

**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.