



NEW MEXICO LEGISLATURE

INVESTMENTS AND
PENSIONS OVERSIGHT
COMMITTEE

2024 INTERIM FINAL REPORT

LEGISLATIVE COUNCIL SERVICE
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INTERIM SUMMARY

Investments and Pensions Oversight Committee 2024 Interim Summary

The Investments and Pensions Oversight Committee met six times during the 2024 interim and received testimony related to fund solvency, fiscal sustainability and the investment of funds managed by the Public Employees Retirement Association (PERA), the Educational Retirement Board (ERB) and the Retiree Health Care Authority (RHCA). The committee heard general updates from the PERA, the ERB, the RHCA, the State Investment Council, the Economic Development Department, the Small Business Investment Corporation, the State Treasurer's Office and the New Mexico Finance Authority.

The committee focused on the topic of cost-of-living adjustments (COLAs) for retirees subject to the Public Employees Retirement Act and the Educational Retirement Act. To further delve into that topic, the committee invited the National Association of State Retirement Administrators and The PEW Charitable Trusts to give presentations examining COLAs through a national lens and invited the PERA and the ERB to provide a presentation on the history of COLAs at each respective agency.

At the final meeting of the interim, the committee endorsed legislation to amend the Educational Retirement Act. If passed by the legislature, the endorsed bill will clarify restrictions on the receipt of gifts, will provide for unclaimed member contributions and will clarify certain terms.

WORK PLAN AND MEETING SCHEDULE

2024 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. Daniel A. Ivey-Soto
Rep. Alan T. Martinez

Sen. Greg Nibert
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 March 25, 2024. During the 2024 interim, 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 its plans for improving sustainability and solvency;

B. receive reports from the State Investment Council (SIC), the Office of the State Treasurer, 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 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;

D. receive reports from the state agencies responsible for public pensions and the investment of public funds on each agency's transparency;

E. 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;

F. receive reports and testimony from the PERA on cost-of-living adjustments (COLAs) for retired members, including:

- an overview and history of COLA payments;
- the current and projected status of COLA payments;
- public assistance and tax implications that may be associated with raising COLA payments;
- an update on the performance of the investments made from the PERA trust fund and the benchmarks used to assess performance to ensure that the fund is receiving the returns necessary to keep up with the demand for COLA payments; and
- information on how increased contributions of two to four percent could effect the funding ratio for COLA payments;

G. receive an overview of current best practices regarding solvency ratios for public funds;

H. 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 and retirees;

I. consider legislation relevant to these topics; and

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

**Investments and Pensions Oversight Committee
2024 Approved Meeting Schedule**

<u>Date</u>	<u>Location**</u>
May 3	Santa Fe
July 1	Santa Fe
July 30	Albuquerque
August 29	Taos
October 1	Santa Fe
October 29	Santa Fe

**Meeting locations are subject to change.

AGENDAS AND MINUTES

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

**May 3, 2024
State Capitol, Room 322
Santa Fe**

Friday, May 3

- 10:00 a.m. **Call to Order and Introductions**
—Senator Roberto "Bobby" J. Gonzales, Chair
—Representative Patricia Roybal Caballero, Vice Chair
- 10:05 a.m. (1) **[Proposed 2024 Interim Work Plan and Meeting Schedule](#)**
—Cristina Vasquez, Staff Attorney, Legislative Council Service
- 12:00 noon **Adjourn**

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

**May 3, 2024
State Capitol, Room 322
Santa Fe**

The first 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 Friday, May 3, 2024, at 10:07 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Sen. Roberto "Bobby" J. Gonzales, Chair
Rep. Cynthia Borrego
Rep. Alan T. Martinez
Sen. Greg Nibert
Rep. William "Bill" R. Rehm
Sen. Antoinette Sedillo Lopez (via Zoom)
Sen. Elizabeth "Liz" Stefanics

Absent

Rep. Patricia Roybal Caballero, Vice Chair
Rep. Ambrose Castellano
Rep. Natalie Figueroa
Sen. Daniel A. Ivey-Soto
Sen. Joshua A. Sanchez
Rep. Linda Serrato

Advisory Members

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

Sen. William F. Burt
Sen. Michael Padilla

Guest Legislator

Rep. Kristina Ortez

Staff

Cristina Vasquez, Staff Attorney, Legislative Council Service (LCS)
Rebecca Griego, Records Officer, LCS
Carrie McGovern, Publication and Editing Coordinator, 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, May 3

Proposed 2024 Interim Work Plan and Meeting Schedule (10:11 a.m.)

Ms. Vasquez presented the IPOC's 2024 proposed interim work plan and meeting schedule to committee members, and members provided feedback on topics they would like to address during the interim.

On a motion made by Senator Stefanics and seconded by Representative Rehm and with no opposition, the committee voted unanimously to adopt the IPOC's 2024 proposed interim work plan and meeting schedule.

Adjournment

There being no further business before the committee, the meeting adjourned at 10:30 a.m.

Revised: June 26, 2024

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

**July 1, 2024
State Capitol, Room 307
Santa Fe**

Monday, July 1

- 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) **[Update from the State Investment Council \(SIC\)](#)**
—Jon Clark, State Investment Officer, SIC
- 11:15 a.m. (2) **[Retiree Health Care Authority \(RHCA\): Sustainability and Solvency](#)**
—Neil Kueffer, Executive Director, RHCA
- 12:15 p.m. **Lunch**
- 1:15 p.m. (3) **[Educational Retirement Board \(ERB\): Sustainability and Solvency](#)**
—David Archuleta, Executive Director, ERB
- 2:15 p.m. (4) **[Public Employees Retirement Association \(PERA\): Sustainability and Solvency](#)**
—Greg Trujillo, Executive Director, PERA
- 3:15 p.m. (5) **[Legislative Finance Committee \(LFC\) Investment Performance Report](#)**
—Brendon Gray, Economist, LFC
- 4:15 p.m. **Adjourn**

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

**July 1, 2024
State Capitol, Room 307
Santa Fe**

The second meeting of the Investments and Pensions Oversight Committee for the 2024 interim was called to order by Senator Roberto "Bobby" J. Gonzales, chair, on Monday, July 1, 2024, at 10:04 a.m. in Room 307 of the State Capitol in Santa Fe.

Present

Sen. Roberto "Bobby" J. Gonzales, Chair
Rep. Cynthia Borrego
Rep. Ambrose Castellano
Rep. Natalie Figueroa
Rep. Alan T. Martinez
Sen. Greg Nibert
Rep. William "Bill" R. Rehm
Sen. Joshua A. Sanchez
Sen. Antoinette Sedillo Lopez
Rep. Linda Serrato
Sen. Elizabeth "Liz" Stefanics

Absent

Rep. Patricia Roybal Caballero, Vice Chair
Sen. Daniel A. Ivey-Soto

Advisory Members

Sen. Michael Padilla
Rep. Debra M. Sariñana

Rep. Eliseo Lee Alcon
Sen. William F. Burt
Sen. Shannon D. Pinto

Staff

Cristina Vasquez, Staff Attorney, Legislative Council Service (LCS)
Charlie Brewer, Staff, LCS
Erika Falance, Committee Coordinator, LCS
Carrie McGovern, Publication and Editing Coordinator, 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, July 1

Update from the State Investment Council (SIC) (10:07 a.m.)

Jon Clark, state investment officer, SIC, provided an update on the SIC and the funds managed by it. According to Mr. Clark, the SIC now manages 12 permanent, endowment and reserve funds, including three new funds created in the 2024 legislative session, and the SIC had \$53.5 billion in assets under management as of March 31, 2024. Partly due to explosive growth in the Land Grant Permanent Fund and Early Childhood Education and Care Fund, fund distributions are predicted to top \$2 billion for the first time in fiscal year (FY) 2025. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=7/1/2024&ItemNumber=1>.

Approval of Minutes (10:34 a.m.)

On a motion made and seconded, and with no objection, the minutes of the May 3, 2024 meeting were approved as submitted.

Retiree Health Care Authority (RHCA): Sustainability and Solvency (11:09 a.m.)

Neil Kueffer, executive director, RHCA, said that over the past 11 years, the RHCA has made a number of changes to improve solvency that have shown positive results, with its funded ratio increasing from 3.62% in 2006 to 33.33% in 2022 to 44.16% in 2023. In addition, the RHCA's trust fund balance hit a 10-year high of \$1.4 billion in May 2024. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=7/1/2024&ItemNumber=2>.

Educational Retirement Board (ERB): Sustainability and Solvency (1:01 p.m.)

David Archuleta, executive director, ERB, informed the committee that continued efforts to improve solvency over the past 11 years have led to an improved funded ratio of 62.9% and the ERB's trust fund balance attaining a new high point of \$16.8 billion as of March 31, 2024. Thus, Mr. Archuleta said that he has no immediate concerns about the ERB's sustainability or solvency. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=7/1/2024&ItemNumber=3>.

Public Employees Retirement Association (PERA): Sustainability and Solvency (1:44 p.m.)

Greg Trujillo, executive director, PERA, described actions that the PERA has taken to improve its solvency and sustainability, namely through passage of a pension reform bill in 2020 that increased employer and employee contributions and restructured the cost-of-living adjustment. As a result, so far this fiscal year, the PERA's market value has grown \$743 million to \$17.4 billion, and the PERA continues to outperform its policy benchmark in the medium and long term. Also, the PERA is conducting an experience study this year to compare actual experience to current actuarial assumptions and recommend changes to assumptions to better align with future expectations. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=7/1/2024&ItemNumber=4>.

Legislative Finance Committee (LFC) Investment Performance Report (2:27 p.m.)

Brendon Gray, economist, LFC, presented the FY 2024 third quarter investment report, highlighted by state investment balances increasing \$11 billion, or 15.8%, from March 2023 to March 2024. In addition, Mr. Gray noted that pension fund investments grew by \$1.83 billion, or 5.7%, and long-term investments surged \$9.2 billion, or 24.2%, during that time period. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=7/1/2024&ItemNumber=5>.

Adjournment

There being no further business before the committee, the meeting adjourned at 2:49 p.m.

Revised: July 24, 2024

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

**July 30, 2024
Casa Rondeña Winery
733 Chavez Road
Los Ranchos de Albuquerque**

Tuesday, July 30

- 10:00 a.m. **Call to Order and Committee Introductions**
—Senator Roberto "Bobby" J. Gonzales, Chair
—Representative Patricia Roybal Caballero, Vice Chair
- 10:15 a.m. (1) **[History and Overview of Cost-Of-Living Adjustments at the Educational Retirement Board \(ERB\)](#)**
—David Archuleta, Executive Director, ERB
- 11:15 a.m. (2) **[History and Overview of Cost-of-Living-Adjustments at the Public Employees Retirement Association \(PERA\)](#)**
—Greg Trujillo, Executive Director, PERA
- 12:15 p.m. **Lunch**
- 1:15 p.m. (3) **[Judicial Retirement](#)**
—The Honorable C. Shannon Bacon, Justice, New Mexico Supreme Court
—Arthur W. Pepin, Director, Administrative Office of the Courts
- 1:30 p.m. (4) **[State Investment Council \(SIC\): Global Economic Overview](#)**
—Robert "Vince" Smith, Chief Investment Officer, SIC
- 2:30 p.m. (5) **[Legislative Finance Committee \(LFC\): General Fund Reserves Overview](#)**
—Ismael Torres, Chief Economist, LFC
- 3:30 p.m. **Public Comment***
- 4:00 p.m. **Adjourn**

*Members of the public may have up to two minutes, time permitting, to make virtual public comments during the public comment period of the meeting. If you are interested in making virtual public comments, please follow the instructions under the "Virtual Public Comment" section of the Investments and Pensions Oversight Committee [web page](#).

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

**July 30, 2024
Casa Rondeña Winery
733 Chavez Road
Los Ranchos de Albuquerque**

The third meeting of the Investments and Pensions Oversight Committee for the 2024 interim was called to order by Representative Patricia Roybal Caballero, vice chair, on Tuesday, July 30, 2024, at 10:12 a.m. at Casa Rondeña Winery in Los Ranchos de Albuquerque.

Present

Rep. Patricia Roybal Caballero, Vice Chair
Rep. Cynthia Borrego
Rep. Ambrose Castellano
Rep. Natalie Figueroa
Rep. Alan T. Martinez
Sen. Greg Nibert (via Zoom)
Rep. William "Bill" R. Rehm
Rep. Linda Serrato
Sen. Elizabeth "Liz" Stefanics

Absent

Sen. Roberto "Bobby" J. Gonzales, Chair
Sen. Daniel A. Ivey-Soto
Sen. Joshua A. Sanchez
Sen. Antoinette Sedillo Lopez

Advisory Members

Rep. Eliseo Lee Alcon
Sen. Michael Padilla
Sen. Shannon D. Pinto

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

Guest Legislator

Rep. Patricia A. Lundstrom

Staff

Cristina Vasquez, Staff Attorney, Legislative Council Service (LCS)
Rebecca Griego, Records Officer, LCS
Carrie McGovern, Publication and Editing Coordinator, 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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Tuesday, July 30

History and Overview of Cost-of-Living Adjustments (COLAs) at the Educational Retirement Board (ERB) (10:15 a.m.)

David Archuleta, executive director, ERB, provided a summary of the COLA at the ERB. He noted that the ERB's COLA is based on the change in the consumer price index (CPI) and cannot be more than 4% or less than 2%, unless the CPI is less than 2%. In addition, there are three types of COLAs: one for disability retirees; one for retirees with 25 or more years of service credit and whose monthly benefit is less than or equal to the median annuity; and one for all other eligible retirees. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=7/30/2024&ItemNumber=1>.

History and Overview of COLAs at the Public Employees Retirement Association (PERA) (10:53 a.m.)

Greg Trujillo, executive director, PERA, presented an overview and history of COLAs at the PERA, noting that recent changes to the COLA occurred in 2020 and 2023 as a result of a PERA pension reform bill, Senate Bill 72, enacted in 2020. In fiscal years 2021, 2022 and 2023, PERA retirees received a 2% non-compounding "13th check", and on and after July 1, 2023, retirees receive a profit-share compounding COLA that can range from .5% to 3% depending on investment performance and the PERA's funded ratio. However, disability retirees and retirees with 25 years of service and an annual pension benefit of \$25,000 or less receive a flat 2.5% COLA. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=7/30/2024&ItemNumber=2>.

Public Comment (12:11 p.m.)

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

Approval of Minutes (1:21 p.m.)

On a motion made and seconded, and with no objection, the minutes of the July 1, 2024 meeting were approved as submitted.

Judicial Retirement (1:22 p.m.)

The Honorable C. Shannon Bacon, justice, New Mexico Supreme Court, and Arthur W. Pepin, director, Administrative Office of the Courts, reviewed proposed changes to the Judicial

Retirement Act and the Magistrate Retirement Act to improve solvency for both judicial pension plans. The presenters noted that these changes are also important for recruiting and retaining judges. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=7/30/2024&ItemNumber=3>.

State Investment Council (SIC): Global Economic Overview (1:51 p.m.)

Robert "Vince" Smith, chief investment officer, SIC, summarized current global economic conditions, noting that over the last 18 months, a predicted recession has never materialized despite high short-term interest rates and persistent inflation. According to Mr. Smith, the United States stock market has continued to perform well, and the United States is in a better position demographically than most other developed countries. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=7/30/2024&ItemNumber=4>.

Motion to Draft Letter (2:28 p.m.)

On a motion made and seconded, and with no objection, the committee voted to draft a letter to the Legislative Finance Committee (LFC), requesting it to consider infusing \$700 million or more into the PERA and ERB funds, with the amount divided proportionally to each membership group, and to explore allocating excess revenue to these funds in future years. The committee will review the letter at its August 29, 2024 meeting.

LFC: General Fund Reserves Overview (2:56 p.m.)

Ismael Torres, chief economist, LFC, provided an overview of General Fund reserves, which include the General Fund Operating Reserve, the Appropriation Contingency Fund, the State-Support Reserve Fund and the Tax Stabilization Reserve. Mr. Torres stated that the primary purpose of the reserves is to backfill General Fund revenues during temporary downturns, but they also act as an overflow for nonrecurring revenues and catch surpluses. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=7/30/2024&ItemNumber=5>.

Public Comment (3:33 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 3:49 p.m.

Revised: August 14, 2024

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

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

Thursday, August 29

- 10:00 a.m. **Call to Order and Committee Introductions**
—Senator Roberto "Bobby" J. Gonzales, Chair
—Representative Patricia Roybal Caballero, Vice Chair
- 10:05 a.m. (1) **[Update from the Small Business Investment Corporation \(SBIC\)](#)**
—Russell Cummins, Executive Director and Investment Advisor, SBIC
- 11:05 a.m. (2) **[Educational Retirement Board \(ERB\): Investment Overview](#)**
—David Archuleta, Executive Director, ERB
—Bob Jacksha, Chief Investment Officer, ERB
- 12:05 p.m. (3) **[Discussion of Letter to Legislative Finance Committee](#)**
—Investments and Pensions Oversight Committee Members
- 12:20 p.m. **Lunch**
- 1:20 p.m. (4) **[New Mexico Finance Authority \(NMFA\): Venture Capital Program Overview and Update](#)**
—Fernando Martinez, Jr., Deputy Director, NMFA
—Ryan Decker, Policy and Capital Strategist, NMFA
- 2:20 p.m. (5) **[Public Employees Retirement Association \(PERA\): Investment Overview](#)**
—Greg Trujillo, Executive Director, PERA
—Michael Shackelford, Chief Investment Officer, PERA
- 3:20 p.m. **Adjourn**

**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

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"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.

Revised: September 20, 2024

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

**October 1, 2024
State Capitol, Room 307
Santa Fe**

Tuesday, October 1

- 10:00 a.m. **Call to Order and Introductions**
—Senator Roberto "Bobby" J. Gonzales, Chair
—Representative Patricia Roybal Caballero, Vice Chair
- 10:05 a.m. (1) **[The Pew Charitable Trusts \(Pew\): Public Sector Retirement Systems Best Practices](#)**
—David Draine, Principal Officer, Public Sector Retirement Systems, Pew
—Stephanie Connolly, Officer, Public Sector Retirement Systems, Pew
- 11:05 a.m. (2) **[National Association of State Retirement Administrators \(NASRA\): Cost-of-Living Adjustments Brief](#)**
—Keith Brainard, Research Director, NASRA
- 12:05 p.m. **Lunch**
- 1:05 p.m. (3) **[Overview of the Severance Tax Permanent Fund](#)**
—Dawn Iglesias, Chief Investment Operations Officer, State Investment Council
- 2:05 p.m. (4) **[Overview and Analysis of Funds Managed by the Office of the State Treasurer \(OST\)](#)**
—Laura M. Montoya, State Treasurer, OST
—Vikki Hanges, Investment Officer, OST
—Anna Murphy, Portfolio Manager, OST
- 3:05 p.m. **Adjourn**

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

**October 1, 2024
State Capitol, Room 307
Santa Fe**

The fifth meeting of the Investments and Pensions Oversight Committee for the 2024 interim was called to order by Senator Roberto "Bobby" J. Gonzales, chair, on Tuesday, October 1, 2024, at 10:07 a.m. in Room 307 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. Alan T. Martinez
Sen. Greg Nibert
Rep. William "Bill" R. Rehm
Sen. Elizabeth "Liz" Stefanics

Absent

Rep. Ambrose Castellano
Sen. Daniel A. Ivey-Soto
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

Rep. Tara L. Lujan

Staff

Cristina Vasquez, Staff Attorney, Legislative Council Service (LCS)
Rebecca Griego, Records Officer, LCS
Carrie McGovern, Publication and Editing Coordinator, 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 1

The Pew Charitable Trusts (Pew): Public Sector Retirement Systems Best Practices (10:10 a.m.)

David Draine, principal officer, Public Sector Retirement Systems, Pew, and Stephanie Connolly, officer, Public Sector Retirement Systems, Pew, provided a presentation on best practices of public sector retirement systems, which included providing a path to retirement security, maintaining fiscal responsibility, planning for uncertainty and ensuring fiscal transparency. Mr. Draine said that well-funded public sector retirement systems with tools to manage risks can keep costs stable over time. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=10/1/2024&ItemNumber=1>.

Approval of Minutes (10:48 a.m.)

On a motion made and seconded, and with no opposition, the minutes of the August 29, 2024 meeting were approved as submitted.

National Association of State Retirement Administrators (NASRA): Cost-of-Living Adjustments (COLAs) Brief (11:14 a.m.)

Keith Brainard, research director, NASRA, presented a brief on public pension COLAs. According to Mr. Brainard, the core objectives for providing a COLA are to protect retirees against the effects of inflation, maintain stability in the cost of the pension plan, preserve the integrity of the plan's funding policy and promote intergenerational equity by funding the cost of the COLA in advance during the working lives of plan participants. He further stated that there are many different types of COLAs, with the most common being automatic and tied to the rate of inflation. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=10/1/2024&ItemNumber=2>.

Overview of the Severance Tax Permanent Fund (STPF) (1:10 p.m.)

Dawn Iglesias, chief investment operations officer, State Investment Council, gave a comprehensive overview of the STPF, which is currently valued at \$9.7 billion and distributed \$332.8 million to the General Fund in fiscal year 2025. Ms. Iglesias stated that inflows into the STPF in 2022 (\$1.68 billion) and 2023 (\$1.5 billion) greatly exceeded the total inflows for the previous 20 years (\$1.08 billion). She pointed out that distributions from permanent funds are among New Mexico's most stable sources of General Fund revenue and that permanent fund

investments are predicted to surpass oil and gas revenues as the state's leading source of revenue by 2039. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=10/1/2024&ItemNumber=3>.

Overview and Analysis of Funds Managed by the Office of the State Treasurer (OST) (2:28 p.m.)

Laura M. Montoya, state treasurer, OST; Vikki Hanges, investment officer, OST; and Anna Murphy, portfolio manager, OST, presented an overview and analysis of funds managed by the OST. Currently, the OST has more than \$17 billion in total assets managed, and in fiscal year 2024, the office saw a 168% increase in assets under management, a 222% increase in trade volume and a 49% increase in agency bank deposits. Treasurer Montoya stated that OST investments are primarily high-quality, short-duration United States government and agency bonds that minimize credit and interest rate risk. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=10/1/2024&ItemNumber=4>.

Adjournment

There being no further business before the committee, the meeting adjourned at 3:25 p.m.

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

**October 29, 2024
State Capitol, Room 307
Santa Fe**

Tuesday, October 29

- 10:00 a.m. **Call to Order and Introductions**
—Senator Roberto "Bobby" J. Gonzales, Chair
—Representative Patricia Roybal Caballero, Vice Chair
- 10:05 a.m. (1) **[Economic Development Funding as Strategic State Investments](#)**
—Mark Roper, Director, Economic Development Division, Economic
Development Department
- 11:05 a.m. (2) **[I-40 TradePort Corridor: Investing in Infrastructure to Grow New Mexico's Economy](#)**
—Marcos A. Gonzales, M.B.A., Executive Development Officer, Bernalillo
County Economic Development
- 12:05 p.m. **Lunch**
- 1:05 p.m. (3) **[Educational Retirement Board \(ERB\): Final Update and Legislative Proposal](#)**
—David Archuleta, Executive Director, ERB
- 1:45 p.m. (4) **[Retiree Health Care Authority \(RHCA\): Final Update and Legislative Proposal](#)**
—Neil Kueffer, Executive Director, RHCA
- 2:25 p.m. (5) **[Review of *Bartlett v. Cameron*](#)**
—Cristina Vasquez, Staff Attorney, Legislative Council Service
- 3:00 p.m. **Adjourn**

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

**October 29, 2024
State Capitol, Room 307
Santa Fe**

The sixth meeting of the Investments and Pensions Oversight Committee for the 2024 interim was called to order by Senator Roberto "Bobby" J. Gonzales, chair, on Tuesday, October 29, 2024, at 10:00 a.m. in Room 307 of the State Capitol in Santa Fe. For the purposes of a quorum, Representative Eliseo Lee Alcon and Representative Anthony Allison were appointed as voting members for this meeting.

Present

Sen. Roberto "Bobby" J. Gonzales, Chair
Rep. Eliseo Lee Alcon*
Rep. Anthony Allison*
Rep. Cynthia Borrego
Rep. Natalie Figueroa
Sen. Greg Nibert
Rep. William "Bill" R. Rehm

Absent

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

Advisory Members

Sen. Shannon D. Pinto

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

Guest Legislator

Sen. Nancy Rodriguez

*Appointed by the speaker of the house of representatives or the president pro tempore of the senate as a voting member for this meeting only.

Staff

Cristina Vasquez, Staff Attorney, Legislative Council Service (LCS)
Rebecca Griego, Records Officer, LCS
Carrie McGovern, Publication and Editing Coordinator, 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.

Tuesday, October 29

Economic Development Funding as Strategic State Investments (10:02 a.m.)

Mark Roper, director, Economic Development Division, Economic Development Department, explained how funding provided by the Local Economic Development Act (LEDA) can serve as strategic state investments. He defined LEDA as the investment of public money in a private company to offset costs associated with the land, buildings and infrastructure that will aid in economic development and job creation, and he detailed the process for and benefits of LEDA investments. According to Mr. Roper, the state's return on investment for LEDA projects is in excess of 600%. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=10/29/2024&ItemNumber=1>.

I-40 TradePort Corridor: Investing in Infrastructure to Grow New Mexico's Economy (10:52 a.m.)

Marcos A. Gonzales, M.B.A., executive development officer, Bernalillo County Economic Development, and Carolyn Tobias, manager, Bernalillo County Economic Development, gave a presentation on the I-40 TradePort Corridor transportation infrastructure project, the first phase of which is being planned for construction along Interstate Highway 40 from Los Angeles to Albuquerque. Mr. Gonzales described the corridor system as a public-private partnership that has public objectives to provide clean energy refueling and electric charging infrastructure at regional hubs, improve supply chain efficiency and reliability and create economic development opportunities and jobs. Plans for the Albuquerque TradePort are for it to be located on 6,000 acres at Interstate Highway 40 and Atrisco Vista Boulevard on the city's west side. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=10/29/2024&ItemNumber=2>.

Approval of Minutes (11:28 a.m.)

On a motion made and seconded, and with no opposition, the minutes of the October 1, 2024 meeting were approved as submitted.

Review of *Bartlett v. Cameron* (11:30 a.m.)

Ms. Vasquez provided an explanatory case brief of the *Bartlett v. Cameron* New Mexico Supreme Court case that sought to determine whether the Constitution of New Mexico grants public employee retirees a right to an annual cost-of-living adjustment (COLA) to their retirement benefit based on the COLA formula in effect on the date of their retirement for the entirety of their retirement. Ms. Vasquez noted that the court ruled that the Constitution of New Mexico does not afford retirees a vested property right with due process protections in an annual COLA until it has been paid and has become a part of the retirees' base benefit. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=10/29/2024&ItemNumber=5>.

Educational Retirement Board (ERB): Final Update and Legislative Proposal (12:47 p.m.)

David Archuleta, executive director, ERB, and Jacob Maule, general counsel, ERB, presented a final update on the ERB. According to Mr. Archuleta, as of June 30, 2024, key valuation results showed that the funded ratio increased from 62.9% to 64.8%, the amortization period was reduced by four years to 22 years, active membership increased by 1,467 and the Educational Retirement Fund balance reached a new high point of \$17.1 billion. The presenters also reviewed two pieces of proposed legislation for the committee to consider for endorsement: .228647.2SA, which makes a number of technical fixes to the Educational Retirement Act, and .228759.2SA, which provides for unclaimed member contributions to be held in the Educational Retirement Fund. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=10/29/2024&ItemNumber=3>.

Motions for Endorsement: On a motion made and seconded, the committee voted unanimously to endorse .228647.2SA as submitted. Next, a motion was made to endorse .228759.2SA, but there was no second to that motion. Thus, that motion for endorsement failed.

Retiree Health Care Authority (RHCA): Final Update and Legislative Proposal (2:00 p.m.)

Neil Kueffer, executive director, RHCA, provided an update on the RHCA, including various changes in benefits offered for 2025 and investment performance for the fiscal year ending June 30, 2024. In addition, Mr. Kueffer reviewed a proposed constitutional amendment (.228945.1SA) to have the RHCA recognized and protected under the Constitution of New Mexico, similar to constitutional protections given to the ERB and Public Employees Retirement Association. Quorum was lost before a motion for endorsement could be made. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=IPOC&Date=10/29/2024&ItemNumber=4>.

Endorsed Legislation

The proposed legislation endorsed by the committee can be found here:

https://www.nmlegis.gov/Committee/endorsed_legislation?CommitteeCode=IPOC&Year=2024.

Adjournment

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

ENDORSED LEGISLATION

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SENATE BILL

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

ENDORSED BY THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

AN ACT

RELATING TO EDUCATIONAL RETIREMENT; MAKING CHANGES TO THE
EDUCATIONAL RETIREMENT ACT; CLARIFYING RESTRICTIONS ON RECEIPT
OF GIFTS; PROVIDING FOR UNCLAIMED MEMBER CONTRIBUTIONS TO BE
DEPOSITED INTO THE EDUCATIONAL RETIREMENT FUND; CLARIFYING
CERTAIN TERMS; ALLOWING FOR A MEMBER ON DISABILITY STATUS WHO
IS OVER SIXTY AND WHO RECEIVES AN ANNUITY ADJUSTMENT TO
CONTINUE RECEIVING THE ANNUITY ADJUSTMENT; REQUIRING PAYMENT OF
ALLOWED SERVICE WITHIN NINETY DAYS; ALLOWING FOR DISCLOSURE OF
MEMBER OR RETIRED MEMBER INFORMATION TO THE PUBLIC EMPLOYEES
RETIREMENT BOARD TO ADMINISTER.

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

SECTION 1. Section 22-11-5.1 NMSA 1978 (being Laws 1999,
Chapter 153, Section 2, as amended) is amended to read:

"22-11-5.1. RESTRICTIONS ON RECEIPT OF GIFTS.--Except for
.228647.2SA

underscoring material = new
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1 gifts of food or beverage [~~given~~] consumed in a place of public
2 accommodation [~~consumed~~] at the time of receipt [~~not exceeding~~
3 ~~fifty dollars (\$50.00) for~~] or a single gift of value not
4 exceeding fifty dollars (\$50.00), and the aggregate value of
5 which gifts [~~may~~] shall not exceed one hundred fifty dollars
6 (\$150) in a calendar year, neither a board member nor an
7 employee of the board shall receive or accept anything of value
8 directly or indirectly from a person who:

9 A. has a current contract with the board;

10 B. is a potential bidder, offeror or contractor for
11 the provision of services or personal property to the board;

12 C. is authorized to invest public funds pursuant to
13 state or federal law or is an employee or agent of such a
14 person; or

15 D. is an organization, association or other entity
16 having a membership that includes persons described in
17 Subsections A through C of this section."

18 **SECTION 2.** Section 22-11-11 NMSA 1978 (being Laws 1967,
19 Chapter 16, Section 135, as amended) is amended to read:

20 "22-11-11. EDUCATIONAL RETIREMENT FUND--SUSPENSE FUND.--

21 A. The "educational retirement fund" and the
22 "educational retirement suspense fund" are created.

23 B. The state treasurer shall be the custodian of
24 the funds, and the board shall be the trustee of the funds.

25 C. All membership fees, contributions from members

.228647.2SA

underscored material = new
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1 and local administrative units, securities evidencing the
2 investment of money from the fund, unclaimed member
3 contributions, interest, gifts, grants or bequests shall be
4 deposited in the educational retirement fund.

5 D. All amounts received in satisfaction of a claim
6 brought by private attorneys on behalf of the board shall be
7 deposited into the educational retirement suspense fund. The
8 board shall disburse the compensation due the private
9 attorneys, together with reimbursement for reasonable costs and
10 expenses, in accordance with the terms of the contract with the
11 attorneys. After the disbursements have been made, the balance
12 of each deposit shall be distributed to the educational
13 retirement fund."

14 SECTION 3. Section 22-11-24 NMSA 1978 (being Laws 1967,
15 Chapter 16, Section 147) is amended to read:

16 "22-11-24. RETIREMENT BENEFITS--MINIMUM CONTRIBUTORY
17 EMPLOYMENT.--

18 A. A member [~~must~~] shall have acquired not less
19 than five years of contributory employment to be eligible for
20 retirement benefits pursuant to the Educational Retirement Act.

21 B. A member desiring to retire before having
22 completed five years of contributory employment shall be
23 limited to the maximum benefit [~~he~~] the member would have been
24 entitled to receive under any statute repealed by the
25 Educational Retirement Act. A member may acquire five years or

.228647.2SA

underscored material = new
[bracketed material] = delete

1 less of contributory employment by contributing to the fund,
2 for each year of contributory employment desired, a sum equal
3 to the prevailing combined contributions of the member and the
4 local administrative unit in effect at the time the
5 contributory employment is acquired. This contribution shall
6 be computed on the member's average annual salary for the last
7 five years of employment plus an additional sum as interest
8 from the effective date of the Educational Retirement Act as
9 fixed by the board, but not to exceed three percent a year.

10 C. Years of contributory employment purchased
11 pursuant to this section shall not be considered as an addition
12 to service actually performed in computing the sum of the
13 member's retirement benefit.

14 D. The retirement benefits of members retired
15 pursuant to the Educational Retirement Act prior to July 1,
16 1959 and who have acquired contributory employment years by
17 purchase shall be computed upon the basis of the amount paid
18 therefor.

19 E. As used only in this section, "five years of
20 contributory employment" means the member and employer have
21 made contributions through the last business day of the
22 sixtieth month of contributory employment, or if the member is
23 under contract, the member and employer have made contributions
24 for five years through the last business day that the member
25 can provide services under the contract."

.228647.2SA

underscoring material = new
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1 SECTION 4. Section 22-11-31 NMSA 1978 (being Laws 1979,
2 Chapter 333, Section 2, as amended) is amended to read:

3 "22-11-31. COST-OF-LIVING ADJUSTMENT--ELIGIBILITY--BASED
4 ON FUNDED RATIO--ADDITIONAL CONTRIBUTIONS.--

5 A. For the purposes of this section:

6 (1) "adjustment factor" means a multiplicative
7 factor computed to provide an annuity adjustment pursuant to
8 the provisions of Subsection B of this section;

9 (2) "annuity" means any benefit payable under
10 the Educational Retirement Act or the Public Employees
11 Retirement Reciprocity Act as a retirement benefit, disability
12 benefit or survivor benefit;

13 (3) "calendar year" means the full twelve
14 months beginning January 1 and ending December 31;

15 (4) "consumer price index" means the average
16 of the monthly consumer price indexes for a calendar year for
17 the entire United States for all items as published by the
18 United States department of labor;

19 (5) "funded ratio" means the ratio of the
20 actuarial value of the assets of the fund to the actuarial
21 accrued liability of the educational retirement system;

22 (6) "median adjusted annuity" means the median
23 value of all annuities and retirement benefits paid pursuant to
24 Section 22-11-29 or 22-11-30 NMSA 1978, as calculated each
25 fiscal year; provided, however, that the benefits paid to a

.228647.2SA

underscored material = new
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1 member pursuant to Section 22-11-38 NMSA 1978 shall not be
2 included in the median adjusted annuity calculation;

3 (7) "next preceding calendar year" means the
4 full calendar year immediately prior to the preceding calendar
5 year; and

6 (8) "preceding calendar year" means the full
7 calendar year preceding the July 1 on which a benefit is to be
8 adjusted.

9 B. On or after July 1, 1984:

10 (1) the annuity of a member who retires
11 pursuant to Subsection A of Section 22-11-23 NMSA 1978 or
12 Subsection A of Section 22-11-23.1 NMSA 1978 shall be adjusted
13 annually and cumulatively commencing on July 1 of the year in
14 which a member attains the age of sixty-five years or on July 1
15 following the year a member retires, whichever is later; and

16 (2) the annuity of a member who retires
17 pursuant to Subsection A of Section 22-11-23.2 NMSA 1978 shall
18 be adjusted annually and cumulatively commencing on July 1 of
19 the year in which the member attains the age of sixty-seven
20 years or on July 1 following the year the member retires,
21 whichever is later.

22 C. Beginning on July 1, 2013 and on each July 1
23 thereafter:

24 (1) if the funded ratio of the fund as
25 reported by the board's actuary in the actuarial valuation

.228647.2SA

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1 report for the next preceding fiscal year is one hundred
2 percent or greater, the annuity adjustments provided for under
3 Subsection B of this section shall be adjusted by applying an
4 adjustment factor based on the percentage increase of the
5 consumer price index between the next preceding calendar year
6 and the preceding calendar year. The adjustment factor shall
7 be applied as follows:

8 (a) if the percentage increase of the
9 consumer price index is less than two percent in absolute
10 value, the adjustment factor shall be the same amount as the
11 percentage increase of the consumer price index; and

12 (b) if the percentage increase of the
13 consumer price index is two percent or greater in absolute
14 value, the adjustment factor shall be one-half of the
15 percentage increase; except that the adjustment shall not
16 exceed four percent in absolute value nor be less than two
17 percent in absolute value;

18 (2) if the funded ratio of the fund as
19 reported by the board's actuary in the actuarial report for the
20 next preceding fiscal year is greater than ninety percent but
21 less than one hundred percent, except for a member who is on
22 disability status in accordance with Section 22-11-35 NMSA 1978
23 and whose benefit is adjusted as provided in Subsection G of
24 this section or a member who is retired pursuant to Section
25 22-11-38 NMSA 1978, the adjustment factor provided for in

.228647.2SA

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1 Subsection B of this section shall be applied as follows:

2 (a) if the percentage increase in the
3 consumer price index is less than two percent in absolute
4 value, for a member who has twenty-five or more years of
5 service credit at retirement and whose annuity is less than or
6 equal to the median adjusted annuity for the fiscal year next
7 preceding the adjustment date, the adjustment factor shall be
8 ninety-five percent of the adjustment factor determined
9 pursuant to Subparagraph (a) of Paragraph (1) of this
10 subsection;

11 (b) if the percentage increase in the
12 consumer price index is less than two percent in absolute
13 value, for a member who has less than twenty-five years of
14 service credit at retirement and whose annuity is less than or
15 equal to the median adjusted annuity for the fiscal year next
16 preceding the adjustment date, and for a member whose annuity
17 is greater than the median adjusted annuity for the fiscal year
18 next preceding the adjustment date, the adjustment factor shall
19 be ninety percent of the adjustment factor determined pursuant
20 to Subparagraph (a) of Paragraph (1) of this subsection;

21 (c) if the percentage increase in the
22 consumer price index is greater than or equal to two percent in
23 absolute value for a member who has twenty-five or more years
24 of service credit at retirement and whose annuity is less than
25 or equal to the median adjusted annuity for the fiscal year

.228647.2SA

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1 next preceding the adjustment date, the adjustment factor shall
2 be ninety-five percent of the adjustment factor determined
3 under Subparagraph (b) of Paragraph (1) of this subsection; and

4 (d) if the percentage increase in the
5 consumer price index is greater than or equal to two percent in
6 absolute value, for a member who has less than twenty-five
7 years of service credit at retirement and whose annuity is less
8 than or equal to the median adjusted annuity for the fiscal
9 year next preceding the adjustment date, and for a member whose
10 annuity is greater than the median adjusted annuity for the
11 fiscal year next preceding the adjustment date, the adjustment
12 factor shall be ninety percent of the adjustment factor
13 determined under Subparagraph (b) of Paragraph (1) of this
14 subsection;

15 (3) if the funded ratio of the fund as
16 reported by the board's actuary in the actuarial valuation
17 report for the next preceding fiscal year is ninety percent or
18 less, except for a member who is on disability status in
19 accordance with Section 22-11-35 NMSA 1978 and whose benefit is
20 adjusted as provided in Subsection G of this section or a
21 member who is retired pursuant to Section 22-11-38 NMSA 1978,
22 the adjustment factor provided for in Subsection B of this
23 section shall be applied as follows:

24 (a) if the percentage increase in the
25 consumer price index is less than two percent in absolute

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1 value, for a member who has twenty-five or more years of
2 service credit at retirement and whose annuity is less than or
3 equal to the median adjusted annuity for the fiscal year next
4 preceding the adjustment date, the adjustment factor shall be
5 ninety percent of the adjustment factor determined pursuant to
6 Subparagraph (a) of Paragraph (1) of this subsection;

7 (b) if the percentage increase in the
8 consumer price index is less than two percent in absolute
9 value, for a member who has less than twenty-five years of
10 service credit at retirement and whose annuity is less than or
11 equal to the median adjusted annuity for the fiscal year next
12 preceding the adjustment date, and for a member whose annuity
13 is greater than the median adjusted annuity for the fiscal year
14 next preceding the adjustment date, the adjustment factor shall
15 be eighty percent of the adjustment factor determined pursuant
16 to Subparagraph (a) of Paragraph (1) of this subsection;

17 (c) if the percentage increase in the
18 consumer price index is greater than or equal to two percent in
19 absolute value for a member who has twenty-five or more years
20 of service credit at retirement and whose annuity is less than
21 or equal to the median adjusted annuity for the fiscal year
22 next preceding the adjustment date, the adjustment factor shall
23 be ninety percent of the adjustment factor determined under
24 Subparagraph (b) of Paragraph (1) of this subsection; and

25 (d) if the percentage increase in the

.228647.2SA

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1 consumer price index is greater than or equal to two percent in
2 absolute value, for a member who has less than twenty-five
3 years of service credit at retirement and whose annuity is less
4 than or equal to the median adjusted annuity for the fiscal
5 year next preceding the adjustment date, and for a member whose
6 annuity is greater than the median adjusted annuity for the
7 fiscal year next preceding the adjustment date, the adjustment
8 factor shall be eighty percent of the adjustment factor
9 determined under Subparagraph (b) of Paragraph (1) of this
10 subsection; and

11 (4) an annuity shall not be decreased if there
12 is a decrease in the consumer price index between the next
13 preceding calendar year and the preceding calendar year.

14 D. A retired member whose benefit is subject to
15 adjustment under the provisions of the Educational Retirement
16 Act in effect prior to July 1, 1984 shall have the member's
17 annuity readjusted annually and cumulatively under the
18 provisions of that act in effect prior to July 1, 1984 until
19 July 1 of the year in which the member attains the age of
20 sixty-five years, when the member shall have the annuity
21 readjusted annually and cumulatively under the provisions of
22 this section.

23 E. A member who:

24 (1) retires pursuant to Subsection A of
25 Section 22-11-23 NMSA 1978 or Subsection A of Section

.228647.2SA

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1 22-11-23.1 NMSA 1978 after attaining the age of sixty-five
2 years shall have the member's annuity adjusted as provided in
3 Subsections B and C of this section commencing on July 1 of the
4 year following the member's retirement; or

5 (2) retires pursuant to Subsection A of
6 Section 22-11-23.2 NMSA 1978 after attaining the age of
7 sixty-seven years shall have the member's annuity adjusted as
8 provided in Subsections B and C of this section commencing on
9 July 1 of the year following the member's retirement.

10 F. A retired member who returns to work and
11 suspends retirement shall be subject to the provisions of this
12 section as they exist at the time of the member's latest
13 retirement.

14 G. Benefits of a member who is on a disability
15 status in accordance with Section 22-11-35 NMSA 1978 or a
16 member who is certified by the board as disabled at regular
17 retirement shall be adjusted in accordance with Subsections B
18 and C of this section; ~~except~~ provided that:

19 (1) the benefits shall be adjusted annually
20 and cumulatively commencing on July 1 of the third full year
21 following the year in which the member was approved by the
22 board for disability or retirement; and

23 (2) upon attaining the age of sixty years, a
24 member on a disability status who is receiving an annuity
25 adjustment pursuant to this section shall continue to receive

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1 the annuity adjustment at the rate of benefits received for the
2 disability."

3 SECTION 5. Section 22-11-34 NMSA 1978 (being Laws 1967,
4 Chapter 16, Section 157, as amended) is amended to read:

5 "22-11-34. ALLOWED SERVICE CREDIT.--

6 A. A member shall be certified to have acquired
7 allowed service credit pursuant to the Internal Revenue Code of
8 1986 for those periods of time when the member was:

9 (1) employed prior to July 1, 1967 in a
10 federal educational program within New Mexico, including United
11 States Indian schools and civilian conservation corps camps.
12 This service credit shall be allowed without contribution;

13 (2) engaged in military service that
14 interrupted the member's employment in New Mexico if the member
15 returned to employment within eighteen months following
16 honorable discharge. This service credit shall be allowed
17 without contribution;

18 (3) engaged in United States military service
19 or the commissioned corps of the public health service from
20 which the member was honorably discharged; provided that:

21 (a) the member shall have five years or
22 more of contributory employment to be eligible to purchase
23 allowed service credit pursuant to this paragraph;

24 (b) the member shall contribute to the
25 fund, for each year of service credit the member elects to

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1 purchase, a sum equal to the member's average annual actual
2 salary for the five years preceding the date of the
3 contribution multiplied by the sum of the member contribution
4 rate and the employer contribution rate in effect at the time
5 of the member's written election to purchase, subject to the
6 federal Uniformed Services Employment and Reemployment Rights
7 Act of 1994;

8 (c) full payment shall be made [~~in a~~
9 ~~single lump sum~~] within [~~sixty~~] ninety days of the date that
10 the member is informed of the amount of the payment; and

11 (d) the portion of the purchase cost
12 derived from the employer's contribution rate shall be credited
13 to the fund and, in the event that a member requests a refund
14 of contributions pursuant to Section 22-11-15 NMSA 1978, the
15 member shall not be entitled to a refund of that portion of the
16 purchase cost derived from the employer contribution rate; or

17 (4) employed:

18 (a) in a public school or public
19 institution of higher learning in another state, territory or
20 possession of the United States;

21 (b) in a United States military
22 dependents' school operated by a branch of the armed forces of
23 the United States;

24 (c) as provided in Paragraph (1) of this
25 subsection after July 1, 1967; or

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1 (d) in a private school or institution
2 of higher learning in New Mexico whose education program is
3 accredited or approved by the department at the time of
4 employment.

5 B. Effective July 1, 2001, the member or employer
6 under Paragraph (4) of Subsection A of this section shall
7 contribute to the fund for each year of allowed service credit
8 desired an amount equal to the actuarial value of the service
9 purchased as defined by the board. No allowed service credit
10 shall be purchased pursuant to Paragraph (4) of Subsection A of
11 this section unless the member is currently employed by a local
12 administrative unit.

13 C. No member shall be certified to have acquired
14 allowed service credit:

15 (1) under any single paragraph or the
16 combination of only Paragraphs (1) and (4) or only Paragraphs
17 (2) and (3) of Subsection A of this section in excess of five
18 years; or

19 (2) in excess of ten years for any other
20 combination of Paragraphs (1) through (4) of Subsection A of
21 this section.

22 D. A member receiving service credit under
23 Paragraph (3) or (4) of Subsection A of this section who
24 enrolls in the retiree health care authority shall make
25 contributions pursuant to Subsection C of Section 10-7C-15 NMSA

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1 1978."

2 SECTION 6. Section 22-11-55 NMSA 1978 (being Laws 2009,
3 Chapter 240, Section 1 and Laws 2009, Chapter 248, Section 1,
4 as amended) is amended to read:

5 "22-11-55. DISCLOSURE OF MEMBER OR RETIRED MEMBER
6 INFORMATION--PENALTY.--

7 A. Other than names of members and local
8 administrative units by which a member was employed; dates of
9 employment, retirement and reported death; service credit;
10 reported salary; retirement and disability benefits; and
11 amounts of contributions made by members and local
12 administrative units, neither the board nor its employees or
13 contractors shall allow public inspection or disclosure of any
14 information regarding a member or retired member to anyone
15 except:

16 (1) the member, retired member or the spouse
17 or authorized representative of the member or retired member;

18 (2) other persons specifically identified in a
19 prior release and consent, in the form prescribed by the board,
20 executed by the member, retired member, spouse or authorized
21 representative; ~~[or]~~

22 (3) the attorney general, appropriate law
23 enforcement agencies, the state auditor or the public education
24 department or higher education department, if the information
25 provided relates to contributions, payments or management of

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1 money received by, or the financial controls or procedures of,
2 a local administrative unit; or

3 (4) the public employees retirement board for
4 the purpose of administering the Public Employees Retirement
5 Reciprocity Act.

6 B. No person receiving information disclosed by a
7 violation of Subsection A of this section shall disclose that
8 information to any other person unless authorized by an
9 applicable confidentiality agreement, board rule or state law.

10 C. Whoever knowingly violates a provision of
11 Subsection A or B of this section is guilty of a petty
12 misdemeanor and shall be sentenced in accordance with Section
13 31-19-1 NMSA 1978."



LEGISLATIVE COUNCIL SERVICE
SANTA FE, NEW MEXICO