division, Department of Public Safety (DPS), noted that the DPS has a staffing vacancy rate of 21%, while the NMSP has a vacancy rate of 11%. He believes that return to work could help counties and municipalities with public safety and detention officer hiring, although return to work needs to be targeted and also available for noncommissioned personnel such as crime scene technicians.

The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=10/31/2023&ItemNumber=4>.

Public Comment (3:16 p.m.)

A list of individuals making public comment is available in the meeting file.

Adjournment

There being no further business before the committee, the meeting adjourned at 3:20 p.m.

Revised: November 27, 2023

**TENTATIVE AGENDA
for the
SIXTH MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**November 27, 2023
State Capitol, Room 322
Santa Fe**

Monday, November 27

- 10:00 a.m. **Call to Order and Introductions**
—Senator Roberto "Bobby" J. Gonzales, Chair
—Representative Patricia Roybal Caballero, Vice Chair
- 10:10 a.m. (1) **Educational Retirement Board (ERB): Final Update**
—David Archuleta, Executive Director, ERB
—Randall Cherry, General Counsel, ERB
- 11:10 a.m. (2) **Public Employees Retirement Association (PERA): Final Update**
—Greg Trujillo, Executive Director, PERA
- 12:10 p.m. **Lunch**
- 1:10 p.m. (3) **Retiree Health Care Authority (RHCA): Final Update and Proposed Legislation**
—Neil Kueffer, Executive Director, RHCA
- 2:10 p.m. (4) **Proposed Return-to-Work Legislation**
—Representative William "Bill" R. Rehm
- 3:10 p.m. (5) **Overview and Analysis of Funds Managed by the Office of the State Treasurer (OST)**
—Laura M. Montoya, State Treasurer, OST
—JR Rael, Deputy Treasurer, OST
- 4:10 p.m. **Public Comment**
- 4:35 p.m. **Adjourn**

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

**November 27, 2023
State Capitol, Room 322
Santa Fe**

The sixth meeting of the Investments and Pensions Oversight Committee for the 2023 interim was called to order by Senator Roberto "Bobby" J. Gonzales, chair, on Monday, November 27, 2023, at 10:05 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Sen. Roberto "Bobby" J. Gonzales, Chair
Rep. Patricia Roybal Caballero, Vice Chair
Rep. Cynthia Borrego
Rep. Natalie Figueroa
Sen. Daniel A. Ivey-Soto
Rep. Alan T. Martinez
Rep. William "Bill" R. Rehm
Sen. Antoinette Sedillo Lopez
Sen. Elizabeth "Liz" Stefanics

Absent

Rep. Ambrose Castellano
Sen. Joshua A. Sanchez
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

Rep. Tara L. Lujan

Staff

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

Minutes Approval

Because the committee will not meet again this year, the minutes for this meeting have not been officially approved by the committee.

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, November 27

Educational Retirement Board (ERB): Final Update (10:06 a.m.)

David Archuleta, executive director, ERB, and Randall Cherry, general counsel, ERB, provided an update on the ERB. Mr. Archuleta noted that as of June 30, 2023, although the funded ratio dipped slightly by 0.6% to 62.9%, the amortization period decreased by three years to 26 years. Additionally, Mr. Cherry gave an update on a recent New Mexico Court of Appeals case that found that the Department of Finance and Administration did not have the authority to reject approved salary increases for ERB employees. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20112723%20Item%201%20Agency%20Update.pdf>.

Approval of Minutes (10:53 a.m.)

On a motion made and seconded, and without opposition, the minutes of the October 31, 2023 meeting were approved as submitted.

Public Employees Retirement Association (PERA): Final Update (10:57 a.m.)

Greg Trujillo, executive director, PERA, and Michael Shackelford, chief investment officer, PERA, presented final PERA statistics for the fiscal year (FY) ending June 30, 2023, including a funded ratio of 67.7%, an amortization period of 53 years and a total fund value of \$16.7 billion, an increase of \$29 million. Furthermore, the PERA paid its retirees \$1.42 billion in benefits, and 90% of retirees received a cost-of-living adjustment in FY 2023. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20112723%20Item%202%20PERA--Final%20Update.pdf>.

Retiree Health Care Authority (RHCA): Final Update and Proposed Legislation (12:43 p.m.)

Neil Kueffer, executive director, RHCA, discussed final FY 2023 data for the RHCA, highlights of which include an improved funded ratio of 44.16% and an increase in Retiree Health Care Fund value to \$1.276 billion, a 10-year high. Mr. Kueffer also reviewed the RHCA's legislative proposals, including a one-time legislative appropriation of \$150 million and a proposed constitutional amendment (.226695.1SA) to have the RHCA recognized and

protected under the Constitution of New Mexico, similar to constitutional protections given to the ERB and PERA. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20112723%20Item%203%20RHCA--Final%20Update.pdf>.

Motion for Endorsement: On a motion made and seconded, the committee voted to endorse .226695.1SA as submitted, with Senators Ivey-Soto, Sedillo Lopez and Stefanics and Representative Martinez voting 'no'.

Proposed Return-to-Work Legislation (2:11 p.m.)

Representative Rehm proposed legislation (.226680.1) to allow certain retired public employees to return to work for affiliated public employers under certain conditions. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=11/27/2023&ItemNumber=4>.

Motion for Endorsement: On a motion made and seconded, the committee voted to endorse .226680.1 in concept, with Senator Ivey-Soto and Representatives Roybal Caballero, Borrego and Figueroa voting 'no'.

Senator Gonzales next reviewed proposed legislation (.226682.2) to change the pension calculation for state legislator member coverage plan 2.

Motion for Endorsement: On a motion made and seconded, the committee voted unanimously to endorse .226682.2 as submitted.

Endorsed Legislation

The endorsed legislation can be found here:

https://www.nmlegis.gov/Committee/endorsed_legislation?CommitteeCode=IPOC&Year=2023.

Overview and Analysis of Funds Managed by the Office of the State Treasurer (OST) (2:59 p.m.)

Laura M. Montoya, state treasurer, OST, and JR Rael, deputy treasurer, OST, presented an overview of funds managed by the OST and final FY 2023 figures. Ms. Montoya stated that in FY 2023, the OST served 140 agencies, had \$17 billion in managed assets and \$290 million in earnings and saw a trade volume of \$26.3 billion, which is \$18 billion more than in FY 2018. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20112723%20Item%205%20State%20Treasurer%20final%20update.pdf>.

Public Comment (3:53 p.m.)

A list of individuals making public comment is available in the meeting file.

Adjournment

There being no further business before the committee, the meeting adjourned at 3:57 p.m.

ENDORSED LEGISLATION

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SENATE BILL

56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

INTRODUCED BY

FOR THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

AN ACT

RELATING TO LEGISLATIVE RETIREMENT; CHANGING THE CALCULATION OF
THE AMOUNT OF PENSION PURSUANT TO STATE LEGISLATOR MEMBER
COVERAGE PLAN 2.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 10-11-43.3 NMSA 1978 (being Laws 2003,
Chapter 85, Section 9, as amended) is amended to read:

"10-11-43.3. STATE LEGISLATOR MEMBER COVERAGE PLAN 2--
AMOUNT OF PENSION--FORM OF PAYMENT A.--Under state legislator
member coverage plan 2, the annual amount of pension under form
of payment A is equal in any calendar year to fourteen percent
of the per diem rate in effect, pursuant to Section 2-1-8 NMSA
1978, on the first day of the fiscal year that the legislator
or lieutenant governor retires multiplied by [~~sixty~~] ninety and
further multiplied by credited service as a legislator or

.226682.2

underscoring material = new
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1 lieutenant governor. A pension paid under state legislator
2 member coverage plan 2 shall be adjusted pursuant to Section
3 10-11-118 NMSA 1978 for a legislator or lieutenant governor who
4 has been retired for at least two full calendar years from the
5 effective date of the latest retirement prior to July 1 of the
6 year in which the pension is being adjusted."

7 SECTION 2. APPLICABILITY.--The provisions of this act
8 apply to credited service performed after the effective date of
9 this act. Any credited service performed or amount of pension
10 earned prior to the effective date of this act shall not be
11 calculated or adjusted to conform to the provisions of this
12 act.

1 SENATE JOINT RESOLUTION

2 **56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024**

3 INTRODUCED BY

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8 ENDORSED BY THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

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10 A JOINT RESOLUTION

11 PROPOSING AN AMENDMENT TO ARTICLE 20 OF THE CONSTITUTION OF NEW
12 MEXICO BY ADDING A NEW SECTION TO PROHIBIT THE EXPENDITURE OR
13 ENCUMBRANCE OF TRUST FUNDS CREATED FOR PUBLIC EMPLOYEES RETIREE
14 HEALTH CARE FOR ANY PURPOSE EXCEPT FOR THE SOLE AND EXCLUSIVE
15 BENEFIT OF THE TRUST BENEFICIARIES; PROVIDING FOR THE
16 ADMINISTRATION OF THE TRUST FUNDS; AFFIRMING CERTAIN PROPERTY
17 RIGHTS.

18
19 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

20 SECTION 1. It is proposed to amend Article 20 of the
21 constitution of New Mexico by adding a new section to read:

22 "A. All funds, assets, proceeds, income,
23 contributions, gifts and payments from any source whatsoever
24 paid into or held by a public employees retiree health care
25 system created by the laws of this state shall be held in a

.226695.1SA

underscored material = new
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1 retiree health care trust fund to be administered and invested
2 for the sole and exclusive benefit of the members, retirees and
3 other beneficiaries. Expenditures from the trust fund shall
4 only be made for the benefit of the trust fund beneficiaries
5 and for expenses of administering the public employees retiree
6 health care system. The trust fund shall never be used,
7 diverted, loaned, assigned, pledged, invested, encumbered or
8 appropriated for any other purpose. To the extent consistent
9 with the provisions of this section, the trust fund shall be
10 invested and the public employees retiree health care system
11 administered as provided by law.

12 B. The board of the public employees retiree health
13 care system shall be the trustees of the trust fund, and the
14 board has the sole and exclusive fiduciary duty and
15 responsibility for administration and investment of the trust
16 fund.

17 C. The board of the public employees retiree health
18 care system has the sole and exclusive power and authority to
19 adopt actuarial assumptions based upon the recommendations made
20 by an independent actuary with whom it contracts. The
21 legislature shall not enact any law that alters the funding
22 formula for a retiree health care plan unless the legislature
23 preserves benefits and provides adequate funding.

24 D. Upon meeting the minimum service requirements of
25 an applicable retiree health care plan created by law for

.226695.1SA

underscoring material = new
~~[bracketed material] = delete~~

1 employees of the state and any of its institutions or political
2 subdivisions, a member of a retiree health care plan shall
3 acquire a vested property right with due process protections
4 under the applicable provisions of the constitution of New
5 Mexico and United States constitution.

6 E. Nothing in this section shall be construed to
7 prohibit modifications to retiree health care plans that
8 enhance or preserve the actuarial soundness of the trust fund
9 or individual retiree health care plan."

10 SECTION 2. The amendment proposed by this resolution
11 shall be submitted to the people for their approval or
12 rejection at the next general election or at any special
13 election prior to that date that may be called for that
14 purpose.

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LEGISLATIVE COUNCIL SERVICE
SANTA FE, NEW MEXICO