

**New Mexico  
Public Employees Retirement Association  
Legislative Committee Meeting  
December 14, 2021**

**Call to Order**

This meeting of the New Mexico PERA Legislative Committee was held on the date cited above via Zoom tele/video conferencing. Chair, Roberto Ramirez, called the meeting to order at approximately 10:41am.

**1. Roll Call**

The meeting attendance met quorum with the following members present;

**Board Members Present**

Roberto Ramirez, Committee Chair  
Tim Eichenberg  
Shirley Ragin  
Loretta Naranjo Lopez, Alternate

**Board Members Absent**

Claudia Armijo  
Paula Fisher  
Maggie Toulouse Oliver

**Other Board Members Present**

Francis Page  
Lawrence Davis [@11:21am]  
Steve Neel  
Shirley Ragin

**Staff**

Greg Trujillo, Executive Director  
Trish Winter, Executive Assistant  
Anna Williams, Deputy Director  
Kristin Varela, Interim CIO  
Misty Schoepner, Deputy General Counsel  
Karyn Lujan, SmartSave Plan Manager  
Jessica Trujillo, HR Manager  
Geraldine Garduno, Assistant General Counsel  
Jessica Perea, IT

**Others in Attendance**

Rose Dean, Wilshire  
Steve DiGirolamo, Wilshire  
Artie Pepin, AOC  
Stephanie Sorg  
Charlie Marquez, Broadspectrum Consulting  
Gar Chung, FIN News  
Annette Martinez-Varela

**2. Approval of Agenda**

Tim Eichenberg moved to approve the agenda. Roberto Ramirez seconded the motion. The motion passed with a unanimous roll call vote as follows;

Roberto Ramirez	Yes
Tim Eichenberg	Yes
Shirley Ragin	Yes

**3. Approval of Consent Agenda**

Tim Eichenberg moved to approve the Consent Agenda. Shirley Ragin seconded the motion. The motion passed with a unanimous roll call vote as follows;

Roberto Ramirez	Yes
Tim Eichenberg	Yes
Shirley Ragin	Yes

**4. New Business**

**A. Potential Legislative Items**

Executive Director, Greg Trujillo, informed the Board that the potential legislative items would not require any action during this meeting. They would be brought back at the next meeting, scheduled for January 11, 2022, for the Board to take a formal position.

Mr. Trujillo recognized the presence of Charlie Marquez of Broadspectrum Consulting, and Artie Pepin, the Executive Director of the Administrative Office of the Courts, AOC.

**1. Judicial Retirement Account and Magistrate Retirement Account**

Mr. Artie Pepin reported two legislative pieces were proposed. The first one relates to Judicial Retirement Account (JRA), legislative item 221387.3SA. The other one relates to the Magistrate Retirement Account(MRA), legislative item 221389.2SA. Both items had been presented to the Courts Corrections and Justice Committee as well as the Investments and Pensions Oversight Committee, and both Committees endorsed the legislations.

Mr. Pepin requested the Board to consider endorsement of the two items of legislation at the January 11<sup>th</sup> meeting.

He also appreciated Mr. Trujillo’s support in getting some of the analysis of the proposals so that it could be determined that they are expected by the actuaries to achieve solvency 100% funding within the expected actuary period. For JRA, 100% funding would be achieved in 2036, that is in 15 years, and for MRA, 100% funding would be achieved in 2034, 13 years.

Mr. Pepin stated that the JRA legislation was proposing two things;

- i. Change the service credit. Service credit in JRA is currently 3.75% for most people. The legislation proposes that the service credit be 4% for the first 10 years of a judge's service. After 10 years, it goes to 3.5%.

Mr. Pepin pointed out that there was a challenge in recruiting and retaining judges. Therefore, the Supreme Court will pay an initiative for judges and the legislation to try and improve the ability to recruit and retain.

Mr. Pepin explained that the State gets qualified people but they fall into the category of people who've had prior government service, generally prosecutors and public defenders. However, the courts have a range of issues on the civil side that come before all the judges and the state does not attract people who are experienced in civil cases.

Judges cannot become judges until they're at least 235 years old, which means they have shorter careers as judges. The state tries to attract people in the mid-career range, 50-55 years old, so the 10-year acceleration would allow them to contemplate a shorter term of service that would give them an attractive pension. Reducing it to 3.5% after that would still be a good service credit for those who come late into the system. This would, hopefully, help retain judges on the bench with the 40% accumulated in the first 10 years.

- ii. Invest \$35,000,000 one-time into the fund. Mr. Pepin stated that it is only a 493 million fund, but according to the annual evaluation analysis, the Judicial Retirement Fund went down from 53.5% funded to 53.3% funded.

On the Magistrate Fund, Mr. Pepin reported that the proposal is to change the service credit from 3.0% to 3.5% and invest \$10 million in the fund. This would get the fund to 100% funding in 2034. The annual evaluation of the Magistrate Fund showed that it increased in value from 53.4% to 54.1%.

Mr. Eichenberg asked if Mr. Pepin was expecting the Legislature to give out a one-time appropriation of \$35 million. Mr. Pepin responded in the affirmative and stated that he had spoken with staff at the LFC, the Legislature Finance and Appropriations Committee, and the Investments and Pensions Oversight Committee.

He further pointed out that there is a fair bit of one-time money available in the current environment that should be used to fix the funds. He was not certain on the \$35 million, but felt confident that a substantial investment of \$20 million or more would be made.

Mr. Pepin also stated that he had not asked the actuaries to analyze lower levels of investment because the \$35 million is what was being asked and it might be achieved. He added that getting \$20 million into the Judicial Retirement Fund might stretch the solvency to 2041. He reiterated that a one-time investment would get the funds from where they are to where they need to be short of extending member contributions to 30% of salary, which would not be a good way of solving a long-term structural problem.

## **2. Return to Work**

Mr. Trujillo reported that the next two-piece of draft legislation concerned return to work. Return to work has been brought up since 2010 when the original return to work program ended.

Mr. Trujillo anticipated that the return-to-work legislation would be sponsored by Representative Rehm and Representative Anderson. The legislation reinstates the return to work program as it was prior to 2010 with a few exceptions.

This is the first bill that restricts the eligibility requirements for return to work to members that have been retired as of December 31, 2021 and have laid out for at least 90 days. The big cost to return to work is incentivizing people to retire earlier than they otherwise would by restricting it to those members that are already retired.

This is a positive to the fund as it is not going to quickly increase the funded ratio. Members will still have to pay their contribution and not earn any additional service and the employer will also pay their employer contribution.

Mr. Trujillo stated that currently there are two bills in discussion but they work the same way. One is limited to strictly public safety personnel. However, organizations are saying that it should be opened up across the board and not be restricted to public safety since everyone has the same issues with recruiting. Therefore, the impact would be the same.

The legislation was endorsed by IPOC and was a split vote, 5 to 3. It will also be brought back before the Board on January 11<sup>th</sup> for official action.

Chair Ramirez inquired about the number of vacancies in the state government. Mr. Trujillo stated that it's about 17,000 members under state government including Judiciary. Funded number is at about 21,000. This gives about 4000 vacancies.

Mr. Trujillo explained that the state government is has tried some hiring initiatives but those were just keeping pace with the number of retirements. About 2500 to 3000 people retire every year and the people that are hiring are just replacing those that are leaving. Therefore, employment is not increasing at the state, municipal, and county levels. The bill is therefore meant to increase staff.

## **3. Public Pension Investment Task Force**

Mr. Trujillo reported that this bill creates a task force of about 15 members made up of representation of PERA, ERB, SIC, and the House and the Senate.

It creates a task force to look at the possibility of gaining efficiencies by consolidating investment operations. Chair Page was at the IPOC meeting when the bill was introduced and he was instrumental in getting two additional Board positions to the task force. The initiative is sponsored by Representative Miguel Garcia.

Mr. Page pointed out that the bill shown at the meeting was the original one, not the one with the changes. He stated that two positions were added for PERA and two for ERB.

Mr. Trujillo reported that he had reached out to Anthony Montoya from Legislative Counsel Services who had said that he will get back on the revisions made at the Committee level when they wrap up the special session. Mr. Trujillo will share the updated bills with the Board once he gets them.

#### **4. Investment pay parody**

Mr. Trujillo stated that Mr. Eichenberg had presented this bill at IPOC and requested he give an overview. Mr. Eichenberg felt that that would give the bill special treatment and it would not be appropriate to give the treasurer's legislation special treatment in front of PERA. He, therefore, referred to Mr. Trujillo.

Mr. Trujillo reported that the bill asks the state personnel office to evaluate the salaries of certain investment positions across the board with PERA, ERB, the State Investment Council, and the State Treasurer's Office to gain parity between the four investing funds as far as compensation goes for the higher investment positions.

Mr. Trujillo continued with his report and stated that Senate Bill 315, the State Police Bill, that was passed last year, was also brought up. He reported that the cost of funding that change was about \$5 million last year, which was in the initial legislation.

The cost had been cut down to about \$2.4 million in the last week of the session. PERA actuaries had provided an updated analysis stating that the cost to fully fund that change would be \$3.3 million. Mr. Trujillo reported that a special appropriation request had been put in to get that additional funding. He further stated that the Chair of Senate Finance Committee had sponsored the bill last year. Mr. Trujillo had been in contact with him and was hopeful that he would sponsor it again this year. The Chair of SFC seemed to be in support of getting the additional funding. Mr. Trujillo stated that as of now, the legislation is not a bill but a part of PERA's budget request.

Chair Ramirez opined that many members might be hesitant to support the magistrate judge bill because appropriations can get tripped at the last moment like it was the case with State Police Bill.

Mr. Page asked if Mr. Trujillo was working with retired healthcare and their portions bill. Mr. Trujillo stated that he was in contact with David from Retiree Healthcare. He pointed out that Retiree Healthcare contribution was much less than PERA's as they were requesting about \$140,000 to make them whole. Mr. Trujillo added that he will be working with them to get both sides reinstated.

Mr. Trujillo reported that a discussion was held last week where some district attorneys and more senior deputy district attorneys had expressed interest in joining the State Police plan. They had requested PERA staff to work out what the impact of that would be. Mr. Trujillo stated

that this was not yet a legislation and he would delve more into it and bring it back at the January 11<sup>th</sup> meeting. There will be representation from the District Attorneys at the meeting to state their case.

With regards to Board reorganization, Mr. Trujillo stated that he had not seen any draft legislation. He stated that he had requested LFC to look into it and they had come forward with nothing. He will inform the Board incase anything comes up.

## 5. Adjournment

With no further business to discuss, Chair Ramirez adjourned the meeting at approximately 11:24am.

Approved by:

RATIFIED by Committee on December 13, 2022

Roberto Ramirez, Legislative Committee Chair

ATTEST:

  
Greg Trujillo, Executive Director