

NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
SPECIAL BOARD MEETING

November 13, 2018

This special meeting of the Public Employees Retirement Board was called to order by James Maxon, Chair, at approximately 9:20 a.m. on the above-cited date at the PERA Building, 33 Plaza la Prensa, Senator Fabian Chavez, Jr. Board Room, Santa Fe, New Mexico.

1. Roll Call

Following the Pledge of Allegiance, roll call indicated a quorum with the following members present:

Members Present:

James Maxon - County, Chair
Jackie Kohlasch - State
Tim Eichenberg - *Ex-officio*
Dan Esquibel - Municipal
John Melia - Municipal
Dan Mayfield - Retiree
Natalie Cordova - State

Member(s) Absent:

Maggie Toulouse Oliver - *Ex-officio*
Claudia Armijo - State
Cathy Townes - State
Patricia French - Municipal [excused]
Loretta Naranjo Lopez - Retiree

Staff Members Present:

Wayne Propst, Executive Director
Susan Pittard, Chief of Staff/General Counsel
Domenic Garcia, Chief Investment Officer
Greg Trujillo, Deputy Executive Director
Renada Peery-Galon, ASD Director
Karen Risku, Deputy General Counsel
Trish Winter, Executive Assistant
Karyn Lujan, SmartSave Deferred Compensation Plan Manager
Emily Lopez, Financial Specialist
Christine Ortega, Portfolio Manager
Isaac Olaoye, Investment Analyst

Others Present:

Paul Lium, Nationwide

2. Approval of Agenda

Chair Maxon requested that items 3. A. and B. be changed in sequence to accommodate the arrival of the CliftonLarsonAllen representative.

Mr. Melia introduced the following motion:

“RESOLVED, that the PERA Board approve the agenda as amended.”

Mr. Mayfield seconded. The motion passed without opposition.

4. Current Business

B. RFP for Third Party Administrator for PERA SmartSave Plan; Scope of Services, MQs and Timeline Information

SmartSave DC Plan Manager Karyn Lujan advised the Board that in December 2019 PERA’s contract with its third party administrator expires. She was presenting the information today to ensure the RFP process can be handled in a thorough manner. Nationwide and PERA entered into the current contract October 1, 2011. She reviewed the scope of services, minimum qualifications and the timeline for the RFP. Ms. Lujan said the RFP will be released on November 28, 2018, submittals are required by January 18, 2019, evaluations and due diligence dates will be determined and the contract awarded March 2019. The new contract’s effective date will be October 1, 2019.

Ms. Lujan said there are approximately eight firms that offer the services PERA is seeking. Nationwide has been PERA’s third party administrator for 20 years.

Mr. Eichenberg said he worked with Ms. Lujan and PERA CIO Garcia on the task force to study income retirement programs for people in the private sector of the state. He understood legislation was developed and would be introduced to assist the 67 percent of New Mexicans who have no retirement savings. This would be a defined contribution retirement savings and if the bill passes he hopes that PERA will consider serving as an adviser or program administrator.

CIO Garcia said PERA will monitor the legislation and in the event PERA is selected to administer the plan a separate track can be developed to accommodate an RFP process or be added onto the vendor awarded PERA’s third party administrator RFP.

Mr. Eichenberg asked Mr. Propst whether a presentation on the topic could be made to the Board.

General Counsel Pittard said the SmartSave Committee oversees a 457B plan which is only open to governmental employees. The timeline proposed by Ms. Lujan is intended to address PERA’s SmartSave program and not a private retirement fund vehicle.

Mr. Esquibel asked whether the PERA Board would be required to expand to include the private sector.

Mr. Garcia said without reviewing the legislation the conversation itself is speculative. He recommended a review of the task force recommendations, the potential legislation and any impact on PERA.

Mr. Lujan said the RFP item was provided as informational.

A. Executive Session: NMSA 1978, Section 12-6-5

1. 2018 Audited Comprehensive Annual Financial Report

Mr. Mayfield moved to go into executive session pursuant to NMSA 1978, Section 12-6-5. Mr. Melia seconded. The motion passed by unanimous roll call vote as follows:

James Maxon	Aye
Jackie Kohlasch	Aye
Maggie Toulouse Oliver	Absent
Tim Eichenberg	Aye
Cathy Townes	Absent
Claudia Armijo	Absent
Natalie Cordova	Aye
Patty French	Excused
Dan Esquibel	Aye
John Melia	Aye
Loretta Naranjo Lopez	Absent
Dan Mayfield	Aye

[The Board met in Executive Session from 9:40 a.m. – 10:05 a.m.]

Mr. Eichenberg moved to return to open session. Mr. Mayfield seconded and the motion passed by unanimous [7-0] voice vote.

Chair Maxon announced that the only item discussed during executive session was that noted in the agenda.

Mr. Eichenberg said he had requested retreat-related accounting of what the consultants and lobbyists were paid to attend. He offered that what was provided by Executive Assistant Winter did not conform to what Mr. Eichenberg was told by the consultants/lobbyists.

C. Report on Solvency Outreach Meetings and Board Solvency Discussions

Chair Maxon said this item was placed on the agenda to explore what was heard from the membership during the outreach meetings. He said a variety of points were made by the membership with retirees expressing concern regarding the COLA and active members' concern regarding contributions. Acknowledging the "sky is not falling," Chair Maxon said it is important for the Board to develop a long-term solvency solution.

In response to the retirees' concerns regarding COLA, Mr. Mayfield said the active members pointed out they had not had COLA since the time SB27 was passed. He hoped for an increase in the match and perhaps the state will increase its match.

Dr. Kohlasch said SB27 is quite different than the current issue before the Board. She noted that there was no plan being presented during these outreach meetings and instead it appeared the membership was being "stirred up." Further, RPNM was being promoted at the outreach meetings which exacerbated the chaos.

Ms. Cordova said she attended three of the 17 outreach meetings and was pleased with the educational component that staff presented. The membership feedback was important and she recommended requesting the state put funds towards the state general plan. She reminded the Board that they serve as fund fiduciaries and must do what is in the best interest for the fund regardless of its popularity with the membership.

Chair Maxon said it appears there is Board consensus with Ms. Armijo's concept and he recommended fleshing it out further along with a request to the state for one time funding from the general fund.

Mr. Melia said he'd like to see numbers that Dr. Kohlasch requested from the actuaries before making any decisions.

A discussion about holding a special study session on November 29th ensued.

Mr. Eichenberg thanked the Board members that attended the outreach meetings. He expressed concern about giving Mr. Propst direction to take to IPOC without having Board consensus.

Mr. Esquibel said he was sensitive to retirees who are unable to go back to work and those that cannot live off their retirement. Any change to the COLA will impact those individuals. He recommended that staff fine-tune Ms. Armijo's proposal.

Dr. Kohlasch recommended combining parts from Mr. Garcia and Ms. Armijo's plans. Mr. Melia agreed and said both proposals have strong aspects that could be melded.

Mr. Propst said the outreach meetings were very valuable and should become an agency practice. Weekend meetings were not well attended but weekdays were. He thanked his staff for handling the logistics of the meetings. The video was effective in opening the sessions. As far as input, it was clear nobody wants a cut to their COLA and nobody wants an increase to their contributions. He estimated there were over 2,000 members that attended.

In terms of the timeline with IPOC, Mr. Propst said they are meeting on November 26th and the 27th. A regular Board meeting is scheduled for November 29th and committee meetings are scheduled in December. Other than the November meeting, IPOC will not be meeting before the session begins.

Chair Maxon said he planned on attending the IPOC meeting to discuss PERA's proactive position on solvency.

In terms of direction, while there is no consensus regarding legislation, Ms. Cordova said a summary of the information gathered from the membership and discussion points could be summarized for IPOC.

Chair Maxon requested that the November 29th Board packet include different plan scenarios and be made available to the Board by November 26th. Mr. Propst said staff can review the information provided at the outreach meetings and provide that information to the Board. There may be other independent Board recommendations. In terms of IPOC, Mr. Propst

said while there is nothing concrete to present, IPOC can be made aware of the Board's options and progress.

Mr. Mayfield mentioned that Colorado has given their pension board authority to adjust the plan annually. He asked that staff provide that plan for the Board's consideration.

Ms. Cordova supported holding a Board meeting in January and not try to hold a special meeting. Chair Maxon agreed and said the Investments Committee will meet on November 29th and perhaps Ms. Naranjo Lopez can make her presentation on investing out of the solvency issue on the 29th.

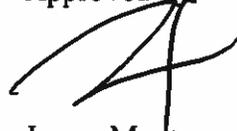
4. **Other Business**

None was presented.

5. **Adjournment**

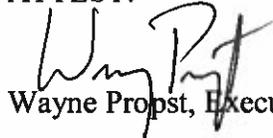
Chair Maxon declared this meeting adjourned at 10:45 a.m.

Approved by:



James Maxon
Chair, PERA Board

ATTEST:



Wayne Propst, Executive Director