

# LAVOZ

The Voice of the Public Employees Retirement Association of New Mexico

## PERA 2018 Board

### OFFICERS

Mr. James Maxon, Chair  
Sandoval County  
(505) 867-0245

Dr. Jackie Kohlasch, Vice-Chair  
Taxation & Revenue Dept.  
(505) 383-0176

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Secretary of State  
(505) 827-3600

Mr. Tim Eichenberg  
State Treasurer  
(505) 955-1120

### STATE MEMBERS

Ms. Cathy Townes  
Ofc. of Superintendent of Insurance  
(505) 263-5933

Ms. Claudia Armijo  
Regulation & Licensing Dept.  
(505) 476-4663

Ms. Natalie Cordova  
Attorney General's Office  
(505) 490-4049

### MUNICIPAL MEMBERS

Ms. Patricia (Patty) French  
City of Albuquerque  
(505) 480-1335

Mr. Dan Esquibel  
City of Santa Fe  
(505) 490-6482

Mr. John Melia  
City of Albuquerque  
(505) 363-5326

### RETIREE MEMBERS

Ms. Loretta Naranjo Lopez  
(505) 270-7716

Mr. Dan Mayfield  
(505) 259-0528

### EXECUTIVE DIRECTOR

Mr. Wayne Propst  
(505) 476-9301

## Letter from the Board Chair



Across New Mexico, boards such as the Public Employees Retirement Board of Trustees play an important part in our daily lives. Although often unnoticed, hundreds of NM residents volunteer their time on school boards, local community boards and boards that help carry out the functions of state and local governments. We do the people's business every day, on their behalf.

The reasons individuals serve on boards is as varied as the individuals themselves but many serve based on a commitment to a cause they care about. My decision to join the PERA Board was rooted in my desire to safeguard the retirements of our 90,000 current and future retirees.

The people did not entrust a single individual to steward over PERA's \$15.5 billion in assets. Instead, they created a diverse Board of Trustees, to work collectively to set policies and the vision for the Public Employees Retirement Association. In turn, we ensure that the best and brightest staff possible is in place to carry out those policies and vision. Our job is clear: To timely pay the benefits promised to public servants in their retirement.

Within months of being seated, I noticed the Board was not functioning as a team. There were frequent disagreements, not over policy but over procedures, and a lack of trust among Board members. In the firehouse, we could never do our job if our crew was this fractured. In March 2016, I approached the then-Board Chair, Dan Mayfield, with the idea of engaging an organizational behavioral expert to help the Board work better together to carry out its mission. He readily agreed to support the idea.

Most of the divisions on the Board centered on investment practices and some Board members' insistence on traveling around the country to visit the offices of potential investment firms, rather than leaving this role to our professional investment staff and independent consultants. It appeared less driven by prudent "due diligence" than by a personal travel bug, paid for at the expense of our trust funds. In addition, Board members wanted a key role in selecting individual investment funds. These practices were identified by PERA's auditors as not meeting best business standards. They were also spotlighted in negative investigative reporting stories on more than one occasion. Members of PERA's legislative oversight bodies also criticized the practices.

My predecessor, Dan Mayfield, persuaded the Board to halt these practices in 2017. Working with staff and consultants, the Board voted to adopt a new governance structure and new policies that clearly establish the roles of staff as the experts in making investment decisions for



Pictured Left to Right:  
John Melia, Maggie Toulouse Oliver,  
and Natalie Cordova

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## Mission Statement

The mission of the Board of the Public Employees Retirement Association is to preserve, protect and administer the Trust to meet its current and future obligations and provide quality services to association members.

the Fund and the role the Board plays in providing oversight and monitoring. This has put PERA at the leading edge of best practices for large public pension plans and materially reduced our spending of trust funds.

The vast majority of Board members supported these changes, and the other new directions the previous Board Chair and I have tried to implement. Unfortunately, some members have not only disagreed with these changes, they have undertaken a concerted effort to undermine the wisdom of the majority of the Board and staff at a critical time when the majority of the Board wants to focus on the real issues and real challenges facing our system.

While pension reform in 2013 did a lot to put PERA back on a path to long term solvency, it is clear to the majority of the Board that we need to be laser-focused on funding the promised benefits. The growth in investment returns experienced over the past five years by all institutional investors such as PERA was slower than expected and has impacted PERA's goal of reaching 100% funding by 2043.

To date, our efforts to pay down the PERA's current unfunded liability have not progressed as far as we would have liked by now. The Board owes it to our members and the state to be focused solely on how to safeguard the long term promise of PERA benefits and not on our own personal agendas. The Board must also be prepared to lead if further refinements to our investments and benefit structure are needed to protect the retirement benefits of all our members.

We can only do this if we work together as a team. Organizational dysfunction leads to errors and failures. We have no room at PERA for failure.

On April 17, 2018, the Board took the serious action of censuring one of our members. In my opinion, this member has been at the forefront of efforts to derail the Board's core function as fiduciaries to PERA's \$15.5 billion Fund. The censure was for numerous and repeated violations of Board policies and its Code of Conduct. You can read the details here: <http://www.nmpera.org/assets/uploads/downloads/board-resolutions/No.-18-06-Concerning-Reprimand-and-Censure.pdf>. Such behavior cannot be tolerated by co-fiduciaries, because it ruptures the public's and our members' trust in our ability to govern their pension system.

The majority of the Board is focused on our critical mission and serves on the Board because we are invested in the success of PERA. Difficult but respectful discussions by rational and reasonable Board members are crucial to protecting a sustainable defined benefit retirement for future generations of the State's public employees. Unsubstantiated accusations, unfounded lawsuits and childish behavior have no place on the dais.

As Board Chair, I applaud my fellow Board members who are committed to serving for the sole benefit of providing a stable, sustainable retirement for those who have dedicated their working lives to the State of New Mexico. We will continue in our role to set policies and the vision for the Public Employees Retirement Association in a positive and respectful way. I hope you will support us in this important work.

Please feel free to contact me at [jmaxon@nmpera.org](mailto:jmaxon@nmpera.org).

Sincerely,



James Maxon, MPA, EFO

PERA Board Chair

Fire Chief, Sandoval County Fire Department

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## 2018 ANNUAL ELECTION

It's time for the 2018 annual election for members of the PERA Board. A State position is up for election this year. The position will serve a four-year term to begin January 1, 2019.

Nominating petitions were made available on January 10, 2018 and due to Automated Election Services by 5 p.m. on April 9, 2018. The report on nominating petitions was approved by the PERA Board at its April 26, 2018 Board meeting.

Lawrence Davis from the City of Albuquerque was the only municipal candidate to turn in petitions for the Municipal election. The PERA Board voted to cancel the election and Mr. Davis will begin his term on the Board January 1, 2019.

There are four candidates that turned in petitions for the State election. The candidates and their employers are as follows: Joel Flory, Department of Transportation; Paula Fisher, Children, Youth and Families Department; Nick Eckert, Office of the Attorney General; and Stephen Neel, Educational Retirement Board. Biographical information on these candidates will be in the summer election edition of LaVoz.

PERA has contracted with Automated Election Services (AES) in Rio Rancho, NM to handle the 2018 election process. AES is a premier provider of election services at the state, municipal and board levels.

Ballots will be mailed **August 10, 2018** and due back at the Post Office by noon on **September 14, 2018**. Election results will be certified by the Board at the Annual Meeting on **Thursday September 27, 2018**.

## A Familiar Face Returns to PERA



In September of 2017, an old and new face at PERA returned. After an extensive national search, Dominic Garcia was appointed by Executive Director Wayne Propst as PERA's new Chief Investment Officer. It is a homecoming for Dominic to both PERA and New Mexico. Dominic and his wife, Celia, are native New Mexicans, both born and raised in Albuquerque.

After graduating from Manzano High School in Albuquerque and the University of New Mexico, Dominic went on to the University of Chicago where he received his Masters in public finance. After completing his degree, Dominic moved back to New Mexico to start his career and family where he and his wife married at San Felipe church in Old Town Albuquerque. At that time, Dominic began as an analyst with the Legislative Finance Committee where he was assigned oversight of PERA, the Educational Retirement Board, and the State Investment Council. His time with the Legislature proved short lived as then PERA Chief Investment Officer, Bob Gish, hired Dominic to be his Deputy.

Dominic served in that position until 2008 when he was recruited to join the \$100 billion State of Wisconsin (SWIB) pension fund. SWIB is the 9th largest public pension in the world and is widely considered one of the leaders in the public pension industry. SWIB is also one of only four fully

funded public pension funds in the United States. Spending the better part of the last decade at SWIB, Dominic rose to be a senior portfolio manager and a member of the fund's Investment Committee. Dominic had a successful tenure at SWIB where he led a team that built external portfolios and business lines from scratch and exceeded performance benchmarks. While at SWIB Dominic was nationally recognized in numerous industry-wide publications, including the most notable being recognized as a 40 under 40 future CIO three times.

We are happy to welcome Dominic and his family back to the PERA family and New Mexico.

"I understand the importance of PERA to the state of New Mexico and it is an honor and privilege to be asked to lead the investment program of this great institution," says Dominic.

Indeed, Dominic has hit the ground running since starting last September. In that short period, the Board, staff, and consultants have worked together to further strengthen policies and implement investment best practices.

"My main goal at PERA is to ensure we are a best-in-class investment program. Over the long run, this will ensure value added to our members and continue to solidify the pension system."

Dominic will undoubtedly use his experience at pension industry leader SWIB and draw on his New Mexico roots for inspiration.

Dominic and his wife have three children aged 13, 10, and 5. They live in Santa Fe where they returned to their roots and reside in the same historic neighborhood as their grandparents and great-grandparents. Dominic spends much of his time watching his kids play soccer, swim, and dance Flamenco. When he does have free time, Dominic enjoys running, cycling, yoga, and reading a book. Recently, Dominic completed the Bataan Death March Marathon in White Sands.

**DOMINIC GARCIA**  
*Chief Investment Officer*

**Four hashtags that describe my personality:**  
#familyfirst #books #vests #whatsahashtag

**Best tip for investing:**  
Make sure you set good, strong, and satisfying long term goals first.  
Investing is just the vehicle to get you to your goals.

**Favorite investment-related person that I follow is:**  
Ray Dalio-Bridgewater

**Alma Mater:**  
University of New Mexico (Undergraduate)  
University of Chicago (Graduate)

**Lyrics to live by:**  
Don't Stop Believin' by Journey


# Retirement Information Online (RIO)

**24/7** access to view your:

- Account Balance
- Service Credit
- Beneficiary Information

Visit

<https://perass.state.nm.us/SelfService>  
to open an account today!



PERA Members have access to last three annual statements

PERA Retirees have access to last three 1099-R Forms

Please note that to protect your RIO Self Service account, your password will expire after 120 days

For questions concerning the RIO Self Service website, including your User ID and Password please contact the RIO Help Desk at:

Inside of New Mexico: 1-866-845-9029 (Toll Free)

Outside of New Mexico: 1-505-476-9420

Via email: [PERA-RIOhelpdesk@state.nm.us](mailto:PERA-RIOhelpdesk@state.nm.us)

# Purchasing Retirement Service Credit with Your Deferred Compensation Funds

Aside from having another nest egg waiting for you when you retire, there are other benefits to contributing to your PERA Smart Save Deferred Compensation Plan such as the ability to purchase various types of service credit with PERA. The most frequently purchased service credit types are withdrawn service, military service, and air time.

Withdrawn service occurs when employees refund their member contributions after terminating employment with their PERA covered position. When you refund your member contributions, you no longer have service credit on account towards retirement. You may buy this time back if you return to a PERA covered position and become a current, contributing member.

If you served in the U.S. military before working for a PERA covered employer or voluntarily enlisted in the armed services while still a PERA member, you may purchase up to 60 months of non-intervening active military service. You must be vested with PERA to purchase military service credit.

If you are vested with PERA, you are eligible to purchase up to 12 months of additional service credit called Air Time.

The amount to purchase withdrawn or additional service credit may be quite costly. Participants of the PERA Smart Save Plan are allowed to use their funds to purchase these types of service credit and the rollover transaction is tax free.

For an unofficial purchase estimate for PERA air time,

visit your RIO account and use the air time calculator. For an official purchase estimate, submit a Request for Information form to PERA. The login to your RIO account and all PERA forms can be accessed at [www.nmpera.org](http://www.nmpera.org). For more information about using your PERA Smart Save funds to purchase service credit, email [PERA-smartsave@state.nm.us](mailto:PERA-smartsave@state.nm.us).

Please note that every member's situation is different. If you have specific questions about how purchasing service credit affects your account, please contact PERA directly at 1-800-342-3422.



## Will You Be Our Friend?

Are you part of the 81% of Americans who have a social media profile? If so, be PERA's friend! PERA now has a Facebook, Twitter, and Instagram page! On these pages, you will not only learn more about PERA, but also about retirement planning, budgeting and investment tips, and other pension-related information. These platforms will not only be accessible to our members, retirees and beneficiaries, but also to the general public.

In addition to providing some words of wisdom, PERA hopes to become "Twitter-pated" by eventually transitioning to a more electronic presence and save a few trees.

By having a social media presence, PERA is optimistic that these social media platforms will provide an opportunity to connect with you. It will also make it easier for you to voice your questions, opinions and concerns. PERA strives to improve the customer service experience and this will be another resource to contribute to that goal.



FACEBOOK  
@NMPERA



INSTAGRAM  
@PERANEWMEXICO



TWITTER  
@NMPERA

## 2018 ANNUAL MEETING

The PERA Annual Meeting will be held on Thursday, September 27, 2018. The Meeting will take place in the Senator Fabian Chavez, Jr. Board Room in the PERA offices located at 33 Plaza La Prensa, Santa Fe. All members and retirees are welcome to attend. The winners of the 2018 Board elections will be announced during the annual meeting.

# PERA Employee Spotlight

## Theresa Martinez

Retirement Specialist II Lead, Member Services Bureau

### *How long have you been with PERA?*

I've been employed with PERA for an enjoyable 12 years and 11 months. I began employment with PERA in May 2005.

### *What is on the top of your bucket list?*

To be part of the PERA Management Team someday.

### *Best part about working for PERA?*

The interaction that I have over the phone and in person with PERA's Retired, Active and Inactive members.

### *What music lyrics do you live by?*

"Back Where I Come From" by Kenny Chesney



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