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HOUSE BILL 110

55TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2022

INTRODUCED BY

Phelps Anderson

AN ACT

RELATING TO PENSION SOLVENCY; ADDRESSING THE ACTUARIAL SOLVENCY OF THE JUDICIAL RETIREMENT FUND AND THE MAGISTRATE RETIREMENT FUND; ALLOWING FOR THE APPROPRIATION OF MONEY INTO THE JUDICIAL RETIREMENT FUND AND THE MAGISTRATE RETIREMENT FUND; CHANGING THE COMPOSITION OF THE PUBLIC EMPLOYEES RETIREMENT BOARD; CHANGING CERTAIN ELECTION REQUIREMENTS; REQUIRING NOTICE OF AN EMERGENCY MEETING; MAKING APPROPRIATIONS.

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

SECTION 1. Section 10-11-130 NMSA 1978 (being Laws 1987, Chapter 253, Section 130, as amended) is amended to read:

"10-11-130. RETIREMENT BOARD--AUTHORITY--MEMBERSHIP.--

A. The "retirement board" is created and is the trustee of the association and the funds created by the state retirement system acts and has all the powers necessary or

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1 convenient to carry out and effectuate the purposes and
2 provisions of the state retirement system acts, including, in
3 addition to any specific powers provided for in the Public
4 Employees Retirement Act but without limiting the generality of
5 the foregoing, the power to:

6 (1) administer the state retirement system
7 acts, including the management of the association and making
8 effective the provisions of those acts, as well as to
9 administer and manage any other employee benefit acts as
10 provided by law;

11 (2) in addition to utilizing services of the
12 attorney general and notwithstanding any other provision of
13 law, employ or contract with and compensate competent legal
14 counsel to handle the legal matters and litigation of the
15 retirement board and the association and to give advice and
16 counsel in regard to any matter connected with the duties of
17 the retirement board;

18 (3) administer oaths;

19 (4) adopt and use a seal for authentication of
20 records, processes and proceedings;

21 (5) create and maintain records relating to
22 all members, affiliated public employers and all activities and
23 duties required of the retirement board;

24 (6) issue subpoenas and compel the production
25 of evidence and attendance of witnesses in connection with any

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1 hearings or proceedings of the retirement board;

2 (7) make and execute contracts;

3 (8) purchase, acquire or hold land adjacent to
4 the state capitol grounds or other suitable location and build
5 thereon a building to house the association and its employees
6 and, in the event additional office space is available in the
7 building after the retirement board and its employees have been
8 housed, to rent or lease the additional space to any public
9 agency or private person; provided that first priority for the
10 rental or leasing shall be to public agencies; and further
11 provided that for the purpose of purchasing, acquiring or
12 holding the land and the building thereon, the retirement board
13 may use funds from the income fund and any other funds
14 controlled by the retirement board the use of which for such
15 purposes is not prohibited by law;

16 (9) after the sale of the land and building
17 acquired pursuant to Paragraph (8) of this subsection, acquire
18 land and build thereon a new building to house the association
19 and its employees and hold the building and land in fee simple
20 in the name of the association. In order to acquire the land
21 and plan, design and construct the building, the retirement
22 board may expend the proceeds of the sale of the land and
23 building acquired pursuant to Paragraph (8) of this subsection
24 or any funds controlled by the board, the use of which for such
25 purposes is not otherwise prohibited by law;

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1 (10) make and adopt such reasonable rules as
2 may be necessary or convenient to carry out the duties of the
3 retirement board and activities of the association, including
4 any rules necessary to preserve the status of the association
5 as a qualified pension plan under the provisions of the
6 Internal Revenue Code of 1986, as amended, or under successor
7 or related provisions of law;

8 (11) designate committees and designate
9 committee members, including individuals who may not be members
10 of the association; and

11 (12) select and contract for the services of
12 one or more custodian banks for all funds under the retirement
13 board's management. For the purpose of this paragraph,
14 "custodian bank" means a financial institution with the general
15 fiduciary duties to manage, control and collect the assets of
16 an investment fund, including receiving all deposits and paying
17 all disbursements as directed by staff, safekeeping of assets,
18 coordination of asset transfers, timely settlement of
19 securities transactions and accurate and timely reporting of
20 the assets by individual account and in total.

21 B. The retirement board consists of

22 [~~(1) the secretary of state;~~

23 ~~(2) the state treasurer;~~

24 ~~(3) four members under a state coverage plan~~

25 ~~to be elected by the members under state coverage plans;~~

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1 ~~(4) four members under a municipal coverage~~
2 ~~plan to be elected by the members under municipal coverage~~
3 ~~plans, provided one member shall be a municipal member employed~~
4 ~~by a county; and~~

5 ~~(5) two retired members to be elected by the~~
6 ~~retired members of the association.~~

7 ~~G. The results of elections of elected members of~~
8 ~~the retirement board shall be certified at the annual meeting~~
9 ~~of the association. Elections shall be conducted according to~~
10 ~~rules the retirement board adopts from time to time] the~~
11 ~~following members:~~

12 (1) two retired members who have skill,
13 knowledge and experience in financial matters to be elected by
14 the retired members of the association; and

15 (2) seven members appointed as follows, with
16 due regard to the cultural diversity of the state and
17 geographical representation of counties statewide:

18 (a) one active member of a municipal
19 coverage plan to be appointed for the first term by the labor
20 organization representing the largest number of police member
21 coverage plan members; for the second term by the labor
22 organization representing the largest number of municipal fire
23 member coverage plan members; and with the labor organization
24 representing the largest number of police member coverage plan
25 members and the labor organization representing the largest

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1 number of municipal fire member coverage plan members

2 alternating appointments every term thereafter;

3 (b) one active member of a municipal
4 coverage plan who has skill, knowledge and experience in
5 financial matters to be appointed by the New Mexico municipal
6 league;

7 (c) one active member of a municipal
8 coverage plan who has skill, knowledge and experience in
9 financial matters to be appointed by the New Mexico association
10 of counties;

11 (d) one active member of a state general
12 member coverage plan to be appointed by the labor organization
13 representing the largest number of those members;

14 (e) two active members of a state
15 coverage plan who have experience in the financial, actuarial
16 or fiduciary aspects of pension or investment fund management
17 to be appointed by the New Mexico legislative council; and

18 (f) one public member, who is not a
19 member of any coverage plan and who has experience in the
20 financial, actuarial or fiduciary aspects of pension or
21 investment fund management, to be appointed by the governor;
22 provided that the member shall certify by notarized affidavit
23 that the member has not had any professional or contractual
24 relationship relating to the administration or investment of
25 the fund for the two years immediately preceding appointment

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1 and that the member will not have any professional or
2 contractual relationship relating to the administration or
3 investment of the fund for a minimum of two years following the
4 end of the member's term of office.

5 ~~[D.]~~ C. Except as provided in Subsection D of this
6 section, the regular term of office of the elected or appointed
7 members of the retirement board is [four] six years. [The term
8 of one retirement board member under a state coverage plan
9 expires annually on December 31. The terms of retirement board
10 members under a municipal coverage plan expire on December 31
11 of noncoinciding years in the pattern set by the retirement
12 board.] An appointed or elected member shall not serve more
13 than one regular term of office; provided that a regular term
14 of office shall include a period of membership on the
15 retirement board for three years or longer or any membership on
16 the retirement board prior to the effective date of this 2022
17 act. Members of the retirement board serve until their
18 successors have qualified.

19 D. The initial regular term of office for the first
20 members appointed or elected to the retirement board pursuant
21 to this 2022 act shall be as follows; provided that the initial
22 term shall constitute a regular term of office and subsequent
23 terms shall be for six years:

24 (1) the members appointed pursuant to
25 Subparagraphs (a) and (e) of Paragraph (2) of Subsection B of

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1 this section shall serve an initial term of two years beginning
2 July 1, 2022;

3 (2) the members appointed pursuant to
4 Subparagraphs (b) and (f) of Paragraph (2) of Subsection B of
5 this section shall serve an initial term of four years
6 beginning July 1, 2022;

7 (3) the members appointed pursuant to
8 Subparagraphs (c) and (d) of Paragraph (2) of Subsection B of
9 this section shall serve an initial term of six years beginning
10 July 1, 2022;

11 (4) the retired member who was previously
12 elected by the retired members of the association and serving
13 on the retirement board on the effective date of this 2022 act,
14 for a term of office ending in calendar year 2023, shall serve
15 until June 2023, at which time an election shall be held for
16 that office for an initial term of four years, with the term of
17 office beginning on July 1, 2023; provided that the term of
18 office of that previously elected member serving on the
19 retirement board on the effective date of this 2022 act shall
20 constitute a regular term of office; and

21 (5) the retired member who was previously
22 elected by the retired members of the association and serving
23 on the retirement board on the effective date of this 2022 act,
24 for a term of office ending in calendar year 2024, shall serve
25 until June 2025, at which time an election shall be held for

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1 that office for an initial term of six years, with the term of
2 office beginning on July 1, 2025; provided that the term of
3 office of that previously elected member serving on the
4 retirement board on the effective date of this 2022 act shall
5 constitute a regular term of office.

6 E. Annually, pursuant to guidelines adopted by the
7 retirement board, each member shall provide written
8 certification to the retirement board that the member has
9 completed a minimum of sixteen hours of continuing education
10 during the preceding year relevant to pension or investment
11 fund management. Failure to provide a written certification
12 that complies with this subsection shall constitute grounds for
13 removal from the retirement board.

14 ~~[E.—A]~~ F. An appointed or elected member ~~[elected~~
15 ~~to]~~ of the retirement board who fails to attend four
16 consecutively scheduled meetings of the retirement board,
17 unless in each case excused for cause by the retirement board
18 members in attendance, is considered to have resigned from the
19 retirement board, and the retirement board shall by resolution
20 declare the office vacated as of the date of adoption of the
21 resolution. ~~[A vacancy occurring on the retirement board,~~
22 ~~except in the case of an elected official, shall be filled by~~
23 ~~the remaining retirement board members, without requirement~~
24 ~~that a quorum be present. The member appointed to fill the~~
25 ~~vacancy serves for the remainder of the vacated term.]~~

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1 G. When a vacancy on the retirement board occurs,
2 the original appointing authority shall select a successor in
3 the same manner as the original selection was made. A vacancy
4 on the retirement board of an appointed member shall be filled
5 by appointment no later than sixty days following notification
6 of a vacancy and shall be filled by the original appointing
7 authority for the remainder of the unexpired term of office, or
8 in the case of an elected member, shall be filled by a majority
9 vote of the remaining members of the retirement board for the
10 remainder of the unexpired term of office no later than sixty
11 days following notification of a vacancy. An appointed or
12 elected member may be removed by the retirement board; provided
13 that the retirement board holds a removal hearing regarding the
14 member and finds cause, by a two-thirds' vote of the members of
15 the retirement board, to remove the member for reason of
16 incompetence, breach of fiduciary duty or malfeasance.

17 ~~[F.]~~ H. Members of the retirement board serve
18 without salary for their services as retirement board members,
19 but they shall receive those amounts authorized under the Per
20 Diem and Mileage Act.

21 ~~[G.]~~ I. The retirement board shall hold four
22 regular meetings each year and shall designate in advance the
23 time and place of the meetings. Special meetings and emergency
24 meetings of the retirement board may be held upon call of the
25 chair or any three members of the retirement board. Written

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1 notice of special meetings shall be sent to each member of the
2 retirement board at least seventy-two hours in advance of the
3 special meeting. ~~[Verbal]~~ Written notice of emergency
4 meetings, including written notice provided through electronic
5 means, shall be ~~[given to as many members as is feasible]~~ sent
6 to each member at least eight hours before the emergency
7 meeting, and the meeting shall commence with a statement of the
8 nature of the emergency. The retirement board shall adopt its
9 own rules of procedure and shall keep a record of its
10 proceedings. All meetings of the retirement board shall comply
11 with the Open Meetings Act. A majority of retirement board
12 members, including members participating through a virtual
13 platform, shall constitute a quorum. Each attending member of
14 the retirement board is entitled to one vote on each question
15 before the retirement board, and at least a majority of a
16 quorum shall be necessary for a decision by the retirement
17 board; provided that a vote shall not be cast pursuant to a
18 proxy.

19 ~~[H.]~~ J. Annual meetings of the members of the
20 association shall be held in Santa Fe at such time and place as
21 the retirement board shall from time to time determine.

22 Special meetings of the members of the association shall be
23 held in Santa Fe upon call of any ~~[seven]~~ five retirement board
24 members. The retirement board shall send a written notice to
25 the last known residence address of each member currently

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1 employed by an affiliated public employer at least ten days
2 prior to any meeting of the members of the association. The
3 notice shall contain the call of the meeting and the principal
4 purpose of the meeting. All meetings of the association shall
5 be public and shall be conducted according to procedures the
6 retirement board shall from time to time adopt. The retirement
7 board shall keep a record of the proceedings of each meeting of
8 the association.

9 ~~[F.]~~ K. Neither the retirement board nor the
10 association shall allow public inspection of, or disclosure of,
11 information from any member or retiree file unless a prior
12 release and consent, in the form prescribed by the association,
13 has been executed by the member or retiree; except that
14 applicable coverage plans, amounts of retirement plan
15 contributions made by members and affiliated public employers,
16 pension amounts paid and the names and addresses of public
17 employees retirement association members or retirees requested
18 for election purposes by candidates for election to the
19 retirement board may be produced or disclosed without release
20 or consent.

21 L. For the purpose of determining which labor
22 organization represents the largest number of the members of
23 any plan, the public employee labor relations board shall
24 calculate the membership numbers as of ninety days prior to the
25 expiration of the relevant retirement board member's term. In

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1 the event of a dispute over which labor organization represents
2 the largest number of the members of any plan, the public
3 employee labor relations board shall make a binding and final
4 determination on which organization shall serve as the
5 appointing authority.

6 M. Elections for the retirement board shall be
7 conducted according to rules promulgated by the secretary of
8 state; provided that such rules shall provide for the elections
9 to:

10 (1) be held in June during the years that
11 correspond to the vacancy of an elected position on the board;

12 (2) be conducted by mail; and

13 (3) conform to standards consistent with
14 existing law related to campaign finance limits and
15 transparency.

16 N. A candidate for election to the retirement board
17 shall certify by notarized affidavit that the candidate meets
18 the required qualifications to serve as a member of the
19 retirement board. The affidavit shall be filed with the
20 declaration of candidacy. The affidavit shall be on a form
21 provided by the secretary of state that shall require a
22 candidate to list with particularity the candidate's specific
23 experience that meets required qualifications."

24 **SECTION 2.** Section 10-11-130.1 NMSA 1978 (being Laws
25 1999, Chapter 153, Section 1) is amended to read:

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1 "10-11-130.1. RESTRICTIONS ON RECEIPT OF GIFTS--
2 RESTRICTION ON CAMPAIGN CONTRIBUTIONS [~~REQUIRED REPORTING~~].--

3 A. Except for gifts of food or beverage given in a
4 place of public accommodation, consumed at the time of receipt,
5 not exceeding fifty dollars (\$50.00) for a single gift and the
6 aggregate value of which gifts may not exceed one hundred fifty
7 dollars (\$150) in a calendar year, neither a retirement board
8 member nor an employee of the retirement board or association
9 shall receive or accept anything of value directly or
10 indirectly from a person who:

11 (1) has a current contract with the retirement
12 board or association;

13 (2) is a potential bidder, offeror or
14 contractor for the provision of services or personal property
15 to the retirement board or association;

16 (3) is authorized to invest public funds
17 pursuant to state or federal law or is an employee or agent of
18 such a person; or

19 (4) is an organization, association or other
20 entity having a membership that includes persons described in
21 Paragraphs (1) through (3) of this subsection.

22 B. No person [~~who is a candidate in a primary or~~
23 ~~general election for a position that qualifies the person for~~
24 ~~ex-officio membership on the retirement board, no member~~
25 ~~serving ex officio on the retirement board and no person]~~ who

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1 is a nominee for retirement board membership by election [~~by~~
2 ~~some or all of the members of the association~~] pursuant to the
3 Public Employees Retirement Act shall accept anything of a
4 value of more than twenty-five dollars (\$25.00) as a
5 contribution [~~to an ex-officio member's statewide campaign in a~~
6 ~~primary or general election or as a contribution~~] to the
7 campaign of a nominee for membership on the board [~~as a member~~
8 ~~elected by all or some of the members of the association~~] from
9 a person who:

10 (1) has a current contract with the retirement
11 board or association;

12 (2) is a potential bidder, offeror or
13 contractor for the provision of services or personal property
14 to the retirement board or association;

15 (3) is authorized to invest public funds
16 pursuant to state or federal law or is an employee or agent of
17 such a person; or

18 (4) is an organization, association or other
19 entity having a membership that includes persons described in
20 Paragraphs (1) through (3) of this subsection.

21 [~~C. Within ten days after an election in which one~~
22 ~~or more board members are elected by some or all of the members~~
23 ~~of the association pursuant to the Public Employees Retirement~~
24 ~~Act, all persons who were candidates for board membership in~~
25 ~~that election shall file with the association a report~~

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1 ~~disclosing all contributions to their respective campaigns~~
2 ~~whether made directly to the candidate, a political action~~
3 ~~committee or to some other entity supporting the candidate's~~
4 ~~election. The contributions shall be reported by amount and~~
5 ~~specific source. Within sixty days after the election, the~~
6 ~~association shall publish the reports required by this~~
7 ~~subsection.]"~~

8 SECTION 3. Section 10-11-131 NMSA 1978 (being Laws 1987,
9 Chapter 253, Section 131, as amended) is amended to read:

10 "10-11-131. RETIREMENT BOARD--OFFICERS--EMPLOYMENT OF
11 SERVICES.--

12 A. The retirement board shall hold a meeting
13 following the beginning of a regular term of office for the
14 members appointed or elected to the retirement board to elect
15 from its own number a [chairman] chair and a vice [chairman]
16 chair for a term of two years. In the case of a vacancy in the
17 position of chair or vice chair, the retirement board shall
18 elect from its own number a replacement to fill the remainder
19 of the unexpired term.

20 B. The retirement board shall appoint an executive
21 director who shall be the chief administrative officer for the
22 retirement board and the association.

23 C. The retirement board shall employ professional,
24 technical, clerical and other services as required for the
25 operation of the association. The compensation for employed

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1 services shall be fixed by the retirement board.

2 D. The ~~[state treasurer shall be the treasurer of~~
3 ~~the association and the custodian of its funds. The~~
4 ~~treasurer's general bond to the state shall cover all liability~~
5 ~~for acts as treasurer of the association. The treasurer]~~
6 executive director or the executive director's designee shall
7 credit all receipts of money and assets of the association to
8 the association. The ~~[treasurer]~~ executive director or the
9 executive director's designee shall make disbursements from
10 association assets only upon warrants issued by the secretary
11 of finance and administration based upon vouchers signed by the
12 executive ~~[secretary]~~ director of the association or vouchers
13 signed by the state treasurer for purposes of investment."

14 SECTION 4. Section 10-12B-3 NMSA 1978 (being Laws 1992,
15 Chapter 111, Section 3, as amended) is amended to read:

16 "10-12B-3. JUDICIAL RETIREMENT FUND ESTABLISHED--
17 ADMINISTRATION OF FUND--ACCOUNTING FUNDS.--

18 A. There is established in the state treasury the
19 "judicial retirement fund". The fund ~~[is comprised]~~ consists
20 of appropriations, money received from docket and jury fees of
21 metropolitan courts, district courts, the court of appeals and
22 the supreme court, employer and employee contributions and
23 ~~[any]~~ all income derived from the investment ~~[earnings on fees~~
24 ~~and contributions]~~ of the fund. The board is the trustee of
25 the fund and shall administer and invest the fund. Investment

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1 of the fund shall be conducted pursuant to the provisions of
2 the Public Employees Retirement Act. The provisions of the
3 Judicial Retirement Act shall be administered by the board.
4 The board is authorized to promulgate rules. Expenses related
5 to the investment of the fund and administration of the
6 Judicial Retirement Act shall be paid from the fund.

7 B. For purposes of this section, the accounting
8 funds shall be known as the "member contribution fund",
9 "employer's accumulation fund", "retirement reserve fund" and
10 "income fund". The maintenance of separate accounting funds
11 shall not require the actual segregation of the assets of the
12 fund.

13 C. The accounting funds provided for in this
14 section are trust funds and shall be used only for the purposes
15 provided for in the Judicial Retirement Act.

16 D. The member contribution fund is the accounting
17 fund in which shall be accumulated contributions of members and
18 from which shall be made refunds and transfers of accumulated
19 member contributions as provided in the Judicial Retirement
20 Act. The member's court shall cause member contributions to be
21 deducted from the salary of the member and shall remit the
22 deducted member contributions to the association in accordance
23 with procedures and schedules established by the association.
24 The association may assess an interest charge and a penalty
25 charge on any late remittance. Each member shall be deemed to

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1 consent and agree to the deductions made and provided for in
2 this section. Contributions by members shall be credited to
3 the members' individual accounts in the member contribution
4 fund. A member's accumulated member contributions shall be
5 transferred to the retirement reserve fund when a pension
6 becomes payable.

7 E. The employer's accumulation fund is the
8 accounting fund in which shall be accumulated the contributions
9 paid by the state through the member's court. The state,
10 through the member's court, shall remit its contributions to
11 the association in accordance with procedures and schedules
12 established by the association. The board may assess an
13 interest charge and a penalty charge on any late remittance.

14 F. The retirement reserve fund is the accounting
15 fund from which shall be paid all pensions to retired members
16 and survivor beneficiaries and all residual refunds to refund
17 beneficiaries of retired members and survivor beneficiaries.

18 G. Each year, following receipt of the report of
19 the annual actuarial valuation, the excess, if any, of the
20 reported actuarial present value of pensions being paid and
21 likely to be paid to retired members and survivor beneficiaries
22 and residual refunds likely to be paid to refund beneficiaries
23 of retired members and survivor beneficiaries over the balance
24 in the retirement reserve fund shall be transferred to the
25 retirement reserve fund from the employer's accumulation fund.

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1 H. The income fund is the accounting fund to which
2 shall be credited all interest, dividends, rents and other
3 income from investments of the fund, all gifts and bequests,
4 all unclaimed member contributions and all other money the
5 disposition of which is not specifically provided for in the
6 Judicial Retirement Act. Expenses related to the
7 administration of the Judicial Retirement Act shall be paid for
8 from the income fund.

9 I. The association shall at least annually
10 distribute all or a portion of the balance in the income fund
11 to the member contribution fund, the retirement reserve fund
12 and the employer's accumulation fund. Distribution rates shall
13 be determined by the board and may vary for the respective
14 accounting funds."

15 SECTION 5. Section 10-12C-3 NMSA 1978 (being Laws 1992,
16 Chapter 118, Section 3, as amended) is amended to read:

17 "10-12C-3. MAGISTRATE RETIREMENT FUND ESTABLISHED--
18 ADMINISTRATION OF FUND--ACCOUNTING FUNDS.--

19 A. There is established in the state treasury the
20 "magistrate retirement fund". The fund [~~is comprised~~] consists
21 of appropriations, money received from docket fees of
22 magistrate courts, employer and member contributions and [~~any~~]
23 all income derived from the investment [~~earnings on fees and~~
24 ~~contributions~~] of the fund. The board is the trustee of the
25 fund and shall administer and invest the fund. Investment of

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1 the fund shall be conducted pursuant to the provisions of the
2 Public Employees Retirement Act. The provisions of the
3 Magistrate Retirement Act shall be administered by the board.
4 The board is authorized to promulgate rules. Expenses related
5 to the investment of the fund and administration of the
6 Magistrate Retirement Act shall be paid from the fund.

7 B. For purposes of this section, the accounting
8 funds shall be known as the "member contribution fund",
9 "employer's accumulation fund", "retirement reserve fund" and
10 "income fund". The maintenance of separate accounting funds
11 shall not require the actual segregation of the assets of the
12 fund.

13 C. The accounting funds provided for in this
14 section are trust funds and shall be used only for the purposes
15 provided for in the Magistrate Retirement Act.

16 D. The member contribution fund is the accounting
17 fund in which shall be accumulated contributions of members and
18 from which shall be made refunds and transfers of accumulated
19 member contributions as provided in the Magistrate Retirement
20 Act. The member's court shall cause member contributions to be
21 deducted from the salary of the member and shall remit the
22 deducted member contributions to the association in accordance
23 with procedures and schedules established by the association.
24 The association may assess an interest charge and a penalty
25 charge on any late remittance. Each member shall be deemed to

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1 consent and agree to the deductions made and provided for in
2 this section. Contributions by members shall be credited to
3 the members' individual accounts in the member contribution
4 fund. A member's accumulated member contributions shall be
5 transferred to the retirement reserve fund when a pension
6 becomes payable.

7 E. The employer's accumulation fund is the
8 accounting fund in which shall be accumulated the contributions
9 paid by the state through the administrative office of the
10 courts. The state, through the administrative office of the
11 courts, shall remit its contributions to the association in
12 accordance with procedures and schedules established by the
13 association. The board may assess an interest charge and a
14 penalty charge on any late remittance.

15 F. The retirement reserve fund is the accounting
16 fund from which shall be paid all pensions to retired members
17 and survivor beneficiaries and all residual refunds to refund
18 beneficiaries of retired members and survivor beneficiaries.

19 G. Each year, following receipt of the report of
20 the annual actuarial valuation, the excess, if any, of the
21 reported actuarial present value of pensions being paid and
22 likely to be paid to retired members and survivor beneficiaries
23 and residual refunds likely to be paid to refund beneficiaries
24 of retired members and survivor beneficiaries over the balance
25 in the retirement reserve fund shall be transferred to the

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1 retirement reserve fund from the employer's accumulation fund.

2 H. The income fund is the accounting fund to which
3 shall be credited all interest, dividends, rents and other
4 income from investments of the fund, all gifts and bequests,
5 all unclaimed member contributions and all other money the
6 disposition of which is not specifically provided for in the
7 Magistrate Retirement Act. Expenses related to the
8 administration of the Magistrate Retirement Act shall be paid
9 for from the income fund.

10 I. The association shall at least annually
11 distribute all or a portion of the balance in the income fund
12 to the member contribution fund, the retirement reserve fund
13 and the employer's accumulation fund. Distribution rates shall
14 be determined by the board and may vary for the respective
15 accounting funds."

16 SECTION 6. TEMPORARY PROVISION.--

17 A. The terms of office of the members serving on
18 the retirement board provided for in the Public Employees
19 Retirement Act on the effective date of this act, except for
20 the two retired members that are elected by the retired members
21 of the public employees retirement association, shall end on
22 June 30, 2022, and new members shall be appointed for a term of
23 office that shall begin on July 1, 2022 according to the
24 provisions of Section 10-11-130 NMSA 1978.

25 B. The two retired members that are elected by the

.222092.1

underscoring material = new
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1 retired members of the public employees retirement association
2 prior to the effective date of this act shall continue to serve
3 on the retirement board provided for in the Public Employees
4 Retirement Act until their successors are elected and qualified
5 pursuant to Section 10-11-130 NMSA 1978.

6 SECTION 7. APPROPRIATION.--Thirty-five million dollars
7 (\$35,000,000) is appropriated from the general fund to the
8 judicial retirement fund for expenditure in fiscal year 2023
9 and subsequent fiscal years to address solvency issues related
10 to the Judicial Retirement Act. Any unexpended or unencumbered
11 balance remaining at the end of a fiscal year shall not revert
12 to the general fund.

13 SECTION 8. APPROPRIATION.--Ten million dollars
14 (\$10,000,000) is appropriated from the general fund to the
15 magistrate retirement fund for expenditure in fiscal year 2023
16 and subsequent fiscal years to address solvency issues related
17 to the Magistrate Retirement Act. Any unexpended or
18 unencumbered balance remaining at the end of a fiscal year
19 shall not revert to the general fund.