

**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.