



INVESTED IN TOMORROW.

PERA Board Meeting

Senator Fabian Chavez Jr. Board Room

PERA Building • 33 Plaza La Prensa • Santa Fe, NM 87507

Thursday, April 25, 2019

9:00 a.m.

AGENDA

1. Roll Call

2. Approval of Agenda

3. Approval of Consent Agenda

4. Current Business

- | | | | |
|----|--|---------------|--|
| A. | 2019 Election Report | Action | Ernie Marquez,
Automated Election
Services |
| 1. | Approval of Nominating Petition Counts and Candidates for State Position | Action | |
| 2. | Approval of Nominating Petition Counts and Candidates for County Position | Action | |
| 3. | Approval of Nominating Petition Counts and Candidates for Retiree Position | Action | |
| B. | Approval of Investment Procurement Policy | Action | Susan Pittard,
General Counsel;
Dominic Garcia, CIO |
| C. | Chairwoman's Report | Informational | Jackie Kohlasch,
Board Chair |
| D. | Items from March 28, 2019 Consent Agenda Requiring Extended Discussion. | | |
| 1. | Approval of February 12, 2019 Board Meeting Minutes | Action | Jackie Kohlasch |
| 2. | Approval of 2019 Investment Committee Workplan | Action | John Melia,
Investment Chair |
| 3. | Approval of 2019 Audit and Budget Committee Workplan | Action | Dan Mayfield,
Audit & Budget Chair |
| 4. | Approval of 2019 Rules and Administration Committee Workplan | Action | Lawrence Davis,
Rules & Administration |
| E. | Approval of FY20 Operating Budget | Action | Renada Peery-Galon,
Administrative Services
Director |
| F. | Executive Director's Report | Informational | Wayne Propst,
Executive Director |

Board will Recess to Executive Session

- | | | |
|---|---------------|--|
| Evaluation Committee Determination on Financial and Compliance Audit RFP No. 36600-2019-00001 | Informational | Renada Peery-Galon,
Administrative Services |
|---|---------------|--|

Board will Convene to Regular Session

5. New Business

6. Adjournment

Any person with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact Trish Winter at 476-9305 at least one week prior to the meeting, or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact Ms. Winter if a summary or other type of accessible format is needed.



INVESTED IN TOMORROW.

PERA Board Meeting April 25, 2019

CONSENT AGENDA

1. **Approval of Minutes:** March 28, 2019
5. **Ratification of Retirements - Benefits processed through:**
 - a. Normal
 - b. Deferred
 - c. Reciprocity to ERA
 - d. Non-Duty Death
 - e. Non-Duty Disability
 - f. Reciprocity to PERA
6. **Duty & Non-Duty Deaths**
 - a.
Affidavits for Free Military Service:
 - a. Enrique T. Arzabal - 7 months
 - b. Adam Whitefield - 3 months
 - c. Manuel Chavez - 8 months
7. **Educational Conferences**
 - a. Lawrence Davis CAPPP Part I; Boston, MA; June 18-19, 2019; Registration & Expenses to be paid by PERA
 - b. David Roybal CAPPP Part I & II; Boston, MA; June 18-21, 2019; Registration & Expenses to be paid by PERA
 - d. Lawrence Davis CAPPP Part II; San Diego, CA; October 19-20, 2019; Registration & Expenses to be paid by PERA
8. **Setting of Meetings: May 2019 Meetings**

a. Disability Review Committee	May 7, 2019	11:00 a.m.
b. Investment Committee	May 30, 2019	9:00 a.m.
c. Board Meeting	May 30, 2019	Immediately following Investment Committee

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MEMORANDUM

TO: PERA Board of Directors

FROM: Ernie Marquez, Election Director
Automated Election Services

SUBJECT: 2019 Petition Verification Process

DATE: April 17, 2019

State, County and Retiree Nominating Petitions were designed by January 9, 2019 as required under Section 2.80.200.70 NMAC and were available for distribution. On January 9, 2019 there was a request for a Retiree Position Petition but because of a scheduling conflict I was out of town and was unable to fulfill her request on that day. I did call my office and made the petition available to the person on the 2nd day. I am truly sorry for the inconvenience this may have caused.

The following is a list of members requesting e-mail version petitions;

STATE POSITION

Dale Dodd
Yvonne Aragon
Paula Fisher
Rosa Lopez
Robert Doucette

COUNTY POSITION

Margie V. Romero
Gail Rogers-Tripp
Shirley Ragin
Stewart Logan

RETIREE POSITION

Loretta Naranjo-Lopez
Jeffrey Riggs
Jacque Geoffrion
Terry Warnell
Robert Shilling
Raymond Ross
Ramona Chewiwi

The following members returned the Nominating Petition in- Person to my office at 7000 Zenith Court in Rio Rancho New Mexico by the deadline of 5 PM on April 8, 2019

STATE POSITION

Yvonne Aragon
Paula Fisher
Robert Doucette

COUNTY POSITION

Gail Rogers-Tripp
Shirley Ragin
Stewart Logan

RETIREE POSITION

Loretta Naranjo-Lopez
Jeffery Riggs
Jacque Geoffrion
Robert Shilling

Here is the procedure used by our company to validate nomination signature and qualifying the candidates.

Upon receipt of the petitions, the sheets were counted, first and last page were time stamped in front of the candidate and a receipt reflecting the number of petitions submitted was given to the candidate. The petitions were then placed in a manila folder with a label containing their name with a copy of the receipt.

Section 2.80.200.60 C, of New Mexico Administrative Code Title 2, Chapter 80, Part 200 states that in order to be eligible as a candidate for the retiree position you must have a minimum of 50 valid nominations. Section 2.80.200.70. A (3) goes on to say that in order to be eligible as a candidate for the state or county positions you must have a minimum of 150 valid nominations.

A valid nomination shall include a signature, legible printing of the members name the member's current employer and one of the following:

- (a) the last four digits of the member's social security number;
- (b) the members date of birth; or
- (c) the members PERA Identification number.

Rule 2.80.200.60 and 2.80.200.70 allows validation in various ways and the electronic file of qualified PERA members that was sent to us by Mr. Greg Trujillo contained name, address, date of birth, last four digits of the social security number and PERA identification numbers. Our IT division worked the data and set-up an AutoVote Tracking System for name verification.

Our staff began the process of verifying the names on the petitions and wanted to give the nominator the benefit of the doubt so we started with the last name. If we could not locate them using the last name, our system would allow us to check by first name and then we would compare it to the date of birth. Many signed the petition and included the PERA ID or the last four digits of the Social Security Number, which made it easy for us to locate and validate. In some cases there were names that no matter how we searched they were not located in the data, those were not validated. There were a few signatures that were illegible, or the information was incomplete, those were also not validated.

After close review and tabulation of the nominating petitions by our company the following totals have been determined:

State Position	Petition Pages Submitted	Total Signature Submitted	Total Signature Rejected	Total Signatures Accepted
Robert Doucette	32	282	40	242
Yvonne Aragon	27	246	33	213
Paula Fisher	24	217	29	188

County Position	Petition Pages Submitted	Total Signature Submitted	Total Signature Rejected	Total Signatures Accepted
Stewart J. Logan	35	274	32	242
Shirley M. Ragin	25	241	11	230
Gail Rogers -Tripp	24	181	20	161

Retiree Position	Petition Pages Submitted	Total Signature Submitted	Total Signature Rejected	Total Signatures Accepted
Loretta Naranjo- Lopez	58	348	32	316
Robert Schilling	52	184	11	173
Jeffery M. Riggs	22	156	10	146
Jacqueline Y. Geoffrion	16	122	13	109

If you have any question regarding the process or the results, please feel free to contact me at anytime at 1-800-833-5568 ext. 6534.

April 25, 2019 Draft for Board Review

**THE PUBLIC EMPLOYEES
RETIREMENT ASSOCIATION
OF
NEW MEXICO**



INVESTED IN TOMORROW.

**PROCUREMENT POLICY FOR
INVESTMENT-RELATED
SERVICES**

Revised: April 25, 2019

Procurement Policy for Investment-Related Services

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1. Scope

This Procurement Policy for Investment-Related Services (this "Policy") sets forth the procedures and guidelines by which Public Employees Retirement Association of New Mexico ("PERA") shall procure investment-related services and tangible goods that are adjunct to those services. This Policy also applies to procurement of certain services for the PERA Fund and the PERA SmartSave Deferred Compensation Plan.

Pursuant to NMSA 1978, Section 13-1-98(CC) (2015), PERA is exempt from the Procurement Code (NMSA 1978, Sections 13-1-28 through 13-1-199) for all contracts for investment advisory services, investment management services or other investment-related services.

This Policy does not apply to the procurement of tangible goods and services purchased through State of New Mexico statewide purchasing agreements or otherwise required for the administration of PERA investments.

Members of the Board and PERA employees are subject to the Governmental Conduct Act, NMSA 1978, Sections 10-16-1 through 10-16-18, and the PERA prohibition on gifts and contributions, as explained in more detail in Section 19.

2. Purpose

The Public Employees Retirement Board ("the Board") adopts this Policy: 1) to provide an open and fair competitive process to acquire competent and qualified investment-related consultant and manager services and other investment-related services; 2) to allow PERA to respond to unacceptable performance and market changes in a flexible, efficient, and timely manner; and 3) to comply with all relevant laws, statutes, ethical codes of conduct, and other applicable policies adopted by the Board.

3. Legal Authority

PERA operates under the authority of the Public Employees Retirement Act of New Mexico, NMSA 1978, Sections 10-11-1 to 10-11-142, as amended, the Volunteer Firefighters Retirement Act, NMSA 1978, Sections 10-11A-1 to 10-11A-8, as amended, the Judicial Retirement Act, NMSA 1978, Sections 10-12B-1 to 10-12B-19, as amended, the Magistrate Retirement Act, NMSA 1978, Sections 10-12C-1 to 10-12C-18, as amended, the Public Employees Reciprocity Act, NMSA 1978, Sections 10-13A-1 to 10-13A-4, and the State of New Mexico Deferred Compensation Act, NMSA 1978, Sections 10-7A-1 through 10-7A-12, as amended, as well as other federal and New Mexico laws relating to qualified governmental plans.

4. Services Subject to the Policy

This Policy applies to the procurement of the services of the Board Investment Strategic Consultant, CIO Investment Consultants, Investment Consultants for the SmartSave Plan, Investment Managers for Liquid Investments and Illiquid Investments, and other investment-related services in accordance with the legal authorities described in Section 3 of this Policy, the Investment Policy, and the Investment Policy for the PERA SmartSave Deferred Compensation Plan. As required by the Investment Policy, the Board, the Investment Committee, the Chief Investment Officer, PERA employees, and service providers selected under this Policy shall be disciplined in adhering to the Investment Policy including applicable investment criteria. An investment consultant or investment manager selected pursuant to this Policy shall agree contractually to serve PERA and the Board as a fiduciary in accordance with all applicable federal and New Mexico law that provide for the fiduciary duties and obligations of PERA or the PERA Board.

This Policy also governs procurement of external investment-related legal services through the General Counsel. PERA retains the services of external legal counsel for investment-related advice and to review and negotiate terms and provisions of Liquid Investment and Illiquid Investment documents. The use of external counsel is prudent and necessary due to rapid changes in regulation of global Liquid Investments and Illiquid Investments and the knowledge and experience of external counsel regarding the legal issues arising from those Investments. Providers of investment-legal services selected pursuant to this Policy serve PERA in accordance with the applicable codes of professional responsibility and fiduciary laws applicable to PERA.

In addition, this Policy governs procurement of other investment-related services that are necessary and appropriate to PERA's investment program such as transition managers, cash overlay managers, other specialty investment managers, custodial banking services, brokers, and other counter-parties.

Investment-related service providers are defined in the following section.

5. Definitions

“Board Investment Strategic Consultant” means the Third-Party Service Provider explained on page 3 of the Investment Policy that “provide[s] advice and recommendations to the Board or [Investment] Committee regarding its strategic objectives, risk budget, and oversight and implementation of principal investment objectives.” The Board Investment Strategic Consultant also advises and confers with the Chief Investment Officer.

“CIO Investment Consultant” means an investment advisor other than the Board Investment Strategic Consultant that provides advice and recommendations to the Chief Investment Officer regarding selection of Investment Managers for Liquid Investments or Illiquid Investments.

“Corrupt Practice” is defined as offering, giving, soliciting, or receiving anything of value to influence the action of a public official or employee, or threatening injury, harm or retaliation to

any person or their property, position or reputation in connection with any procurement in order to obtain or retain business or any other advantage in the conduct of business.

“Emergency” means an unexpected circumstance that requires a rapid decision to prevent a significant financial loss where the normal processes required in this Policy would not prevent or avoid such loss. Poor performance by a service provider is not to be considered an Emergency. By way of example, an Emergency can include, although it is not limited to, the departure of an Investment Manager or other key personnel from a service provider without notice, SEC investigation or action against a service provider or individuals with a service provider, or a service provider's unexpected loss of its organizational capabilities.

“External Legal Counsel” means legal counsel retained to advise the General Counsel and Chief Investment Officer about all legal aspects of investment transactions undertaken for PERA, including but not limited to preparation and negotiation of investment contracts, the rights, obligations, and liabilities arising under applicable domestic and international securities laws, securities brokerage and trading laws, and laws pertaining to the organization, operation, and governance of the legal entities through which investments are made.

“Fraudulent Practice” means misrepresenting or omitting any material fact in order to influence a procurement.

“Fund” means the “trust funds” referred to in Article XX, Section 22 (A) of the New Mexico Constitution and as the term is used in the Investment Policy.

“Illiquid Investment” means an investment in global securities or other assets that cannot easily be sold or exchanged for cash without a substantial loss in value. As explained in the Investment Policy, an investment strategy involving these assets include illiquid equities (hedged and private equity), illiquid credit (private and distressed debt and hedged credit) and illiquid real assets (illiquid real estate, illiquid real assets and market-neutral strategies). Illiquid Investments generally target long-term return objectives. These assets are designed to provide the portfolio with higher risk-adjusted returns and/or enhanced diversification. Illiquid Investments are usually made outside of public securities exchanges by acquiring an interest in a limited partnership, limited liability company, fund of one, separate account, dedicated managed account, commingled fund, offshore entity, or similar investment vehicle, as appropriate for the individual investment. Illiquid Investments were typically referred to as alternative assets in prior versions of this Policy.

“Incumbent Provider” means a service provider that is a party to a valid contractual relationship for providing investment-related services under a professional services agreement with PERA.

“Investment Committee” means the Committee of the same name established by the Board (*see* NMAC 2.80.200.50 (A)(5)) to assist in carrying out its duties and means the same as the term used in the Investment Policy.

“Investment Manager” means an entity and its agents that provide investment management services for Liquid Investments and Illiquid Investments.

“Investment Policy” means the PERA Investment Policy.

“Liquid Investment” means an investment in securities and other assets that are typically traded on public exchanges and can be converted into cash quickly and with minimal impact to the price received. These assets are identified in the Investment Policy. As explained in the Investment Policy, Liquid Investments include global equities (public and low volatility equities), risk reduction and mitigation strategies (public domestic and global core bonds), credit (public high yield and emerging market debt), and real assets (liquid real estate and liquid real assets). Liquid Investments were typically referred to as traditional assets in prior versions of this Policy.

“Offeror” means any person or persons responding to a Request for Proposal or a Request for Information.

“Other Service Provider” means a provider of investment-related services and its agents, other than those defined in this Policy which typically provide services related to execution of investment decisions and custody of PERA assets such as brokers, counterparties, custodial banks, liquidation agents, and valuation agents.

“Runner-Up” means one or more Offerors not initially selected for award but qualified for award by meeting or complying with all mandatory criteria and formally designated as a Runner-Up by the evaluation committee.

“Small Purchase” means the procurement of investment-related services for total compensation that does not exceed fifty-thousand dollars (\$50,000.00). For purposes of this Policy, a Small Purchase procurement includes investment-related services or tangible property ancillary to investment services, but does not include performance-fee compensation contracts for investment management services.

“SmartSave Investment Consultant” means the “Investment Consultant” defined on page 1 of the Investment Policy for the PERA SmartSave Deferred Compensation Plan that serves as “the principal investment consultant selected by the Board from time to time to advise the Board about the investment functions of the Plan.”

“Strategic Asset Allocation” means the strategic allocation target established by the Board and as the term is used in the Investment Policy.

“Third-Party Administrator” means the Deferred Compensation Carrier that performs recordkeeping and other functions of the Third-Party Administrator described in the Plan Document and means the same as the term defined in the Investment Policy for the PERA SmartSave Deferred Compensation Plan.

6. Selection of Solicitation Process

Except as otherwise provided in this Policy, procurement of investment-related services by PERA

shall be achieved by a competitive Request for Proposals process (“RFP”) or Request for Information process (“RFI”) in accordance with this Policy.

a. Election of RFP or RFI Process

An RFP shall be used for procurement of the services of the Board Investment Strategic Consultant, the SmartSave Investment Consultant, CIO Investment Consultant, and the Third-Party Administrator.

Either the RFP or an RFI may be used for procurement of Investment Manager services for Liquid Investments, External Legal Counsel, or an Other Service Provider.

To determine whether to use the RFP and/or RFI, the Chief Investment Officer or the General Counsel, as appropriate, shall consider material factors including, but not limited to: 1) the number of service providers capable of providing the service; 2) the mandate being considered for procurement; 3) the nature of the services being procured; and 4) the relative weight to be given to pricing in making the selection. PERA shall maintain written documentation of each procurement consistent with applicable record retention policies and procedures.

b. Selections Exempt from the RFP or RFI Process

Competitive procurement through the RFP or RFI process is not necessary under any of the following circumstances:

- i. Procurement is for the services of an Investment Manager for an Illiquid Investment;
- ii. Procurement is for the services of an Investment Manager for a Liquid Investment for the PERA SmartSave Deferred Compensation Plan and that the selection may proceed in accordance with the Selection Procedure for investment managers set forth in the Investment Policy for the PERA SmartSave Deferred Compensation Plan.
- iii. Extension of a Contract. The Chief Investment Officer in consultation with the Executive Director may approve extension of a contract awarded through an RFP or RFI process for a given mandate for an incumbent Investment Manager for Liquid Investments that is currently providing satisfactory service for the same or substantially similar mandate on the equivalent or better terms to PERA. The Chief Investment Officer shall consider whether extension of the contract is prudent based on: i) the existing market conditions; ii) the terms, structure, and objectives of the investment, and; iii) the availability of qualified Offerors. Except for a contract for custodial banking services, the term of any such extension shall be for no more than (4) years unless the Chief Investment Officer concludes that a longer or indefinite term is prudent based on the considerations set forth in the previous sentence. A contract for custodial banking services may be extended for an unlimited time. This exemption shall be exercised by PERA by no less than thirty (30) days prior to the expiring term of the current contract;

- iv. Termination and Transition. In the event that the Chief Investment Officer terminates a contract for Investment Manager services for Liquid Investments, the Chief Investment Officer in consultation with the Executive Director may approve a new or amended contract for the transition of the assets subject to the terminated contract to another Incumbent Provider who: i) is currently providing satisfactory investment management services under a contract awarded through an RFP or RFI process; and ii) is qualified to provide services for the asset class described in the terminated contract. The new or amended contract should be negotiated in connection with the transitioning of assets on equivalent or better terms to PERA. The term of the contract awarded under this paragraph shall be for no longer than four (4) years except as otherwise deemed prudent by the Chief Investment Officer based on the considerations set forth in paragraph 6(b)(iii);
- v. In the event that solicitation of qualified service providers is deemed to be impracticable, the Chief Investment Officer in consultation with the Executive Director may approve contracting with an Incumbent Provider or CIO Investment Consultant or Investment Manager services for Liquid Investments that is currently providing satisfactory service under a contract that is the result of a RFP or RFI process, for the provision of services or a mandate not provided by an Incumbent Provider under an existing contract. The term of the contract awarded under this paragraph shall be for no more than four (4) years except as otherwise deemed prudent by the Chief Investment Officer based on the considerations set forth in paragraph 6(b)(iii);
- vi. The selection of an investment manager or investment option for the PERA SmartSave Deferred Compensation Plan as provided by the Investment Policy for the PERA SmartSave Deferred Compensation Plan.
- vii. Determination by the Chief Investment Officer in consultation with the Executive Director that the procurement is a Small Purchase procurement as defined in this Policy; or
- viii. Determination by the Chief Investment Officer in consultation with the Executive Director that the procurement meets the requirements of an Emergency procurement as defined in this Policy. Performance under any contract awarded under this paragraph shall be reviewed by the Chief Investment Officer in consultation with the Executive Director within twelve (12) months. In no event, however, shall the term of the contract awarded under this paragraph, including any and all extensions, exceed two (2) years. A contract awarded pursuant to this paragraph does not qualify for the other exceptions to competitive procurement set forth in this section.

7. Exemption from the RFP and RFI Processes—Criteria for Identification of Illiquid Investments

a. Categories of Illiquid Investments

Illiquid Investments principally involve direct investments in funds or other investment vehicles that acquire, hold, sell, and finance portfolio companies and other assets. For the purposes of the

exceptions identified in Section 6, Illiquid Investments are defined as provided in Section 5 of this Policy and in the Investment Policy. The asset types identified in the definition are further explained as follows:

- i. Illiquid Global Equities – Illiquid forms of global equities include private equity and hedge equity. The objective of the private equity allocation is to capture a premium from making long-term, Illiquid Investments in predominantly non-publicly traded equity securities. Hedged equity investments look to reduce broad market risks to isolate security-specific returns. These vehicles will utilize long and short positions along with leverage to accomplish their investment objectives.
- ii. Illiquid Credit – Illiquid forms of credit include strategies in which the underlying debt securities trade infrequently or with a negotiated price as well as hedged credit strategies. The objective of illiquid credit strategies (such as distressed and private debt) is to capture a premium from making long-term, Illiquid Investments through non-public or negotiated transactions. Hedged credit strategies use leverage, shorting, and derivatives to generate greater risk-adjusted returns.
- iii. Illiquid Real Assets – Illiquid forms of real assets include private real assets, private real estate and market neutral strategies. The objective of private real assets and private real estate strategies is to capture a premium from making long-term, Illiquid Investments in predominantly non-publicly traded securities. Market neutral strategies target a zero correlation with broad market movements.

b. Considerations, Criteria, and Process for Selection of Illiquid Investments

The Chief Investment Officer is responsible for selection of Illiquid Investments, and may elect to use the services of the Board Investment Strategic Consultant and the CIO Investment Consultant to review and analyze the most appropriate investments from a comprehensive universe of investment opportunities.

The Chief Investment Officer shall consider the strategic objectives of the Board set forth in the Investment Policy and the legal and economic terms of an Illiquid Investment. Illiquid Investments shall be subject to due diligence analysis by PERA employees and an investment consultant sufficient to demonstrate the prudence of the investment. A report of the due diligence analysis and a complete evaluation of how the investment is expected to achieve the strategic objectives of the Board shall be presented to the Chief Investment Officer who shall have final authority to evaluate, select, monitor, and terminate Illiquid Investment Managers and investment vehicles in accordance with the terms of their contracts.

When evaluating a prospective Investment Manager for Illiquid Investments, the Chief Investment Officer shall manage operational and investment due diligence review to implement the objectives and considerations set forth in the Investment Policy and complimentary industry norms that include, but are not limited to, the following considerations:

- i. the prospective Investment Manager's organization and stability;
- ii. the track record of the prospective Investment Manager;
- iii. the qualifications, experience, and retention of the prospective Investment Manager's key personnel;
- iv. the proposed investment strategy including the bases of anticipated returns;
- v. the timing and structure of distributions;
- vi. the portfolio need and diversification benefits of the proposed investment strategy; and,
- vii. the sufficiency of legal and economic terms governing the investment strategy of prospective Investment Manager.

The General Counsel with the assistance of External Legal Counsel as the General Counsel may deem appropriate, shall review investment materials and information and advise the Chief Investment Officer about the favorability, legal risks, and sufficiency of the terms and provisions of an investment in accordance with the Investment Policy, applicable law, and generally accepted legal standards for private investments. The General Counsel negotiates the legal terms and provisions of an investment in consultation with the Chief Investment Officer.

8. Public Notice

Except for an Emergency procurement, notice of an RFP shall be published at least twenty-one (21) calendar days prior to the date set for opening of responses. Notices referred to in this Policy may be published or furnished electronically, in print, or both at the Chief Investment Officer's discretion. Notice shall be posted on PERA's website and disseminated through media and other channels in a manner and as necessary to provide commercially reasonable notice to interested and qualified Offerors. Notice may be published in newspapers and/or trade journals in this or any other state, and internationally. In addition, PERA may provide notice directly to persons or businesses identified through prior solicitations, independent investment services, and through other information available in the investment industry.

9. Procurement Processes¹

a. The RFP Process—Initiation and Selection

- i. Board Investment Strategic Consultant, SmartSave Investment Consultant, and the Third Party Administrator
 - Issuance of an RFP for the Board Investment Strategic Consultant, SmartSave Investment Consultant, and the Third Party Administrator shall be approved by the Board.

¹ See, Appendix 1, Decision Matrix

- Selection of the Board Investment Strategic Consultant, SmartSave Investment Consultant, and the Third Party Administrator, is subject to final approval of the Board in accordance with this Policy.
- ii. Liquid Investment Managers, CIO Investment Consultant, and Other Service Providers
 - Issuance of an RFP for Investment Manager services for Liquid Investments, a CIO Investment Consultant, and for Other Service Providers shall be by the Chief Investment Officer. Notice shall be provided to the Investment Committee at the first meeting following the issuance of the RFP.
 - Selection of Investment Manager services for Liquid Investments, a CIO Investment Consultant, and Other Service Providers through the RFP process shall be by the Chief Investment Officer in consultation with the Executive Director. Notice shall be provided to the Investment Committee at the first meeting following the approval.
- iii. External Legal Counsel
 - Issuance of an RFP for External Legal Counsel shall be by the General Counsel in consultation with the Executive Director, after prior notice to the Investment Committee.
 - Selection of External Legal Counsel through the RFP process shall be by the Executive Director in consultation with the General Counsel. Notice shall be provided to the Investment Committee at the first meeting following the issuance of the selection.

b. The RFP Process—Terms of Solicitation

RFPs shall contain, as appropriate:

- i. specifications of the services to be procured including clearly identified "minimum" and "preferred" (discretionary) criteria and/or minimum mandatory qualifications for prospective Offerors;
- ii. the term of a contract for the Board Investment Strategic Consultant, the SmartSave Investment Consultant, CIO Investment Consultant, Other Service Provider, (other than a custody bank), and Third-Party Administrator, shall be appropriate for the scope of services, but shall not to exceed eight (8) years;
- iii. the term of a contract for liquid Investment Manager services shall be appropriate for the proposed mandate, but should not exceed eight (8) years unless the Chief Investment Officer in consultation with the Executive Director concludes that a longer or indefinite term is appropriate based on the structure and objectives of the investment;
- iv. reference to NMSA 1978, § 10-11-133.1 which provides for disclosure of the identity and fees paid to any third-party marketer;

- v. a contract for custodial banking services may be for an indefinite term, provided it is terminable at will by PERA on reasonable notice;
- vi. description of PERA’s mandatory contract terms that are appropriate for the services procured, including but not limited to a term stating that the contractor accepts fiduciary status with respect to assets managed on behalf of PERA;
- vii. a proposal for compensation for the services to be procured;
- viii. the location and means of submittal of responses. Each RFP shall state that PERA shall have no responsibility or obligation to accept responses that are not submitted in accordance with the solicitation or to provide for redelivery of the same;
- ix. the deadline for receipt of proposals including the calendar date and the time. A deadline for receipt of proposals for solicitation of the Board Investment Strategic Consultant, SmartSave Investment Consultant, and the Third-Party Administrator may be extended by the Board on the request of the Chief Investment Officer, to accommodate unforeseen circumstances outside of the control of an Offeror. A deadline for receipt of proposals for a solicitation of a CIO Investment Consultant, Investment Manager services for Liquid Investments, External Legal Counsel, or Other Service Provider may be extended the Chief Investment Officer, or the General Counsel, as appropriate, to accommodate unforeseen circumstances outside of the control of an Offeror. Any such extension must be requested and approved, with notice given to prospective Offerors within a reasonable time;
- x. a statement notifying Offerors as follows:

“That during the process leading to an award of any contract by PERA, no member of the Board or PERA employee shall knowingly communicate concerning any matter relating to the contract or selection process with any party financially interested in the contract, or an officer or employee of that party, unless the communication is: (1) part of the process expressly described in the request for proposal or other solicitation invitation; or (2) part of a noticed Board meeting; or (3) as provided below. Any applicant or bidder who knowingly participates in a communication that is prohibited by this paragraph shall be disqualified from the contract award.

The procedures and prohibitions prescribed by this section shall not apply to: (1) communications that are incidental, exclusively social, and do not involve PERA or its business, or the Board or PERA employee’s role as a PERA official; or (2) communications that do not involve PERA or its business and that are within the scope of the Board or PERA employee’s private business or public office wholly unrelated to PERA.”
- xi. a proposal cover sheet, to be completed and signed by the Offeror and submitted electronically;
- xii. a description of a formal question and answer process;
- xiii. the selection criteria and/or qualifications in the evaluation of the responses;
- xiv. citation to applicable statutes, rules and policies;
- xv. an agreement that the proposal is not confidential and is considered to be a public record;

and

- xvi. any other information the Chief Investment Officer or the General Counsel believes will be useful in procuring the services sought to be procured.

Subject to appropriate and timely notification of Offerors, RFPs may be modified or amended prior to the selection for the limited purposes of:

- i. clarifying or correcting errors or defects; or
- ii. modifying the schedule for the submission of responses and the deadline for receipt of responses.

The requirement for notice of amendment of an RFP shall be:

- i. in the form and manner of the initial RFP if it occurs before the deadline for receipt of responses; and
- ii. by written notice to all Offerors if it occurs after the deadline for receipt of responses.

c. The RFI Process—Initiation and Selection

i. Liquid Investment Managers and Other Service Providers

- Issuance of an RFI for Investment Manager services for Liquid Investments and for Other Service Providers shall be by the Chief Investment Officer. Notice shall be provided to the Investment Committee at the first meeting following the issuance of the RFI.
- Selection of an Investment Manager for Liquid Investments and Other Service Providers through the RFI process shall be by of the Chief Investment Officer in consultation with Executive Director. Notice shall be provided to the Investment Committee at the first meeting following the issuance of the selection.

ii. External Legal Counsel

- Issuance of an RFI for External Legal Counsel shall be by the General Counsel in consultation with the Executive Director, after prior notice is provided to the Investment Committee.
- Selection of External Legal Counsel shall be by the Executive Director in consultation with the General Counsel. Notice shall be provided at the first meeting of the Investment Committee following the selection.

d. The RFI Process—Considerations for Solicitation

The following considerations apply to an RFI undertaken under this Policy:

- i. notice of the solicitation shall be provided to potentially qualified service providers that have been identified through the means described in the last sentence of Section 8 of this Policy;
- ii. the solicitation shall include a reference to NMSA 1978, § 10-11-133.1 which provides for disclosure of the identity and fees paid to any third-party marketer;
- iii. description of PERA's mandatory contract terms that are appropriate for the services procured, including but not limited to a term stating that the contractor accepts fiduciary status with respect to assets managed on behalf of PERA;
- iv. a proposal for compensation for the services to be procured;
- v. a statement notifying Offerors as follows:

“That during the process leading to an award of any contract by PERA, no member of the Board or PERA employee shall knowingly communicate concerning any matter relating to the contract or selection process with any party financially interested in the contract, or an officer or employee of that party, unless the communication is: (1) part of the process expressly described in the request for proposal or other solicitation invitation; or (2) part of a noticed Board meeting; or (3) as provided below. Any applicant or bidder who knowingly participates in a communication that is prohibited by this paragraph shall be disqualified from the contract award.

The procedures and prohibitions prescribed by this section shall not apply to: (1) communications that are incidental, exclusively social, and do not involve PERA or its business, or the Board or PERA employee's role as a PERA official; or (2) communications that do not involve PERA or its business and that are within the scope of the Board or PERA employee's private business or public office wholly unrelated to PERA.”

- vi. analytical software and comprehensive databases will be used in an unbiased and fair manner to research, evaluate and compare Offerors;
- vii. Offerors may reply to the RFI by submitting information about the services they supply and the price at which those services would be provided;
- viii. the Chief Investment Officer in consultation with the Board Investment Strategic Consultant may review proposals and negotiate with one or more of the Offerors to obtain the highest quality of services at the most reasonable price;
- ix. the term of a contract for Investment Manager services for Liquid Investments shall be appropriate for the proposed mandate, but should not exceed eight (8) years unless with the Chief Investment Officer concludes that a longer or indefinite term is appropriate based on the structure and objectives of the investment;

- x. the term of a contract for an Other Service Provider (except for custodial banking services) or External Legal Counsel shall be appropriate for the scope of services, but shall not to exceed eight (8) years, and;
- xi. an agreement that the proposal is not confidential and is considered to be a public record; and,
- xii. a contract for custodial banking services may be for an indefinite term, provided it is terminable at will by PERA on reasonable notice.

10. Sufficiency of Responses to RFPs and RFIs

Responses received after the deadline will be rejected.

Responses shall not be corrected or modified after submittal.

Responses and Offerors that fail to meet all mandatory requirements shall be rejected. Responses must include a proposal cover sheet, which has been fully completed, signed and submitted electronically on or before the deadline for responses to the RFP or RFI.

Telephone and other types of inquiries concerning the proposal, outside the formal question and answer process, shall be discouraged.

Successful Offerors and Runners-Up shall meet or comply with all minimum criteria and/or qualifications.

11. Selection Criteria

Selection criteria shall be appropriate for the proposed scope of services or investment mandate and the applicable PERA investment policy as determined by the Chief Investment Officer and the General Counsel, as applicable.

PERA may use internet-based or analytic software applications and comprehensive databases to research, evaluate, compare and select investment products across asset classes and vehicle types.

12. Evaluation of Proposals

The Chief Investment Officer, in consultation with one or more investment consultants shall evaluate and approve the selection of service providers through an RFP or RFI process.

a. Board Investment Strategic Consultant, SmartSave Investment Consultant, and Third Party Administrator

The Board Chair, with the advice of the Investment Committee Chair and the Chief Investment Officer, shall appoint an evaluation committee for each RFP for the Board Investment Strategic

Consultant, SmartSave Investment Consultant, and Third Party Administrator. The designation of the evaluation committee is at the discretion of the Board Chair and may include members of the Board, the Executive Director, the Chief Investment Officer, the General Counsel, and PERA employees. Appointed Board members shall participate as voting members of the evaluation committee for the Board's Investment Strategic Consultant and the Third Party Administrator.

The Board, in consultation with the Executive Director, the Chief Investment Officer, or the General Counsel, as appropriate, shall approve the successful Offeror or Offerors for the Board's Investment Strategic Consultant, the SmartSave Investment Consultant, and the Third-Party Administrator under the RFP process based on the recommendation of the evaluation committee.

b. Investment Managers for Liquid Investments, CIO Investment Consultant, External Legal Counsel, and Other Service Provider

For procurement of Investment Managers for Liquid Investments, CIO Investment Consultant, External Legal Counsel, and Other Service Provider, the Chief Investment Officer or the General Counsel, as appropriate, may designate staff, board members and consultants to assist, consistent with their respective duties under this Policy.

c. Evaluation of Proposals Submitted in Response to an RFP or an RFI

Selected Offerors may be invited for interviews, discussions or negotiations. Offerors who have participated in interviews, discussions or negotiations may be provided the opportunity to submit best and final offers. There is no right to an interview, discussion, negotiation, or the opportunity for best and final offers.

An Offeror's proposal shall be evaluated based on relevant and appropriate factors and considerations sufficient to justify the selection. Selection of an Investment Manager for Liquid Investments and CIO Investment Consultant shall include but is not limited to the Offeror's;

1. business approach and methodology;
2. philosophy and process;
3. references, experience and qualifications of key personnel;
4. experience with the asset class under consideration;
5. verified or verifiable performance and portfolio data for a period of time that include a variety of economic and market environments;
6. the compensation proposal;
7. a history of consistently strong and successful performance versus peers and relevant benchmarks; and,
8. the results of a satisfactory background check, including federal, state and local criminal, civil, regulatory and enforcement matters.

Selection criteria for External Legal Counsel and Other Service Providers shall be appropriate for the services being procured and sufficient to justify the selection.

The Board, Chief Investment Officer, and the General Counsel, as appropriate, shall create a record that documents and explains the basis for the selection in accordance with this Policy. PERA shall retain the record including all pertinent evaluation materials in accordance with applicable document retention requirements, but in no case for a period of less than the stated term of the contract procured pursuant to this Policy and a reasonable audit period.

13. Award

A successful Offeror and all other responding parties shall be promptly notified in writing of the award.

Contracts may be awarded to more than one Offeror as a result of a single RFP or RFI process.

Contracts may be awarded to one or more Offerors designated as Runners-Up within two (2) years of the initial deadline set for receipt of RFP or RFI responses subject to due diligence and successful contract negotiations conducted by the Chief Investment Officer or the General Counsel.

14. Termination of Contract or Other Appropriate Action for Wrongful Conduct

In the event that the Board determines that violation of the New Mexico Government Conduct Act or paragraph 8.6.1 of the PERA Employee Code of Conduct materially impacted the award of a contract under this Policy, and that termination of the contract or other appropriate action is consistent with applicable law and the Board's fiduciary duties to PERA members, the Board may direct the Executive Director to terminate the contract, or take other appropriate action. This provision shall be incorporated expressly in any contract entered into under the authority of this Policy and such contract shall expressly provide that action taken by the Board or Director hereunder shall not constitute an event of default or other event causing adverse action by the other contracting parties.

15. Public Disclosure

After award of a contract under this Policy, any written determination of award, any evaluation committee report, as applicable, and all proposals are subject to public inspection in accordance with applicable public record laws including the New Mexico Inspection of Public Records Act, NMSA 1978, Sections 14-2-1 through 14-2-12. Any material claimed to be privileged, confidential, proprietary, or a trade secret must be clearly designated as such in advance and provided on separate pages.

16. Protest Procedure

PERA's procurement of investment-related services is exempt from the New Mexico Procurement

Code (NMSA 1978, Sections 13-1-1 *et seq.*) and Offerors have no resort to the protest procedures set out in the New Mexico Procurement Code (NMSA 1978, Sections 13-1-172 through 176) or related options of the New Mexico Administrative Code involving procurement of investment-related services. As a trust fund, PERA has no authority to award money damages, costs or attorney fees to a party asserting a grievance under this Policy. In the interest of providing a fair, open and competitive procurement process for investment-related services, the following protest procedure is provided.

An Offeror responding to an RFP or an RFI who is not awarded an investment-related services contract may file a Notice of Protest with PERA.

A Notice of Protest shall state the full factual basis for the protest. A Notice of Protest must be in writing and received or post-marked within ten (10) calendar days of the award by the Board that gives rise to the protest.

A Notice of Protest shall be sent or delivered to:

NMPERA
Office of General Counsel
33 Plaza La Prensa
Santa Fe, New Mexico 87507
Attention: Notice of Protest

The filing and receipt of a Notice of Protest shall not stop or delay the execution of an investment-related services contract between and the successful Offeror.

The General Counsel or his or her designee shall conduct an interview with the protestor, either in person or telephonically and may, in his or her sole discretion, conduct interviews with others who have or may have information relating to the award and/or the protest.

The General Counsel shall promptly issue a written recommendation to the Board. The written recommendation shall state whether or not the General Counsel recommends that the contract whose award gave rise to the protest process should be terminated, and whether or not the General Counsel recommends an alternative contract award to the protestor or whether the RFP or RFI should be cancelled and reissued. The written recommendation shall state the full factual basis for the recommendation.

The General Counsel shall mail the written recommendation to the protestor and shall provide written notice of the scheduled Board vote on the recommendation.

The Board shall vote on the recommendation at its first regularly scheduled meeting following the issuance of the written recommendation.

The General Counsel shall notify the protestor in writing of the Board vote.

17. Emergency and Small Procurements

In the case of Emergency and Small Purchase procurements, as defined in this Policy, the Chief Investment Officer may, preselect or invite a provider of investment-related services to present an offer. The Chief Investment Officer, in his or her discretion, may negotiate a contract with that provider if the offer is deemed acceptable and subject to the following conditions:

The Small Purchase procurement for investment-related professional services must have a value not exceeding fifty thousand dollars (\$50,000), excluding applicable state and local gross receipts taxes in accordance with applicable professional services contract procedures promulgated by the department of finance and administration.

Investment-related tangible property or services having a value of not more than fifty thousand dollars (\$50,000.00) may be procured under this section by issuing a direct purchase order to a contractor based upon the best obtainable price.

Procurements shall not be artificially divided to fall within the Small Purchase procurement exemption.

18. Research and Information

At any time and irrespective of any existing contracts, PERA may conduct independent research or may issue an informal request for information to survey the marketplace about the availability, quality, and price of investment-related services.

19. Penalties for Corrupt Practices and Fraudulent Practices

Upon discovery of any Corrupt Practice or Fraudulent Practice as defined in this Policy, the Board may reject a proposal, reject a recommendation for an award or declare an individual or firm ineligible for a stated period of time or the Board may impose any combination of these measures.

In addition, a Corrupt Practice or a Fraudulent Practice relating to activities that are subject to this Policy may constitute fraud, bribery, and illegal gratuities and kickbacks that are crimes classified as felonies under New Mexico law.

Civil and criminal penalties are imposed for violation of the Governmental Conduct Act, NMSA 1978, Sections 10-16-17, 18.

Civil penalties are imposed for antitrust violations of the Trade Practices and Regulation Act, NMSA 1978, Sections 57-1-1, 6.

20. Ethical Disclosures and Conflicts of Interest

Members of the Board and PERA employees are subject to NMSA 1978, Section 10-11-130.1, which prohibits acceptance of anything of value directly or indirectly from a person or organization that has a current contract with PERA, is a potential bidder, Offeror, or contractor of services to PERA, or is authorized to invest public funds pursuant to state or federal law. For purposes of this Policy, a potential bidder means any person or entity that has either offered services in response to a request issued pursuant to this Policy or demonstrated an interest in offering services to PERA during the period commencing twelve-month prior to the issuance of the solicitation, or has otherwise been identified as a potential bidder by the Chief Investment Officer or General Counsel.

All Offerors or Incumbent Providers are required to disclose any interest, direct or indirect, which would conflict in any manner or degree with the performance or services required under any contract with PERA. Offerors and Incumbent Providers shall certify compliance with the requirements of the Governmental Conduct Act, NMSA 1978, Sections 10-16-1 through 10-16-18. Contracts executed in accordance with this Policy shall provide for the prohibitions and disclosures explained in this section.

Approval by the Retirement Board

By signing this Procurement Policy for Investment-Related Services, the Board, through its Chair, approves the statements contained in this Policy.

Adopted: January 26, 2006
Amended: August 31, 2006
Amended: November 30, 2006
Amended: October 30, 2014
Amended: August 25, 2016
Amended: March 28, 2019

By: _____
Name: Dr. Jackie Kohlasch
Retirement Board Chair

APPENDIX 1

DECISION MATRIX

	RFP or RFI	Issuance	Selection	Prior Notice	Notice	Terminate	Extension	Transition
Board Inv. Strat. Consult	RFP only	Board/ED	Board	-	-	Board	Board	Board
CIO Investment Consultant	RFP Only	CIO	CIO	IC	-	CIO/Board*	-	-
Liquid Manager	CIO	CIO	CIO	-	IC	CIO/Board*	CIO	CIO
Illiquid Manager	-	-	CIO	-	IC	CIO/Board*	-	-
Other Provider	CIO	CIO	CIO	-	IC	CIO/Board*	-	-
External Legal Counsel	GC	ED/GC	ED	-	IC	ED/GC/Board*	-	-
SmartSave Third Party Administrator	RFP only	Board/ED	Board	IC	-	Board	Board	Board
SmartSave Investment Consultant	RFP only	Board/ED	Board	-	-	Board	Board	Board
SmartSave Investment Manager	SmartSave IP	CIO	CIO	-	IC	CIO/Board*	CIO	CIO

Legend

Board* = *see* Sec. 14 (Termination of Contract for Conflicts of Interest)

CIO = Chief Investment Officer

ED = Executive Director

GC = General Counsel

IC = PERA Investment Committee

IP = Investment Policy

- = not applicable

In the event that the Decision Matrix is inconsistent with the terms of the Policy, the terms of the Policy shall prevail

April 25, 2019-Proposed Amended Investment Procurement Policy for Board Review

~~Public Employees Retirement Association~~

THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
OF
NEW MEXICO



INVESTED IN TOMORROW.

PROCUREMENT POLICY FOR INVESTMENT-RELATED SERVICES

Revised: ~~March 28~~ April 25, 2019

Procurement Policy for Investment-Related Services

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1. Scope

This Procurement Policy for Investment-Related Services (this "Policy") sets forth the procedures and guidelines by which Pursuant to NMSA 1978, Section 13-1-98(Y) (2005) the Public Employees Retirement Association ("PERA") shall procure investment-related services and tangible goods that are adjunct to those services. This Policy also applies to procurement of certain services for the PERA Fund and the PERA SmartSave Deferred Compensation Plan.

Pursuant to NMSA 1978, Section 13-1-98(CC) (2015), PERA is exempt from the Procurement Code (NMSA 1978, Sections 13-1-28 through 13-1-199) for all contracts for investment advisory services, investment management services or other investment-related services. This Procurement Policy for Investment-Related Services ("Policy") sets out the procedures and guidelines by which PERA shall procure investment-related services-related services.

This Policy does not apply to the procurement of tangible goods and services purchased through State of New Mexico statewide purchasing agreements or otherwise required for the administration of PERA investments.

Members of the Board and PERA employees are subject to the Governmental Conduct Act, NMSA 1978, Sections 10-16-1 through 10-16-18, and the PERA prohibition on gifts and contributions, as explained in more detail in Section 19.

2. Purpose

The ~~purposes~~purpose of this Policy ~~are~~is: 1) to provide an open and fair competitive process to acquire competent and qualified investment-related consultant and manager services and other investment-related services; 2) to allow PERA to respond to unacceptable performance and market changes in a flexible, efficient, and timely manner; and 3) to comply with all relevant laws, statutes ~~and~~, ethical codes of conduct, and other applicable policies adopted by PERA's governing body, the Public Employees Retirement Board ("the Board").

1. Statutory and Rule References

3. Legal Authority

PERA operates under the authority of the Public Employees Retirement Act of New Mexico, NMSA 1978, Sections 10-11-1 to ~~-10-11-141~~142, as amended, the Volunteer Firefighters Retirement Act, NMSA ~~-1978~~1978, Sections 10-11A-1 to 10-11A-~~78~~, as amended, the Judicial Retirement Act, NMSA ~~-1978~~, Sections ~~-10-12B-1~~ to 10-12B-19, as amended, the Magistrate Retirement Act, NMSA 1978, Sections 10-12C-~~1~~ to 10-12C-18, as amended, ~~and~~ the Public Employees Reciprocity Act, NMSA 1978, Sections 10-13A-~~1~~ to 10-13A-4, ~~as amended and~~ ~~Members of the Public Employees Retirement Board ("Board") and PERA~~

~~staff members are subject to the Governmental Conduct~~ State of New Mexico Deferred Compensation Act, NMSA 1978, Sections 10-16-1 et seq. PERA's Board Policies and Procedures apply to the procurement of investment related services 7A-1 through 10-7A-12, as amended, as well as other federal and New Mexico laws relating to qualified governmental plans.

~~2.~~ Application

~~This Policy applies to the procurement of investment related services and investment-related legal services for illiquid investments entered into by the PERA Board, as delegated to the Investment Division and Office of General Counsel of PERA, including investment adviser, investment manager and investment related services. This Policy shall not apply to the procurement of tangible goods and services purchased through State of New Mexico statewide purchasing agreement s or otherwise required for the administration of the Investment Division.~~

~~4.~~ Services Subject to the Policy

~~This Policy applies to the procurement of the services of the Board Investment Strategic Consultant, CIO Investment Consultants, Investment Consultants for the SmartSave Plan, Investment Managers for Liquid Investments and, and other investment-related services in accordance with the legal authorities described in Section 3 of this Policy, the Investment Policy, and the Investment Policy for the PERA SmartSave Deferred Compensation Plan. As required by the Investment Policy, the Board, the Investment Committee, the Chief Investment Officer, PERA employees, and service providers selected under this Policy shall be disciplined in adhering to the Investment Policy including applicable investment criteria. An investment consultant or investment manager selected pursuant to this Policy shall agree contractually to serve PERA and the Board as a fiduciary in accordance with all applicable of federal and New Mexico laws that provide for the fiduciary duties and obligations of PERA or the PERA Board.~~

~~This Policy also governs procurement of external investment-related legal services through the General Counsel. PERA retains the services of external legal counsel for investment-related advice and to review and negotiate terms and provisions of Liquid Investment and Illiquid Investment documents. The use of external counsel is prudent and necessary due to rapid changes in regulation of global Liquid Investments and Illiquid Investments and the knowledge and experience of external counsel regarding the legal issues arising from those Investments. Providers of investment-legal services selected pursuant to this Policy serve PERA in accordance with the applicable codes of professional responsibility and fiduciary laws applicable to PERA.~~

~~In addition, this Policy governs procurement of other investment-related services that are necessary and appropriate to PERA's investment program such as transition managers, cash overlay managers, other specialty investment managers, custodial banking services, brokers,~~

and other counter-parties.

Investment-related service providers are defined in the following section.

5. Definitions

“Board Investment Strategic Consultant” means the Third-Party Service Provider explained on page 3 of the Investment Policy that “provide[s] advice and recommendations to the Board or [Investment] Committee regarding its strategic objectives, risk budget, and oversight and implementation of principal investment objectives.” The Board Investment Strategic Consultant also advises and confers with the Chief Investment Officer.

“CIO Investment Consultant” means an investment advisor other than the Board Investment Strategic Consultant that provides advice and recommendations to the Chief Investment Officer regarding selection of Investment Managers for Liquid Investments or Illiquid Investments.

a. ~~“corrupt practice”~~“Corrupt Practice” is defined as offering, giving, soliciting, or receiving anything of value to influence the action of a public official or employee, or threatening injury, harm or ~~harm~~retaliation to any person or their property, position or reputation in connection with any procurement in order to obtain or retain business or any other advantage in the conduct of business.

“Emergency” means an unexpected circumstance that requires a rapid decision to prevent a significant financial loss where the normal processes required in this Policy would not prevent or avoid such loss. Poor performance by a service provider is not to be considered an Emergency. By way of example, an Emergency can include, although it is not limited to, the departure of an Investment Manager or other key personnel from a service provider without notice, SEC investigation or action against a service provider or individuals with a service provider, or a service provider’s unexpected loss of its organizational capabilities.

“External Legal Counsel” means legal counsel retained to advise the General Counsel and Chief Investment Officer about all legal aspects of investment transactions undertaken for PERA, including but not limited to preparation and negotiation of investment contracts, the rights, obligations, and liabilities arising under applicable domestic and international securities laws, securities brokerage and trading laws, and laws pertaining to the organization, operation, and governance of the legal entities through which investments are made.

~~“~~“Fraudulent Practice” means misrepresenting or omitting any material fact in order to influence a procurement.

“Fund” means the “trust funds” referred to in Article XX, Section 22 (A) of the New Mexico Constitution and as the term is used in the Investment Policy.

b. ~~“illiquid investments” are~~“Illiquid Investment” means an investment in global

securities or other assets that cannot easily be sold or exchanged for cash without a substantial loss in value. ~~These investment strategies per~~As explained in the Investment Policy Statement, an investment strategy involving these assets include illiquid ~~global~~ equities (hedged and private equity), illiquid credit (private and distressed debt and hedged credit) and illiquid real assets (illiquid real estate, illiquid real assets and market ~~neutral~~ strategies). Illiquid Investments generally target long-term return objectives. These assets are designed to provide the portfolio with higher risk-adjusted returns and/or enhanced diversification. Illiquid investmentsInvestments are usually made outside of public securities exchanges by acquiring an interest in a limited partnership, limited liability company, fund of one, separate account, dedicated managed account, commingled fund, offshore entity, or similar investment vehicle, as appropriate for the individual investment. Illiquid Investments were typically referred to as alternative assets in prior versions of this ~~policy~~Policy.

~~"incumbent provider"~~"Incumbent Provider" means a ~~current contractor~~service provider that is a party to a valid contractual relationship for providing investment-related services under a professional services agreement with PERA.

"Investment Committee" means ~~the PERA Board through~~Committee of the same name established by the Board (see NMAC 2.80.200.50 (A)(5)) to assist in carrying out its duties and as the term used in the Investment Policy.

"Investment Manager" means an entity and its agents that provide investment management services for Liquid Investments and Illiquid Investments.

e. "Investment Policy" means ~~the PERA Investment Division~~Policy.

g. ~~"Investments Director" means the Director of the Public Employees Retirement Association Investments Division or his or her designee, or, in the event of a vacancy, the individual designated as Acting Director.~~

f. ~~"emergency" means unexpected circumstance(s) that require a rapid decision to prevent a significant financial loss to the PERA Fund where the normal processes required in this Policy would not prevent or avoid such loss. Poor performance by a contractor is not to be considered an "emergency." By way of example, "emergency" can include, although it is not limited to, the departure of a portfolio manager or other key personnel from a contractor firm without notice, SEC investigation or action against a contractor firm or individuals within the firm, or a contractor firm's unexpected loss of its organizational capabilities.~~

l. ~~"fraudulent practice" means misrepresenting any fact in order to influence any procurement.~~

n.g. ~~"offeror"~~"Liquid Investment" means any person or persons responding to a Request for Proposals or a Request for Information. ~~"liquid assets" are those~~an investment in securities and

other assets that are typically traded on public exchanges and can be converted into cash quickly and with minimal impact to the price received. These assets are ~~determined by the Board and identified in the Investment Policy Statement. These assets.~~ As explained in the Investment Policy, Liquid Investments include global equities (public ~~equities~~ and low volatility equities), risk reduction and mitigation strategies; (public domestic and global core bonds), credit (~~liquid credit such as public~~ high yield ~~bonds~~ and emerging market debt), and real assets (liquid real estate and liquid real assets). ~~Liquid investments~~ Investments were typically referred to as traditional assets in prior versions of this ~~policy~~ Policy.

~~e.~~ "PERA" means the Public Employees Retirement Association.

~~j.~~ "procurement manager" means the Investments Director. "Offeror" means any person or his persons responding to a Request for Proposal or her designee a Request for Information. "runner(s)-up"

"Other Service Provider" means a provider of investment-related services and its agents, other than those defined in this Policy which typically provide services related to execution of investment decisions and custody of PERA assets such as brokers, counterparties, custodial banks, liquidation agents, and valuation agents.

~~k.~~ "Runner-Up" means one or more RFP offeror Offerors not initially selected for award but qualified qualified for award by meeting or complying with all mandatory criteria and formally ~~y~~ designated as runner(s)-up a Runner-Up by the evaluation committee ~~based on points awarded.~~

~~l.~~ "small purchase" "Small Purchase" means the procurement of investment-related services for ~~flat-~~ feetotal compensation that does not exceed fifty-thousand dollars (\$50,000.00). For purposes of this Policy, "small purchase" a Small Purchase procurement includes ~~professional services or~~ investment-related services or tangible property ancillary to investment services, but does not include performance-fee compensation contracts for investment management services.

~~m.~~ "strategic asset allocation" "SmartSave Investment Consultant" means the ~~apportionment~~ "Investment Consultant" defined on page 1 of the Investment Policy for the PERA Fund across broad asset categories SmartSave Deferred Compensation Plan that serves as defined "the principal investment consultant selected by the Board from time to time to advise the Board about the investment functions of the Plan."

"Strategic Asset Allocation" means the strategic allocation target established by the Board and used ~~in the Investment Policy Statement and the associated appendices therein.~~

"Third-Party Administrator" means the Deferred Compensation Carrier that performs recordkeeping and other functions of the Third-Party Administrator described in the Plan Document and means the same as the term is defined used in the Investment Policy for the PERA SmartSave Deferred Compensation Plan.

~~6. Request for Information or Request for Proposals Process Required: Exceptions~~

6. Selection of Solicitation Process

Except as otherwise provided in this Policy, procurement of PERA investment-related services in liquid assets by the Investment Division by PERA shall be achieved by a competitive Request for Proposals process ("RFP") or Request for Information process ("RFI") or Request for Proposals process ("RFP") in accordance with this Policy.

a. Election of RFP or RFI Process

An RFP shall be used for procurement of the services of the Board Investment Strategic Consultant, the SmartSave Investment Consultant, CIO Investment Consultant, and the Third-Party Administrator.

Either the RFP or an RFI may be used for procurement of Investment Manager services for Liquid Investments, External Legal Counsel, or an Other Service Provider.

To determine whether to use the RFP and/or RFI, the Chief Investment Officer or the General Counsel, as appropriate, shall consider material factors including, but not limited to: 1) the number of service providers capable of providing the service; 2) the mandate being considered for procurement; 3) the nature of the services being procured; and 4) the relative weight to be given to pricing in making the selection. PERA shall maintain written documentation of each procurement consistent with applicable record retention policies and procedures.

~~except~~ b. Selections Exempt from the RFP or RFI Process

Competitive procurement through the RFP or RFI process is not necessary under any of the following circumstances:

- i. A supermajority (9) Procurement is for the services of an Investment Manager for an Illiquid Investment;
- ii. Procurement is for the 12 members) services of an Investment Manager for a Liquid Investment for the PERA Board votes SmartSave Deferred Compensation Plan and that the selection may proceed in accordance with the Selection Procedure for investment managers set forth in the Investment Policy for the PERA SmartSave Deferred Compensation Plan.
- a.iii. Extension of a Contract. The Chief Investment Officer in consultation with the Executive Director may approve extension of a contract awarded through an RFP or RFI process for a given mandate for an incumbent provider, Investment Manager for

Liquid Investments that is currently providing satisfactory service under a contract for a given mandate that is the result of an RFP, should be given the opportunity to negotiate a new contract in connection with the expiring term of the current contract for for the same or substantially similar mandate on the equivalent or better terms to PERA. In no event, however, shall the term of the contract awarded under this subsection, including any and all extensions, exceed eight (8) years without being competitively bid through an RFI or RFP process unless the Chief Investment Officer concludes that a longer or indefinite term is prudent based on the considerations set forth in the previous sentence. A contract for custodial banking services may be extended for an unlimited time. This exemption shall be exercised by PERA at least by no less than thirty (30) days prior to the expiring term of the current contract;

iv. After termination of an investment manager Termination and Transition. In the event that the Chief Investment Officer terminates a contract for performance reasons, a supermajority (9 of the 12 members) of the PERA Board votes that it is necessary to Investment Manager services for Liquid Investments, the Chief Investment Officer in consultation with the Executive Director may approve a new or amended contract for the transition of the assets subject to the terminated contract to another incumbent provider Incumbent Provider who 1: i) is currently providing any satisfactory investment management services under a contract that is the result of awarded through an RFP or RFI or RFP process; and 2ii) is qualified to serve as a replacement provide services for the asset class under consideration. A described in the terminated contract. The new or amended contract should be negotiated in connection with the transitioning of assets on the equivalent or better terms to PERA. The term of the contract awarded under this paragraph shall be for no longer than four (4) years except as otherwise deemed prudent by the Chief Investment Officer based on the considerations set forth in paragraph 6(b)(iii);

b.v. In the event, however, shall the term of the contract awarded under this subsection, including any and all extensions, exceed eight (8) years without being competitively bid through an RFI or RFP process; that solicitation of qualified service providers is deemed to be impracticable, the Chief Investment Officer in consultation with the Executive Director may approve contracting with an Incumbent Provider or CIO Investment Consultant or Investment Manager services for Liquid Investments that is currently providing satisfactory service under a contract that is the result of a RFP or RFI process, for the provision of services or a mandate not provided by an Incumbent Provider under an existing contract. The term of the contract awarded under this paragraph shall be for no more than four (4) years except as otherwise deemed prudent by the Chief Investment Officer based on the considerations set forth in paragraph 6(b)(iii);

~~— A supermajority (9 of the 12 members) of the PERA Board votes that an incumbent provider currently providing satisfactory service under a contract that is the result of a RFI or RFP process, should be given the opportunity to negotiate a new or amended contract in connection with the provision of new services or a new mandate not provided by that incumbent under the existing contract. In no event, however, shall the term of the contract awarded under this subsection exceed eight (8) years without being competitively bid;~~

vi. The selection of an investment manager or investment option for the PERA SmartSave Deferred Compensation Plan as provided by the Investment Policy for the PERA SmartSave Deferred Compensation Plan.

vii. The procurement is a small purchase Determination by the Chief Investment Officer in consultation with the Executive Director that the procurement is a Small Purchase procurement as defined in this Policy; or

e. Determination by the Chief Investment Officer in consultation with the Executive Director that the procurement meets the requirements of an Emergency procurement as defined in this policy;

d. The procurement is an illiquid investment as defined in this policy; or

viii. f. The procurement is an emergency procurement as defined in this policy. Policy. Performance under any contract awarded under this subsection paragraph shall be reviewed by the Board Chief Investment Officer in consultation with the Executive Director within twelve (12) months. In no event, however, shall the term of the contract awarded under this subsection paragraph, including any and all extensions, exceed two (2) years without being competitively bid. A contract awarded pursuant to this paragraph does not qualify for the other exceptions to competitive procurement set forth in this section.

7. Exemption from the RFP and RFI Processes—Criteria for Identification of Illiquid Investments

7.a. Categories of Illiquid Investments:

~~The PERA Board is responsible for the selection of illiquid investments. For the purposes of this policy, "illiquid investments" the exceptions identified in Section 6, Illiquid Investments are defined as provided in Paragraph Section 5 b of this policy Policy and in the Investment Policy. The asset types identified in the definition are drawn from one of the following categories further explained as follows:~~

- ~~•i.~~ Illiquid Global equities ~~Equities~~ – Illiquid forms ~~for of~~ global equities include private equity and hedge equity. The objective of the private equity allocation is to capture a premium from making long-term, ~~illiquid investments~~ Illiquid Investments in predominantly non-publicly traded equity securities. Hedged equity investments look to reduce broad market risks to isolate security-specific returns. These vehicles will utilize long and short positions along with leverage to accomplish their investment objectives.

- ~~•ii.~~ Illiquid Credit – Illiquid forms of credit include strategies in which the underlying debt securities trade infrequently or with a negotiated price as well as hedged credit strategies. The objective of illiquid credit strategies (such as distressed and private debt) is to capture a premium from making long-term, ~~illiquid investments~~ Illiquid Investments through non-public or negotiated transactions. Hedged credit strategies ~~utilize use~~ leverage, shorting, and derivatives to generate greater risk-adjusted returns.

- ~~•iii.~~ Illiquid Real assets ~~Assets~~ – Illiquid forms of real assets include private real assets, private real estate and market neutral strategies. The objective of private real assets and private real estate strategies is to capture a premium from making long-term, ~~illiquid investments~~ Illiquid Investments in predominantly non-publicly traded securities. Market neutral strategies target a zero correlation with broad market movements.

~~Illiquid investments are typically made through an interest in a limited partnership but also may be made through another vehicle (e.g., fund of one, separate account, commingled fund, offshore entity, etc.), as appropriate for the individual investment.~~

~~The Board shall select illiquid~~ **b. Considerations, Criteria, and Process for Selection of Illiquid Investments**

~~Illiquid Investments principally involve direct investments in funds or other investment vehicles that enable PERA to meet its long-term return objectives set forth for the respective asset classes from recommendations made by Staff and its Illiquid acquire, hold, and sell portfolio companies and other assets. The Chief Investment Consultant acting in its capacity as a fiduciary.~~

~~The Chief Investment Officer is responsible for selection of Illiquid Investments, and may elect to use the services of the Board Investment Strategic Consultant and the CIO Investment Consultant(s) shall, at a minimum, consider the following criteria when recommending illiquid investments:~~

~~Firm organization and stability;~~
~~Quality and stability of the investment team;~~
~~Proposed investment strategy;~~
~~Investment track record; and~~
~~Portfolio Fit/Diversification;~~
~~Legal and economic terms governing the investment.~~

~~Consistently applying the investment criteria listed above, the Illiquid Investment Consultant(s) shall to review and analyze the most appropriate investments from a comprehensive universe of investment opportunities. Those investments that meet the criteria above~~

~~The Chief Investment Officer shall consider the strategic objectives of the Board set forth in the Investment Policy and the legal and economic terms of an Illiquid Investment. Illiquid Investments shall be subject to an extensive due diligence analysis by Staff and the Illiquid Investment Consultant(s) resulting in a detailed PERA employees and an investment consultant sufficient to demonstrate the prudence of the investment. A report of the due diligence report and recommendation(s) that shall be reviewed by the Investment Committee for completeness and rationale. Staff analysis and the Illiquid Investments Consultant(s) shall, prepare and present to the Board a detailed recommendation to invest for the Board's a complete evaluation and final approval. All Board decisions on recommendations to invest shall be subject to satisfactory review by PERA's Office of General Counsel or its designated outside counsel, of how the investment is expected to achieve the strategic objectives of the Board shall be presented to the Chief Investment Officer who shall review and approve investment partnership documents for legal sufficiency and consistency have final authority to evaluate, select, monitor, and terminate Illiquid Investment Managers and investment vehicles in accordance with PERA's internal policies and procedures for alternative investments the terms of their contracts.~~

~~The Director of When evaluating an Offeror for Investment Manager for Illiquid Investments, the Illiquid Chief Investment Consultant(s) and the Board Officer shall be disciplined in applying manage operational and investment criteria. If due diligence review to implement the objectives and considerations set forth in the Investment Policy and complimentary industry norms that include, but are not limited to, the following considerations:~~

- ~~i. the prospective Investment Manager's organization and stability;~~
- ~~ii. the track record of the prospective Investment Manager;~~
- ~~iii. the qualifications, experience, and retention of the prospective Investment Manager's key personnel;~~
- ~~iv. the proposed investment strategy including the bases of anticipated returns;~~
- ~~v. the timing and structure of distributions;~~
- ~~vi. the portfolio need and diversification benefits of the proposed investment strategy;~~

and,

- vii. the sufficiency of legal and economic terms governing the investment strategy of prospective Investment Manager.

The General Counsel with the assistance of External Legal Counsel as the General Counsel may deem appropriate, shall review investment materials and information and advise the Chief Investment Officer about the favorability, legal risks, and sufficiency of the terms and provisions of an investment in a particular sub-market (i.e. early stage venture capital) cannot be found that meet the Board's criteria for quality, expected return, and risk accordance with the Investment Policy, applicable law, and generally accepted legal standards for private investments. The General Counsel negotiates the legal terms and provisions of an investment in such sub-market should be de-emphasized until market conditions improve. consultation with the Chief Investment Officer.

8. Public Notice

Except for an Emergency procurement, notice of an RFP shall be published at least twenty-one (21) calendar days prior to the date set for opening of responses. All notices/Notices referred to in this policy/Policy may be published or furnished electronically, in print, or both at the Chief Investment Director's/Officer's discretion. Notice shall be published in a commercially reasonable way and Notice shall be posted on PERA's website, and disseminated through media and other channels in a manner and as necessary to provide commercially reasonable notice to interested and qualified Offerors. Notice may be published in newspaper/newspapers and/or trade journals in this or any other state, and may be made in any way likely to notify prospective offerors internationally. In addition, PERA may also may provide notice directly to persons or businesses identified through prior solicitations, independent investment services/databases, and through other information available in the investment industry.

8.9. Procurement Method/Processes¹

The default procurement method for liquid assets will be Requests for Proposals. Deviations including Requests for Information will be made by the Investment Committee based on input from from the Chief Investment Officer and the investment consultant(s). When making a determination regarding the appropriate procurement method, the Investment Committee may consider among other things: 1) the number of service providers that could provide the service(s); 2) the mandate being considered for procurement; and 3) advancements in internet-based or analytic software and comprehensive databases (as defined in Section 11, Selection Criteria). PERA shall maintain written documentation of each procurement consistent with applicable record retention policies and procedures.

¹ See. Appendix 1, Decision Matrix

a. At its discretion, the ~~The RFP Process—Initiation and Selection~~

i. Board may select one Investment Strategic Consultant, SmartSave Investment Consultant, and the Third Party Administrator

- Issuance of an RFP for the Board Investment Strategic Consultant, SmartSave Investment Consultant, and the Third Party Administrator shall be approved by the Board.
- Selection of the Board Investment Strategic Consultant, SmartSave Investment Consultant, and the Third Party Administrator, is subject to final approval of the Board in accordance with this Policy.

ii. Liquid Investment Managers, CIO Investment Consultant, and Other Service Providers

- Issuance of an RFP for Investment Manager services for Liquid Investments, a CIO Investment Consultant, and for Other Service Providers shall be by the Chief Investment Officer. Notice shall be provided to the Investment Committee at the first meeting following processes for procurement to accomplish the goal issuance of an open the RFP.
- Selection of Investment Manager services for Liquid Investments, a CIO Investment Consultant, and fair competitive Other Service Providers through the RFP process to obtain qualified investment related services shall be by the Chief Investment Officer in consultation with the Executive Director. Notice shall be provided to the Investment Committee at the first meeting following the approval.

iii. A. — Requests External Legal Counsel

Issuance of an RFP for Proposals

- All RFPs External Legal Counsel shall be issued by the Investment Director, or in the case of investment related legal services for illiquid investments, by the Office of General Counsel upon approval by the PERA Board, and shall contain: in consultation with the Executive Director, after prior notice to the Investment Committee.
- Selection of External Legal Counsel through the RFP process shall be by the Executive Director in consultation with the General Counsel. Notice shall be provided to the Investment Committee at the first meeting following the issuance of the selection.

b. The Specifications RFP Process—Terms of Solicitation

RFPs shall contain, as appropriate:

- i. specifications of the services to be procured including clearly identified "mandatory minimum" and "preferred" (discretionary) criteria and/or minimum mandatory qualifications for prospective ~~offerors~~Offerors;
- ii. ~~ii.~~ The proposed the term of the anticipated a contract, for the Board Investment Strategic Consultant, the SmartSave Investment Consultant, CIO Investment Consultant, Other Service Provider, (other than a custody bank), and Third-Party Administrator, shall be appropriate for the scope of services, but shall not to exceed eight (8) years;
- iii. ~~iii.~~ Description of any the term of a contract for liquid Investment Manager services shall be appropriate for the proposed mandate, but should not exceed eight (8) years unless the Chief Investment Officer in consultation with the Executive Director concludes that a longer or indefinite term is appropriate based on the structure and objectives of the investment;
- iv. reference to NMSA 1978, § 10-11-133.1 which provides for disclosure of the identity and fees paid to any third-party marketer;
- v. a contract for custodial banking services may be for an indefinite term, provided it is terminable at will by PERA on reasonable notice;
- vi. description of PERA's mandatory contract terms that are appropriate for the services procured, including but not limited to a term stating that the contractor accepts fiduciary status with respect to assets managed on behalf of PERA;
- vii. ~~iv.~~ The anticipated a proposal for compensation formula for the services to be procured;
- viii. ~~viii.~~ The the location and method where means of submittal of responses shall be delivered and a secure method for receipt and safeguarding of the proposals. Each RFP shall state that PERA shall have no responsibility or obligation to accept incorrectly delivered proposals responses that are not submitted in accordance with the solicitation or to provide for redelivery of incorrectly sent proposals the same;
- ix. ~~ix.~~ The the deadline for receipt of proposals including the calendar date and the time. Deadlines may only A deadline for receipt of proposals for solicitation of the Board Investment Strategic Consultant, SmartSave Investment Consultant, and Third-Party Administrator may be extended by the Board on the request of the Investment Director, for good cause shown. Any Chief Investment Officer, to accommodate unforeseen circumstances outside of the control of an Offeror. A deadline for receipt of proposals for a solicitation of a CIO Investment Consultant, Investment Manager services for Liquid Investments, External Legal Counsel, or Other Service Provider may be extended the Chief Investment Officer, or the General Counsel, as appropriate, to accommodate unforeseen circumstances outside of the control of an Offeror. Any such extension must be requested and approved, with notice given to prospective offerors, prior to the original deadline Offerors within a reasonable time;
- x. a statement notifying Offerors as follows:

“That during the process leading to an award of any contract by PERA, no member of the Board or PERA employee shall knowingly communicate concerning any matter relating to the contract or selection process with any party financially interested in the contract, or an officer or employee of that party, unless the communication is: (1) part of the process expressly described in the request for proposal or other solicitation invitation; or (2) part of a noticed Board meeting; or (3) as provided below. Any applicant or bidder who knowingly participates in a communication that is prohibited by this paragraph shall be disqualified from the contract award.

The procedures and prohibitions prescribed by this section shall not apply to: (1) communications that are incidental, exclusively social, and do not involve PERA or its business, or the Board or PERA employee’s role as a PERA official; or (2) communications that do not involve PERA or its business and that are within the scope of the Board or PERA employee’s private business or public office wholly unrelated to PERA.”

- ~~vi.~~ xi. ~~A~~ proposal cover sheet, to be completed and signed by the ~~offeror~~ Offeror and submitted ~~electronically in original form~~;
- xii. ~~vii.~~ Description a description of a formal question and answer process;
- xiii. ~~The relative weight to be given to~~ the selection criteria and/or qualifications in the evaluation of the responses;
- ~~ix.~~ The date, time and location when responses will be reviewed;
- xiv. ~~xi.~~ Notice of all citation to applicable statutes, rules and policies; ~~and~~
- xv. ~~xii.~~ Any agreement that the proposal is not confidential and is considered to be a public record; and
- xiv. any other information the Chief Investment Director Officer or the Office of General Counsel believes will be useful in procuring the services sought to be procured.

Subject to appropriate and timely notification of Offerors, RFPs may be modified or amended prior to the ~~recommendation for contract award~~ selection for the limited purposes of:

- ~~p.i.~~ i. clarifying or correcting errors or ~~defects~~ defects; or
- ii. ~~ii.~~ modifying the schedule for the submission of responses and the deadline for receipt of responses.
- ~~iii.~~

The requirement for notice of amendment of an RFP shall be:

- i. be in the ~~same as for~~ form and manner of the initial RFP if it occurs before the deadline for receipt of responses; ~~and be achieved and~~

- ii. by written notice to all ~~offerors~~ Offerors if it occurs after the deadline for receipt of responses.

~~B. Request for Information (“RFI”) with Negotiated Price~~

c. All RFIs shall be issued by the ~~The RFI Process—Initiation and Selection~~

i. Liquid Investment Director, or in the case ~~Managers and Other Service Providers~~

- Issuance of investment-related legal an RFI for Investment Manager services for ~~illiquid investments, by Liquid Investments and for Other Service Providers shall be by the Chief Investment Officer. Notice shall be provided to the Investment Committee at the Office~~first meeting following the issuance of the RFI.
- Selection of an Investment Manager for Liquid Investments and Other Service Providers through the RFI process shall be by of the Chief Investment Officer in consultation with Executive Director. Notice shall be provided to the Investment Committee at the first meeting following the issuance of the selection.

ii. External Legal Counsel

- Issuance of an RFI for External Legal Counsel shall be by the General Counsel, ~~upon approval by the PERA Board; in consultation with the Executive Director, after prior notice is provided to the Investment Committee.~~
- i. ~~The Investment~~ Selection of External Legal Counsel shall be by the Executive Director ~~may identify independent firms having experience, knowledge in consultation with the General Counsel. Notice shall be provided at the first meeting of the Investment Committee following the selection.~~

d. ~~The~~ regard ~~RFI Process—Considerations for Solicitation~~

The following considerations apply to a ~~specific services or list of an~~ RFI undertaken under this Policy:

- i. notice of the solicitation shall be provided to potentially qualified service providers; ~~best suited to accomplish the PERA Board’s objective; that have been identified through the means described in the last sentence of Section 8 of this Policy;~~
- ii. the solicitation shall include a reference to NMSA 1978, § 10-11-133.1 which provides for disclosure of the identity and fees paid to any third-party marketer;
- iii. ~~ii.~~ Analytical software and comprehensive databases will be used in an unbiased and fair manner to research, evaluate and compare ~~potential service providers;~~ Offerors.

iv. ~~iii.~~—~~Identified offerors~~Offerors may reply to the RFI by submitting information about the services they ~~can~~ supply and the price at which those services would be provided;

v. a statement notifying Offerors as follows:

“That during the process leading to an award of any contract by PERA, no member of the Board or PERA employee shall knowingly communicate concerning any matter relating to the contract or selection process with any party financially interested in the contract, or an officer or employee of that party, unless the communication is: (1) part of the process expressly described in the request for proposal or other solicitation invitation; or (2) part of a noticed Board meeting; or (3) as provided below. Any applicant or bidder who knowingly participates in a communication that is prohibited by this paragraph shall be disqualified from the contract award.

The procedures and prohibitions prescribed by this section shall not apply to: (1) communications that are incidental, exclusively social, and do not involve PERA or its business, or the Board or PERA employee’s role as a PERA official; or (2) communications that do not involve PERA or its business and that are within the scope of the Board or PERA employee’s private business or public office wholly unrelated to PERA.”;

vi. ~~iv.~~—~~Once identified,~~ the Chief Investment Officer in consultation with the ~~evaluation committee~~Board Investment Strategic Consultant may review proposals and negotiate with one or more of the ~~potential service providers~~Offerors to obtain the highest quality of services at the most reasonable price;

vii. the term of a contract for Investment Manager services for Liquid Investments shall be appropriate for the proposed mandate, but should not exceed eight (8) years unless with the Chief Investment Officer concludes that a longer or indefinite term is appropriate based on the structure and objectives of the investment;

viii. the term of a contract for an Other Service Provider (except for custodial banking services) or External Legal Counsel shall be appropriate for the scope of services, but shall not to exceed eight (8) years, and;

ix. a contract for custodial banking services may be for an indefinite term, provided it is terminable at will by PERA on reasonable notice;

10. Sufficiency of Responses; Receipt, Acceptance to RFPs and Rejection RFI

a. ~~Proposals~~Responses received after the deadline will be rejected.

Timely responses meeting Responses shall not be corrected or modified after submittal.

~~b. Responses and Offerors that fail to meet~~ all mandatory requirements shall be ~~accepted~~ for rejected.

~~consideration without the opportunity for correction or modification.~~

~~e. Responses must include an original~~ proposal cover sheet, which has been fully completed, ~~and signed. Responses provided and submitted~~ electronically ~~shall simultaneously provide a fully completed, signed original proposal cover sheet~~ on or before the deadline for responses to the RFP. ~~Failure to provide this original document will be cause for rejection of the proposal, or RFI.~~

~~f. Telephone and other types of inquiries concerning the proposal, outside the formal question and answer process, shall be discouraged.~~

Successful ~~offerors~~ Offerors and ~~runners up~~ Runners-Up ~~will~~ shall meet or comply with all "mandatory" minimum criteria and/or qualifications. ~~Failure to meet or comply with the mandatory criteria, requirements and/or qualifications.~~

11. Selection Criteria

~~g. Selection criteria shall be cause appropriate for rejection~~ the proposed scope of services or investment mandate and the proposal applicable PERA investment policy as determined by the Chief Investment Officer and the General Counsel, as applicable.

~~PERA may use The selection criteria to be used in selecting successful offerors will be fully and specifically described in each RFP. PERA may utilize~~ internet-based or analytic software applications and comprehensive databases to research, evaluate, compare and select investment products across asset classes and vehicle types.

~~13.~~ 12. Evaluation of Proposals Process

~~The PERA~~ Chief Investment Officer, in consultation with one or more investment consultants shall evaluate and approve the selection of service providers through an RFP or RFI process.

a. Board Investment Strategic Consultant, SmartSave Investment Consultant, and Third Party Administrator

~~a. The Board Chair, with the advice of the Investment Committee -Chair and the Chief Investment Officer, shall appoint an evaluation committee for each RFI or RFP. The size of RFP for the Board Investment Strategic Consultant, SmartSave Investment Consultant, and Third Party Administrator. The designation of the evaluation committee is at the discretion of the Board Chair with the advice of the Investment Director. The evaluation committee and may include members~~ members of the Board, the Executive Director ~~and PERA staff.~~

~~b. — The evaluation committee in whole or in part may, in its sole discretion, conduct interviews, discussions or negotiations with some or all offerors whose proposals have been accepted for the purpose of clarifying, the terms of the proposals~~ Chief Investment Officer, the General Counsel, and PERA employees. Appointed Board members shall participate as voting members of the evaluation committee for the Board's Investment Strategic Consultant and the Third Party Administrator.

~~The evaluation committee may, but need not, provide the opportunity for offerors~~ The Board, in consultation with the Executive Director, the Chief Investment Officer, or the General Counsel, as appropriate, shall approve the successful Offeror or Offerors for the Board's Investment Strategic Consultant, the SmartSave Investment Consultant, and the Third-Party Administrator under the RFP process based on the recommendation of the evaluation committee.

b. Investment Managers for Liquid Investments, CIO Investment Consultant, External Legal Counsel, and Other Service Provider

For procurement of Investment Managers for Liquid Investments, CIO Investment Consultant, External Legal Counsel, and Other Service Provider, the Chief Investment Officer or the General Counsel, as appropriate, may designate staff, board members and consultants to assist, consistent with their respective duties under this Policy.

c. Evaluation of Proposals Submitted in Response to an RFP or an RFI

~~e. — Selected Offerors may be invited for interviews, discussions or negotiations.~~ Offerors who have participated in interviews, discussions or negotiations may be provided the opportunity to submit best and final offers.

~~e. — There is no right to interviews, discussions, negotiations~~ an interview, discussion, negotiation, or the opportunity for best and final offers ~~and the evaluation committee may recommend contract awards without conducting interviews, discussions or negotiations and without providing the opportunity for best and final offers.~~

~~f. — The evaluation committee shall create a record, including but not limited to uniform scoring sheets, showing the basis for its recommendation to the Board and shall prepare a written report culminating with its designation of a runner up and its recommendation to the Board of the successful offeror(s). The Investment Director shall retain the scoring sheets and evaluation committee report for at least the stated term of the resulting contract.~~

~~f. — Screening may include the opportunity for an offeror to receive a point score for a variety of~~ An Offeror's proposal shall be evaluated based on relevant and appropriate factors including but not limited to the offeror's and considerations sufficient to justify the selection. Selection of an Investment Manager for Liquid Investments and CIO Investment Consultant

shall include but is not limited to the Offeror's:

1. business approach and methodology, ~~consistency of key personnel~~;
2. philosophy and process;
3. references, experience and qualifications of key personnel;
4. experience with the asset class under consideration;
5. verified or verifiable performance and portfolio data ~~of a sufficient duration to for a period of time that~~ include a variety of economic and market environments, ~~and~~;
6. the compensation proposal;
7. a history of consistently strong and successful performance versus peers and relevant benchmarks; and,
8. the results of a satisfactory background check, including federal, state and local criminal, civil, regulatory and enforcement matters.

Selection criteria for External Legal Counsel and Other Service Providers shall be appropriate for the services being procured and sufficient to justify the selection.

The Board, Chief Investment Officer, and the General Counsel, as appropriate, shall create a record that documents and explains the basis for the selection in accordance with this Policy. PERA shall retain the record including all pertinent evaluation materials in accordance with applicable document retention requirements, but in no case for a period of less than the stated term of the contract procured pursuant to this Policy and a reasonable audit period.

~~g. The evaluation committee shall make a selection recommendation to the Board.~~

13. Award~~The Board shall select the~~

~~Following a vote by the Board, successful offeror(s) A successful offeror(s) under the RFI or RFP process. Offeror and all other responding parties shall be promptly notified in writing of the award, subject to due diligence and successful contract negotiations conducted by the Investment Director.~~

Contracts may be awarded to more than one ~~successful offeror~~ Offeror as a result of a single RFP or RFI ~~or RFP~~ process.

~~b. Contracts may be awarded to one or more offeror(s) Offerors designated as runner(s) up by the evaluation committee Runners-Up within two (2) years of the initial deadline set for receipt of RFI or RFP responses subject to due diligence and successful contract negotiations conducted by the Chief Investment Director Officer or the General Counsel.~~

14. Termination of Contract or Other Appropriate Action for Wrongful Conduct

In the event that the Board determines that violation of the New Mexico Government Conduct Act

or paragraph 8.6.1 of the PERA Employee Code of Conduct materially impacted the award of a contract under this Policy, and that termination of the contract or other appropriate action is consistent with applicable law and the Board's fiduciary duties to PERA members, the Board may direct the Executive Director to terminate the contract, or take other appropriate action. This provision shall be incorporated expressly in any contract entered into under the authority of this Policy and such contract shall expressly provide that action taken by the Board or Director hereunder shall not constitute an event of default or other event causing adverse action by the other contracting parties.

14.15. Public Access Disclosure

After award of a contract under this Policy, any written determination of award, any evaluation committee report, as applicable, and all proposals ~~may be~~ subject to public inspection in accordance with applicable public ~~records record~~ laws including the New Mexico Inspection of Public Records Act, NMSA 1978, Sections 14-2-1 ~~et seq. through 14-2-12~~. Any material claimed to be privileged, confidential, ~~and~~ proprietary, or a trade secret ~~material~~ must be clearly designated as such in advance and provided on separate pages.

15.16. Protest Procedure

PERA's procurement of investment-related services is exempt from the New Mexico Procurement Code (NMSA 1978, Sections 13-1-1 *et seq.*) and ~~offerors~~ Offerors have no ~~access~~ resort to the protest procedures set out in the New Mexico Procurement Code (NMSA 1978, Sections 13-1-172 through 176) or related ~~portions~~ options of the New Mexico Administrative Code involving procurement of investment-related services ~~procurement~~. As a trust fund, PERA has no authority to award money damages, costs or ~~attorneys~~ attorney fees. to a party asserting a grievance under this Policy. In the interest of providing a fair, open and competitive procurement process for investment-related services, the following protest procedure is provided.

~~a.~~ —An offeror Offeror responding to an RFP or an RFI who is not awarded an investment-related services contract may file a Notice of Protest with PERA.

~~b.~~ —A Notice of Protest must be in writing and received or post-marked within ten (10) calendar days of the award by the Board that gives rise to the protest.

~~c.~~ A Notice of Protest shall state the full factual basis for the protest.

A Notice of Protest shall be sent or delivered to: ~~PERA~~

NMPERA
Office of General Counsel ~~(Attention:~~

~~Award of Contract Protest), P.O. Box 21231-33 Plaza La Prensa-~~
~~Santa Fe, New Mexico 87504-87507~~
Attention: Notice of Protest

- ~~e.~~—The filing and receipt of a Notice of Protest shall not stop or delay the execution of an investment-related services contract between ~~PERA~~ and the successful ~~offeror~~Offeror.
- ~~f.~~ The ~~PERA~~ General Counsel or his or her designee shall conduct an interview with the protestor, either in person or telephonically and may, in his or her sole discretion, conduct interviews with others who have or may have ~~information~~information relating to the award and/or the protest.
- ~~h.~~ The ~~PERA~~ General Counsel shall promptly issue a written recommendation to the Board. The written recommendation shall state whether or not the General Counsel recommends that the contract whose award gave rise to the protest process should be terminated, and whether or not the General Counsel recommends an alternative contract award to the protestor or whether the RFP or RFI ~~or RFP~~ should be cancelled and ~~competitively rebid-reissued~~. The written recommendation shall state the full factual basis for the recommendation.
- ~~i.~~ The ~~PERA Office of~~ General Counsel shall mail the written recommendation to the protestor and shall provide written notice of the scheduled Board vote on the recommendation.
- ~~j.~~—The Board shall vote on the recommendation at its first normally~~regularly~~ scheduled meeting following the issuance of the written recommendation.
- ~~k.~~—The ~~Office of~~ General Counsel shall notify the protestor, in writing, of the Board vote.

16.17. Emergency and Small Procurements

In the case of ~~emergency~~Emergency and ~~small purchase procurement s~~Small Purchase procurements, as defined in this Policy, the Chief Investment Director~~Officer~~ may, ~~with the prior approval of the Board, pre-select~~preselect or invite a provider of investment-related services to present an offer. The Chief Investment Director~~Officer~~, in his or her discretion, may negotiate a contract with that provider if the offer is deemed acceptable and subject to the following conditions:

- ~~a.~~ The ~~small purchase~~Small Purchase procurement for investment-related professional services must have a value not exceeding fifty thousand dollars (\$50,000), excluding applicable state and local gross receipts taxes in accordance with applicable professional services contract procedures promulgated by the department of finance and administration.
- ~~b.~~ ~~Notwithstanding the requirements of subsection a, the Investment Director may~~

~~procure investment~~Investment-related tangible property or services having a value of not more than fifty thousand dollars (\$50,000~~,00~~) may be procured under this section by issuing a direct purchase order to a contractor based upon the best obtainable price.

e. Procurements shall not be artificially divided to fall within the ~~small purchase~~Small Purchase procurement exemption~~;~~.

~~d. — Performance under emergency procurements shall be reviewed by the Board within twelve (12) months of the effective date of the emergency contract.~~

17.18. Research and Information

At any time and irrespective of any existing contracts, PERA may conduct independent research or may issue an informal request for information to survey the marketplace about the availability, quality, and price of investment-related services.

18.19. Penalties for Corrupt Practices and Fraudulent Practices

~~Felony penalties are imposed for fraud, bribes, gratuities and kickbacks in violation of the Criminal Code, NMSA 1978, Section 30-16-1 et seq.~~

~~Civil penalties are imposed for violation of the Governmental Conduct Act, NMSA 1978, Sections 10-16-1 et seq.~~

Upon discovery of any ~~corrupt~~Corrupt Practice or ~~fraudulent practice~~Fraudulent Practice as defined in this Policy, the Board may reject a proposal, reject a recommendation for an award or declare an individual or firm ineligible for a stated period of time or the Board may impose any combination of these measures.

In addition, a Corrupt Practice or a Fraudulent Practice relating to activities that are subject to this Policy may constitute fraud, bribery, and illegal gratuities and kickbacks that are crimes classified as felonies under New Mexico law.

Civil and criminal penalties are imposed for violation of the Governmental Conduct Act, NMSA 1978, Sections 10-16-17, 18.

Civil penalties are imposed for antitrust violations of the Trade Practices and Regulation Act, NMSA 1978, Sections 57-1-1~~19~~, 6.

20. Ethical Disclosures and Conflicts of Interest

Members of the ~~Public Employees Retirement~~ Board and PERA ~~staff member~~employees are subject to NMSA 1978, Section 10-11-130.1, which prohibits acceptance of anything of value directly or indirectly from a person or organization that has a current contract with PERA, is a potential bidder, ~~offeror~~Offeror, or contractor of services to PERA, or is authorized to invest

public funds pursuant to state or federal law. For purposes of this Policy, a potential bidder means any person or entity that ~~may provide~~ has either offered services in response to a request issued pursuant to this Policy or demonstrated an interest in offering services to PERA ~~with~~during the ~~next~~period commencing twelve-month prior to the issuance of the solicitation, or has otherwise been identified as a potential bidder by the Chief Investment Officer or General Counsel.
~~twelve months.~~

All ~~offerors~~Offerors or ~~incumbent providers~~Incumbent Providers are required to disclose any interest, direct or indirect, which would conflict in any manner or degree with the performance or services required under any contract with PERA. Offerors and ~~incumbent providers~~Incumbent Providers shall certify ~~that~~compliance with the requirements of the Governmental Conduct Act, NMSA 1978, ~~Section~~Sections 10-~~16-1~~16-1 et seq. regarding contracting with a public officer or state employee have been followed through 10-16-18. Contracts executed in accordance with this Policy shall provide for the prohibitions and disclosures explained in this section.

SIGNATURES

Approval by the Retirement Board

By signing this Procurement Policy for Investment-~~Related~~Related Services, the Board, through its Chair, ~~indicates its agreement therewith~~approves the statements contained in this Policy.

Adopted: January 26, 2006
Amended: August 31, 2006
Amended: November 30, 2006
Amended: October 30, 2014
Amended: August 25, 2016
Amended: March 28 , 2019

By: _____

Name: Dr. Jackie Kohlasch
Retirement Board Chair

APPENDIX 1

DECISION MATRIX

	<u>RFP or RFI</u>	<u>Issuance</u>	<u>Selection</u>	<u>Prior Notice</u>	<u>Notice</u>	<u>Terminate</u>	<u>Extension</u>	<u>Transition</u>
<u>Board Inv. Strat. Consult</u>	<u>RFP only</u>	<u>Board/ED</u>	<u>Board</u>	-	-	<u>Board</u>	<u>Board</u>	<u>Board</u>
<u>CIO Investment Consultant</u>	<u>RFP Only</u>	<u>CIO</u>	<u>CIO</u>	<u>IC</u>	-	<u>CIO/Board*</u>	-	-
<u>Liquid Manager</u>	<u>CIO</u>	<u>CIO</u>	<u>CIO</u>	-	<u>IC</u>	<u>CIO/Board*</u>	<u>CIO</u>	<u>CIO</u>
<u>Illiquid Manager</u>	-	-	<u>CIO</u>	-	<u>IC</u>	<u>CIO/Board*</u>	-	-
<u>Other Provider</u>	<u>CIO</u>	<u>CIO</u>	<u>CIO</u>	-	<u>IC</u>	<u>CIO/Board*</u>	-	-
<u>External Legal Counsel</u>	<u>GC</u>	<u>ED/GC</u>	<u>ED</u>	-	<u>IC</u>	<u>ED/GC/Board*</u>	-	-
<u>SmartSave Third Party Administrator</u>	<u>RFP only</u>	<u>Board/ED</u>	<u>Board</u>	<u>IC</u>	-	<u>Board</u>	<u>Board</u>	<u>Board</u>
<u>SmartSave Investment Consultant</u>	<u>RFP only</u>	<u>Board/ED</u>	<u>Board</u>	-	-	<u>Board</u>	<u>Board</u>	<u>Board</u>
<u>SmartSave Investment Manager</u>	<u>SmartSave IP</u>	<u>CIO</u>	<u>CIO</u>	-	<u>IC</u>	<u>CIO/Board*</u>	<u>CIO</u>	<u>CIO</u>

Legend

Board*= see Sec. 14 (Termination of Contract for Conflicts of Interest)

CIO = Chief Investment Officer

ED= Executive Director

GC= General Counsel

IC = PERA Chair Investment Committee

IP = Investment Policy

- = not applicable

In the event that the Decision Matrix is inconsistent with the terms of the Policy, the terms of the Policy shall prevail



PERA

Public Employees
Retirement Association
of New Mexico

Dr. Jacquelin Kohlasch
Chair, State Member
Wayne Propst
Executive Director

P: (505) 476-9300
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1(800) 342-3422

INVESTED IN TOMORROW.

TO: Loretta Naranjo-Lopez
CC: PERA Board Members
FROM: Susan Pittard, General Counsel
DATE: April 11, 2019
RE: Proposed Amended Investment Procurement Policy: Response to questions submitted by Member Naranjo Lopez

This memorandum answers questions provided by Board Member Loretta Naranjo Lopez regarding the proposed revisions to the Investment-related Procurement Code discussed at the Board Meeting on March 28, 2019.

For ease of review, Member Naranjo Lopez's questions and comments are verbatim, in bold and italicized.

The following is the questions I have regarding the Procurement Policy for Investment Related Services:

1 Scope page on the March 28, 2019 draft 2nd Paragraph - NMSA 1978, Section 13-1-98 (CC) (2015) should have a link.

Response: The March 28, 2019 document provided to the Board is a "draft" document. When the final document is approved by the Board it will be accessible on the PERA website at nmpera.org. Inserting hyperlinks to citations to the New Mexico Revised Statutes is not feasible due to the structure of the New Mexico Compilation Commission website.

Why would NMPERA be exempt from J. Purchases not exceeding ten thousand dollars?

Response: The section of law cited, NMSA 1978 §13-1-98(J), exempts minor purchases not exceeding five thousand dollars (\$5,000) consisting of magazine subscriptions, conference registration fees and other similar purchases where prepayments are required from the New Mexico State Procurement Code.

NMSA 1978, § 13-1-98 (CC) (2015) exempts contracts for investment advisory services, investment management services or other investment-related services entered into by the educational retirement board, the state investment officer or the retirement board created pursuant to the Public Employees Retirement Act.

When you click on NMSA P why does it only include ERB?

Response: The section of law cited, NMSA 1978 §13-1-98(P), exempts contracts for retirement and other benefits pursuant to Sections 22-11-47 through 22-11-52 NMSA 1978, which provide for an alternative retirement plan for employees of qualifying state educational institutions. PERA does not administer an alternative retirement plan in lieu of the §401(a) defined benefit plan it administers.



Include "tangible in the definitions"

Response: NMSA 1978 §13-1-93 defines “tangible personal property” to mean tangible property other than real property having a physical existence, including but not limited to supplies, equipment, materials and printed materials.

Last paragraph, where and show Section 19 is located and explain what it is; can this be linked.

Response: Hyperlinks for internal citations can be added to the final, website version of the Policy.

2 Purpose, Page Why was it completely changed from February 28, please explain?

Response: The changes to the Purpose paragraph are minor, provide clarification and are self-explanatory.

3 Legal Authority - link statutes to the document.

Response: Hyperlinks for internal citations can be added to the final, website version of the Policy. Inserting hyperlinks to citations to the New Mexico Revised Statutes is not feasible due to the structure of the New Mexico Compilation Commission website.

4 Services Subject to the Policy, page 2, What is the amount is the CIO authorized approved? Does this require board approval in reference to the Smart Save Plan?

Response: See the Response that follows immediately, below.

Paragraph 2, When did the board authorize General Counsel seek outside counsel for the board? What is the amount General Counsel is authorized to approve? Does this require board approval and why or why not?

Response: The current Investment Policy dated July 26, 2018, Section D, Roles and Responsibilities/Delegations of Authority, page 3, states, in pertinent part: “the General Counsel and legal staff (Legal Counsel) are primarily responsible for legal compliance of the investment program and advises the Board, the Director, the CIO and Staff on investment-related matters. Legal counsel exercises the same fiduciary responsibility under applicable law as the Board.”

The current Procurement Policy for Investment-Related Services dated August 25, 2016, Section 4, Roles and Responsibilities, page 2 governs the procurement of services for outside investment-related legal counsel. There is no dollar limit to the amount the General Counsel may approve as the contracts do not guarantee an amount of work but rather are for services rendered at a contract hourly rate.

On September 28, 2017, the PERA Board authorized issuance of a Request for Information (RFI) for External Legal Services Related to Investments, RFI No. NM INV FY18-001. On December 14, 2017 the PERA Board approved execution of agreements with three external law firms for investment-related services for the period January 1, 2018 through December 31, 2021.

Paragraph 3, Is the board required to approve what is paragraph 3, please explain why or why not. Up to what is the General Counsel allowed to approve?

Response: I understand this question to be asking how external legal counsel are procured under the proposed revised Procurement Policy for Investment-Related Services dated April 25, 2019. See answer immediately above.

5. Definitions, page 3

Under definition of "Emergency" poor performance by a service provided is not to be considered an emergency - what does NMPERA consider poor performance?

Response: For purposes of the definition of “emergency” poor investment performance is excluded as grounds for an emergency procurement. Investment performance is determined according to the terms and provisions of individual investment contracts.

External Legal Counsel - How often does NMPERA retain legal counsel and what the cost?

Response: PERA’s current contracts with External Legal Counsel for investment services provide for a term of 4 years. PERA procured its current External Legal Counsel for investment services in 2018 under the current Policy. Total fees paid by PERA for External Legal Counsel for investment services was \$150,437 in FY19.

As requested by PERA, the External Legal Counsel reviews, provides advice and negotiates complex transactional documents, including, but not limited to limited partnership agreements, LLC operating agreements, private placement memorandums, subscription agreements, contracts, side letters, opinions of counsel and any other documents required in connection with PERA’s commitment of funds to domestic and global illiquid investments vehicles, managed accounts, and co-investment opportunities.

Definition for Investment Policy should include link to investment policy.

Response: Hyperlinks for citations in other PERA policies can be added to the website version of the Policy.

Definition for Liquid Investment should have a link to investment policy.

Response: Hyperlinks for citations in other PERA policies can be added to the website version of the Policy.

Any definition that include investment policy it should be linked.

Response: Hyperlinks for citations in other PERA policies can be added to the website version of the Policy.

A. Election of RFP or RFI Process, page 5

The RFP and RFI are to have checks and balances. This why the board should have final approval. If this section allows two people to determine if an RFP or RFI is allowed the board would be violating their fiduciary responsibility, please in writing justify this section.

Response: At its November 30, 2017 Board Meeting, the PERA Board adopted the Board, staff and consultant investment roles and responsibilities by majority vote (9-2).

The Board received competent legal advice regarding how the governance structure would impact the Board's fiduciary responsibilities. Fiduciary Counsel provided legal advice that, given market uncertainty and investment complexities, the delegation to staff with a high level of investment expertise and an exhaustive vetting process is appropriate. Future monitoring by the Board and Investment Committee as well as risk budgeting as part of asset allocation is a significant enhancement to the Board's fiduciary responsibility.

B. Selections Exempt from the RFP or RFI

iii. See the same comment in paragraph a, please explain. Why is this without board approval? What is the amount for approval without any over sight?

Response: At its November 30, 2017 Board Meeting, the PERA Board adopted the Board, staff and consultant investment roles and responsibilities by majority vote (9-2). The Investment Committee is responsible for monitoring the search and selection process and to require adherence to the Investment Policy.

Page 6, iii What would be prudent by the Chief Investment Officer and why would this be allowed without board approval?, please explain

Response: The paragraph explains the criteria for prudence in sub paragraphs (i), (ii), and (iii).

At its November 30, 2017 Board Meeting, the PERA Board adopted the Board, staff and consultant investment roles and responsibilities by majority vote (9-2). The Investment Committee is responsible for monitoring the search and selection process and to require adherence to the Investment Policy.

Subsection vi, vii, viii - Why does the board not have final approval? Do we violate fiduciary responsibility? There are only two that approve. There is no oversight, please clearly explain how the board is meeting their fiduciary responsibilities?

Response: At its November 30, 2017 Board Meeting, the PERA Board adopted the Board, staff and consultant investment roles and responsibilities by majority vote (9-2). The Investment Committee is responsible for monitoring the search and selection process and to require adherence to the Investment Policy.

7. Exemption from the RFP and RFI Princess [sic] Criteria for Identification of Illiquid Investments - page 6

7a - Is completely different from the mark up from page 8 of February 28, 2019, why? This needs to be better explained for the average lay person to understand. Pages 6 and 7. What exemptions are provided, explain?

Response: Staff is confused by the question. The definitions set forth in section 7(a) of the draft Policy are substantially unchanged from the current Policy.

For i, I, iii - what types of exemption are given? This needs further explanation.

Response: Staff is confused by the question. The types of illiquid investments listed continue to be exempt from the RFP and RFI processes, just as they are under the current Procurement Policy.

B. Consideration, Criteria, and Process for Selection of Illiquid, page 7 and 8

This section has changed from the mark up pages 9, 10, and 11 of February 28, 2019. Explain why?

Response: At its November 30, 2017 Board Meeting, the PERA Board adopted the Board, staff and consultant investment roles and responsibilities by majority vote (9-2). The Investment Committee is responsible for monitoring the search and selection process and to require adherence to the Investment Policy.

8 Public Notice, page 8

What does emergency mean? This section add NMPERA board approval to avoid propriety of preselection and conflict of interest. Is the Parliamentarian considered an emergency procurement.

Response: “Emergency” is capitalized which signifies that it is a defined term in the Policy. The paragraph has not been amended to qualify any authority of the Board.

On the unrelated matter of the Parliamentarian, this is not an investment-related service so it is subject to the New Mexico State Procurement Code. The Parliamentarian’s services were secured under a purchase order as permitted by Section 13-1-126 of the Procurement Code.

9. Procurement Processes, Page 8, 9, 10, 11 and 12

A a i, ii, iii should This section needs to be reviewed and approved by the board.

Response: Staff is confused by the question. Your questions arise from staff’s submittal of the Policy to the Board for approval.

iii. Investment Committee does not make decision for the board. This section needs to be explained fully.

Response: Staff is confused by the question. Staff is unaware of any language in the draft Policy that suggests that the Investment Committee has decision-making authority for the Board. The Investment Committee monitors and reviews the Board’s Investment Policy and makes recommendations to the Board. See, 2.80 200.50.A.5 NMAC.

10. Sufficiency of Responses to RFPS and RFIs on page 13

The third paragraph does not explain the mandatory requirements. Where are they?

Response: The mandatory requirements are specified in the RFP or RFI solicitation document and change for individual investment strategies.

The fifth paragraph leaves out "shall", why explain.

Response: “Will” has been changed to “shall.”

11. Selection Criteria, Page 13

12. Evaluation of Proposals, page 13

Up to what amount are they able to approve.

Response: The draft Policy implements the Board's Investment Policy, which does not specify monetary limits on the authority of the CIO with respect to investment mandates.

A. The board shall approve not solely the Chair, page 13, 12.a.first paragraph

Response: This language is unchanged from the current Policy and PERA practice. The language follows the Board Policies and Procedures, duties of Board Chair and Vice Chair, Section 11(D)(f)(3) at p. 7.

B. The Board shall approve

Response: At its November 30, 2017 Board Meeting, the PERA Board adopted the Board, staff and consultant investment roles and responsibilities by majority vote (9-2). The Investment Committee is responsible for monitoring the search and selection process and for requiring adherence to the Investment Policy.

C. Evaluation of Proposals Submitted in Response to an RFP or an RFI, page 14

First paragraph, opens door to propriety of preselection and conflict of interest

Response: This language is substantially the same as former paragraph 12(b) of the current Policy and is consistent with the New Mexico Procurement Code for procurement of professional services.

13. Award, page 15

This section should add approval by the board.

Response: This comment contradicts the action of the Board at its November 30, 2017 Board Meeting, adopting the Board, staff and consultant investment roles and responsibilities by majority vote (9-2).

Second and third paragraph doesn't make sense, explain., page 15

Response: Staff is confused by the question. The two paragraphs appear to be clear and unambiguous.

14. Termination of Contract or other Appropriate Action for Wrongful Conduct

February 28, 2019 mark up changes the numbering of 14 through 16, why?

Response: The numbering changed because paragraph 14 is a new paragraph requested by Board Member Davis.

14 in the mark up is Public Disclosure, page 19 Protest Procedure is on page 20 in the mark up Emergency and small procurements are on page 21 in the mark up. There is a lot of language left out why, explain?

Response: Staff is confused by the question. Deleted language is not ubiquitous and the basis for the deletions are self-explanatory.

Paragraph 8.6.1 should be linked. All NMSA 1978 needs to be linked.

The Office of General Counsel is used in this document and then The General Counsel is referenced - what should be used or to show consistency who should be designated.

Response: Staff is confused by the question. The draft Policy consistently refers to “General Counsel.” All references to “Office of General Counsel” have been deleted except for the record address for receiving protests on Section 16.

16. Emergency and Small Procurements, page 21 amended page 17, item 17

First paragraph, may be viewed as a conflict of interest and up to what amount. The CIO has authority.

Response: Emergency and Small Purchase procurements are special procurement categories that specify relaxed procurement standards appropriate for the circumstances and dollar amount of the procurement. The criteria for Emergency and Small Purchase procurements are very narrow. This language is substantially the same as paragraph 16 of the current Policy and is consistent with the New Mexico Procurement Code.

Thousand is two words

Response: This has been corrected.

Where is the wording for procurements under emergency shall be reviewed by the Board.

Response: At its November 30, 2017 Board Meeting, the PERA Board adopted the Board, staff and consultant investment roles and responsibilities by majority vote (9-2). The Investment Committee is responsible for monitoring the search and selection process and to require adherence to the Investment Policy. It may be contrary to the interests of the Fund to defer an Emergency investment-related procurement until a monthly Board meeting. Notwithstanding, all such procurements should be reported.

18. Research and Information, page 17, okay

Response: Noted.

19. Penalties for corrupt practices and fraudulent practices - okay except don't forget links to Statute

Response: Noted.

20 Ethical Disclosures and Conflicts of Interest

Response: Noted.

Links to NMSA 1978 should be included

Response: Noted.

Approval by the Retirement Board, page 18. The Board approves not through the Chair

Response: The Board Chair is authorized to memorialize formal action of the Board.

Also, the signature of the Chair, the correct signature format should state

*Jackie Kolasch, PHD
Retirement Board*

Response: Every member of the Board has the discretion to determine format of their own signature as long as it is not false or misleading.

Appendix 1 should be thoroughly reviewed and approved by the board.

Response: Appendix 1 is a summary of the authorities described in the draft Policy and is part of the draft submitted to the Board for approval.

NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
SPECIAL BOARD MEETING

February 12, 2019

This annual and monthly meeting of the Public Employees Retirement Board was called to order by James Maxon, Chair, at approximately 10:10 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

Roll call indicated a quorum with the following members present:

Members Present:

James Maxon - County, Chair
Jackie Kohlasch – State, Vice Chair
Claudia Armijo – State
Tim Eichenberg - *Ex-officio*
Natalie Cordova – State
John Melia - Municipal
Patricia French - Municipal
Dan Mayfield - Retiree
Loretta Naranjo Lopez - Retiree
Maggie Toulouse Oliver - *Ex-officio*
Steve Neel - State
Lawrence Davis - Municipal

Member(s) Absent:

None

Staff Members Present:

Wayne Propst, Executive Director
Susan Pittard, Chief of Staff/General Counsel
Dominic Garcia, Chief Investment Officer
Greg Trujillo, Deputy Executive Director
Karen Risku, Deputy General Counsel
Dana David, Assistant General Counsel
Renada Peery-Galon, ASD Director
LeAnne Larrañaga-Ruffy, Director of Equity
Anna Williams, Chief Financial Officer
Karyn Varela, Deferred Compensation Plan Manager
Joaquin Lujan, Director of Rates and Credit
Isaac Olaoye, Investment Analyst
Trish Winter, Executive Assistant
Christine Ortega, Portfolio Manager
Emily Garcia, Financial Specialist

Others Present:

Harvey Leiderman, Board Fiduciary Counsel

Tom Toth, Wilshire
Annette Martinez Varela, AODA
Rick Tedrow, District Attorneys Association
Randy Saavadra, Former AODA Director
Richard Flores, DA's Office
Adam Hathaway, Parliamentarian

2. Approval of Agenda

Parliamentarian Adam Hathaway was sitting with the Board at the dais and Ms. Naranjo Lopez said he should not be. She asked who made the decision to hire him and how much is the contract. She said this matter needs to be addressed before taking action on the agenda and this is another issue of management making decisions without Board approval.

Mr. Mayfield introduced the following motion:

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

Mr. Melia seconded and the agenda was approved, with Ms. Naranjo Lopez voting against.

3. Approval of Consent Agenda

Ms. Naranjo Lopez requested the removal of items 1 “Approval of December 11, 2018 and January 8, 2019 Minutes, and 2 “Approval of Revised Board Policies and Procedures Consistent with Prior Board Actions.” She indicated that the minutes failed to attach Ms. Lenora Chavez’ written statement. Item 2 includes procedures that the Board has not yet discussed.

Chair Maxon said he would make sure Ms. Chavez’ comments are attached to the record.

Mr. Melia introduced the following motion:

“RESOLVED, that the PERA Board approve the consent agenda with items 1 and 2 removed.”

Mr. Melia seconded and the agenda was approved by unanimous voice vote. Consent agenda item 2 was added to the agenda as item G.

4. Current Business

A. Election of 2019 Board Officers

Chair Maxon reminded the Board that Jackie Kohlasch, Loretta Naranjo Lopez and Natalie Cordova were nominated for the position of Chair. Ms. Cordova has tendered her resignation from the Board and he invited additional nominations at this time. None were offered.

Ms. French pointed out that the rule indicates the election will occur the first meeting of the new year. That meeting was cancelled, and she asked whether action was taken to waive that rule and hold the election at a special meeting.

General Counsel Pittard noted that on January 8, 2019 the Board adopted a rule to accept nominations for Chair and Vice Chair at the first Board meeting of the calendar year, and to hold elections the first regular meeting of that year. The rule was further expanded to allow nominations from the floor on the day of the election. Because the January 31st meeting was cancelled, the agenda was moved forward to today's special meeting. The Board can postpone action if they so choose until the next regular meeting.

Ms. Armijo noted that the next regular meeting is February 28th, and she suggested holding the elections at that time.

Mr. Davis asked whether technically, since item G, "Approval of Revised Board Policies and Procedures Consistent with Prior Board Action" has not been acted upon, this discussion was moot. Ms. Pittard said it was not necessary to act on the policies and procedures first. She agreed the motion clearly identified the regular meeting, and again advised the Board that they could choose to hold the election in February.

Mr. Melia noted that the entire Board was present today and he supported moving forward with the elections.

Ms. Pittard said that the action the Board took was to hold nominations at a special meeting in January and then at the regular meeting hold the elections. If the Board chose, they could suspend the rule and move forward today.

Ms. Toulouse Oliver introduced the following motion:

"RESOLVED, that the PERA Boards suspend the rule requiring that the Board officers' election be held on the first regular meeting and hold the elections today."

Mr. Eichenberg seconded.

Under discussion, Ms. Naranjo Lopez asked whether the motion on the floor followed the State's Open Meetings Act since the action was not noticed and further, was item G appropriately approved. Harvey Leiderman, Fiduciary Counsel, stated that he consulted with Ms. Pittard on Ms. Toulouse Oliver's motion.

Ms. Toulouse Oliver pointed out that election of Board Officers is on the agenda, and when the consent agenda was approved, those items were appropriately moved to item G. The suspension of a rule does not have to be noticed, and she offered to rescind her motion. Mr. Eichenberg concurred with the movant that notice to suspend a rule is not necessary.

The motion to suspend the rule passed by unanimous voice vote.

Election of Chair: The election was held by a show of hands and Jackie Kohlasch was elected chair by majority vote.

Dr. Kohlasch would assume the Chair following the elections.

Election of Vice Chair: The nominees were Natalie Cordova and Claudia Armijo.

Mr. Mayfield added the nomination of John Melia for the position of Vice Chair.

John Melia was elected Vice Chair by majority voice vote.

Chair Kohlasch thanked the Board for their support and said she would strive to do a good job and bring the Board together to find a path to solvency.

B. Approval of Resolution 19-06 Declaring a State Vacancy on the Public Employees Retirement Board

Ms. Toulouse Oliver introduced the following:

“RESOLVED, that the PERA Board approve Resolution 19-06.”

Mr. Neel seconded and the motion passed without opposition. [See page 5 for reconsideration.]

C. 2019 Legislative Session Update

On behalf of staff, Executive Director Propst congratulated the new Chair and Vice Chair.

Mr. Propst said that, since his Friday electronic update the only addition is that Representative Rehm introduced HB 544 related to PERA’s solvency, which differed from what was originally discussed with the representative. The bill calls for a contribution increase of 3 percent by the employee and employer, suspension of the COLA for one year and removal of the 90 percent cap on final average salaries level.

Mr. Propst said PERA’s bill is stalled and has encountered significant resistance from the retirees and union representatives. He reminded the Board that the passage of SB 27 was not easy. The Board directed him to assist in the passage of HB 338 and that is what he is focused on.

Ms. Naranjo Lopez said she has concern that not all of the PERA related bills have been brought to the Board’s attention, and asked when Mr. Propst was aware of the proposed bills. Mr. Propst said he has reported on every bill that has been proposed and staff has not taken a position on any of them in anticipation of the Board’s direction. SB 235 is very similar to legislation that was introduced last session and endorsed by the Board. SB 446 is a return to work bill and prior to its introduction staff did not discuss it with the sponsor. SB 452 was presented to IPOC in December and Senator Muñoz, through the LCS, reached out to PERA for technical assistance on the drafting of the legislation.

Mr. Eichenberg requested a reconsideration of item B following completion of this item.

For the record, Ms. Armijo said the Executive Director has done an excellent job of informing the Board of legislation as it has come before the various committees. Mr. Davis said he too appreciates the updates and the fiscal impact information.

In response to Mr. Melia's questions, Mr. Propst said many times PERA-related bills are introduced without consultation from the agency.

B. RECONSIDERATION: Approval of Resolution 19-06 Declaring a State Vacancy on the Public Employees Retirement Board

There was no objection to reconsideration of this item.

Mr. Eichenberg noted that the vacant position term has close to three years remaining. He suggested adding the state position to the 2019 election schedule. He noted that, under state law, if there is a vacancy prior to the end of a term an election should occur.

Mr. Eichenberg proposed that the Board suspend its rules and allow the state member to run in September for the remainder of the term.

Ms. Pittard said the PERA Act regarding filling vacancies requires the Board to appoint someone to serve for the remainder of the vacant term. The Board could move forward to change the statute to pursue the point Mr. Eichenberg brings forward.

Mr. Eichenberg suggested that PERA consider introducing legislation to ensure that PERA's election laws conform to the state law.

In the event PERA endorses legislation, Ms. Armijo suggested PERA ask the bill sponsor to add an amendment changing the statutory provision. Ms. Toulouse Oliver said that Thursday is the deadline for bill introduction.

If that's the Board's position, Mr. Propst said he would pursue either developing legislation or asking a bill sponsor to include it as an amendment.

Ms. Pittard said in regard to the current vacancy an appointment is necessary to comply with the statute and administrative rule. The passage of legislation as proposed by Ms. Armijo will not impact the current vacancy. Rulemaking will also be necessary. Further, the nominating petitions for the upcoming election are due in April.

Ms. Toulouse Olive introduced the following motion: That the PERA Board direct staff to work with the Legislative Council in drafting a bill to amend the statute allowing a vacated Board position to be filled at the next Board election. Mr. Eichenberg seconded, adding that the Director is being asked to accomplish this by Thursday, February 14th. [This motion was withdrawn.]

Ms. Pittard said this action was not noticed on the agenda; however, staff is aware of the direction the Board wants staff to take and will try to either develop a standalone bill or ask for an amendment to an existing piece of legislation.

D. 1. SB 235 Investment Performance Based Compensation

Mr. Propst said this bill is similar to a 2018 PERA-endorsed bill. It is meant to give ERB and

PERA the authority to set compensation for investment staff. He talked to Senator Muñoz about the concern Ms. Armijo raised that, the bill requires mandatory consideration by the Board. The sponsor has agreed to replace “shall with “may” to address that concern and to include the investment staff of the state’s Investment Committee to the bill.

Ms. Armijo said she understood that the PERA Board has already approved a new compensation arrangement for investment staff, based on performance. Mr. Propst said that did not happen. There were changes to the Investment Policy but that did not include approval of compensation or changes from classified to exempt.

Ms. Armijo in order to move forward with a performance-based compensation plan for investment staff, SB 235 is needed. She said she was willing to endorse the bill as long as the amendments, as outlined by Mr. Propst, are included.

Mr. Propst said the bill applies to exempt investment staff and that compensation will not count toward PERA retirement.

Ms. French advocated neutrality on this bill, and noted that one of PERA’s Board members is among ERB’s investment staff.

As ERB investment staff, Mr. Neel said he would recuse himself from this matter.

Ms. Naranjo Lopez recommended reviewing the minutes of the last IPOC meeting before action on this bill.

Mr. Mayfield introduced the following motion and Mr. Melia seconded.

“RESOLVED, that the PERA Board support SB 235,”

Ms. Armijo said the endorsement should be contingent on the “shall” changed to “may.” There was no objection and the motion was restated:

“RESOLVED, that the PERA Board support SB 235 contingent on the “shall” changed to “may.”

The motion passed by majority [9-2] with Members Naranjo Lopez and French voting against.

Mr. Propst announced that Deputy Director Trujillo has secured a sponsor for the legislation regarding filling PERA vacancies.

2. SB 466 Public Employee Retirement Changes

Mr. Propst said this return to work bill is being introduced by Senator Griggs. The bill is complicated and repeals the 2010 bill that made most of PERA’s members ineligible to return to work with a PERA affiliate if they were receiving a pension. He discussed the points within the bill adding that it is a fairly significant expansion of return to work. PERA’s actuary has reviewed the bill and because both the employee and employer contributions will be made and the employee will not be

receiving additional service credit, the actuary does not believe there would be a negative impact to the fund.

Ms. French said this would reopen the return to work policy and asked the Board whether they want to do that. She noted that previous boards worked hard to close that loophole.

Mr. Melia introduced the following motion:

“RESOLVED, that the PERA Board oppose SB 446.”

Ms. Armijo seconded and the motion passed without opposition.

Mr. Propst thanked that Board for that clear direction.

3. SB 452 Employee Retirement Solvency

Mr. Propst said this bill would give the Board the authority to increase contribution by 2.5 percent on the employee and the employer. The increase could be implemented in .5 percent increments. The bill also allows the Board to set benefit levels but requires that those levels be set to maintain a 25-year amortization period for the unfunded liability.

Ms. Toulouse Oliver said it appears the bill is attempting to shift the responsibilities of contributions and benefits to the Board rather than the legislators.

Mr. Propst said Senator Muñoz believes that, with the Board’s access to information, investment advisors and staff, and as the ultimate fiduciaries, the Board should make the determinations as outlined in the bill.

Mr. Melia and Ms. Armijo concurred with Ms. Toulouse Oliver and said the legislators have a solvency bill proposed by PERA.

Ms. Armijo introduced the following motion:

“RESOLVED, that the PERA Board oppose SB 452.”

Ms. French seconded and the motion passed without opposition.

E. Proposal for Elected District Attorneys to be Eligible for State Police and Adult Correctional Officers Plan 1

Rick Tedrow, San Juan County District Attorney, mentioned that an actuary study on the proposal of having elected and/or appointed district attorneys added to the law enforcement plan occurred. The four-year election cycle for district attorneys does not match up to retirement opportunities. It is especially difficult for district attorneys in rural areas.

Mr. Tedrow said a bill has been drafted which Senator Campos is sponsoring. They have met with the Governor’s Office to discuss the bill. The DAs are requesting PERA’s neutrality on the bill.

The actuarial study indicated funds were needed and an appropriation of \$2 million was included in the bill.

As an elected official, Ms. Toulouse Oliver said she was extremely sympathetic to the request. However, without additional time to study the bill she could not support it.

Ms. French said she could support it if the proposal is prefunded and there is no impact on the fund.

Ms. Martinez Varela with the AODA, said there were 14 district attorneys and they would be required to work for 20 years.

Ms. Pittard said under the State Police plan they would be required to complete 20 years and 10 months. She confirmed the \$2 million is part of the actuarial study dated January 30, 2019.

Ms. Armijo said she appreciated that the bill was brought to the Board but more time was needed to study it. She would propose opposing the bill because it is not prefunded and there is a high level of certainty that the \$2 million will be stripped from the bill.

Ms. Armijo introduced a motion to oppose the proposed bill. Mr. Melia seconded and the motion failed by majority [4-7] voice vote.

Ms. Toulouse Oliver moved,

“RESOLVED, that the PERA Board take a neutral position on this bill.”

Mr. Maxon seconded and the motion passed by majority vote with Members Melia and Armijo voting against and Member French abstaining.

Ms. Martinez Varela thanked the Board for this work for PERA.

F. Consideration regarding,

1. The authority of the PERA Executive Director’s actions which resulted in changes in position or compensation and increases, promotions, reclassification, or other position or compensation changes for himself and other PERA staff during the past five calendar years, including a proposal to request the Office of the Attorney General to investigate and provide appropriate legal opinions and recommendations

2. The authority of PERA Board member to disclose to non-board members the January 8, 2019 Executive Session communication, including a proposal to request the Office of the Attorney General to investigate and provide appropriate legal opinions and recommendations

Chair Kohlasch invited Mr. Leiderman to the speaker table.

Ms. French asked the ad hoc committee which was appointed at a previous meeting about the progress of the investigation. She said it appears that this agenda item asked for the same thing from

the AG's office rather than following through with the Board's unanimous decision to obtain an independent investigation.

Ad hoc committee member Mr. Mayfield said they determined they needed additional guidance as a committee. There are two ongoing investigations in this matter, one by the auditor and the other by the AG. Ms. French said the AG's review is not a bad idea, but it is not what the Board voted to do. Mr. Leiderman offered that he had no communications with the ad hoc committee.

Anna Williams, Chief Financial Officer, said the OSA is conducting a fact finding procedure, not an investigation.

Mr. Leiderman offered a statement from a Board fiduciary standpoint, followed by recommendations. Over the past year the Board has experienced several issues that have divided them in ways that have not maximized their resources. He observed from his experience working with pension fund boards, that PERA has work to do on their core governance principles. He said PERA owes it to its membership and stakeholders to get it right: to be professional, appropriate and observe both due process and transparency.

Items F. 1 and 2 could have been avoided if PERA's governance principles were clearly stated. The first is the authority of the Executive Director to grant staff promotions and compensation increases. The second item is the confidentiality of closed executive sessions.

On the delegated authority to promote and compensate staff, members of the Board have questioned the authority that they delegated to the executive director. Mr. Leiderman said it was his opinion that the Board is not well suited to evaluate the propriety of its delegation under state law, which is why he previously recommended an independent examination, and why now he is recommending that the matter be sent to the state's highest legal officer, the Attorney General.

On the issue of confidentiality of closed session, Mr. Leiderman said that it appears there is considerable vagueness about the confidentiality of closed sessions, because he has been informed that the governing statute does not specifically state that executive sessions of the PERA Board are to be kept confidential. Further, the Board policy lacks clear definition to treat closed sessions as confidential.

Mr. Leiderman recommended the following specifics:

1. Clarify the question of the Executive Director's authority over staff in regard to promotion and compensation for the past five years. He said the question should be forwarded to the Attorney General to review as the independent investigator, rather than the ad hoc committee whose membership was questioned by the Board, another example of the disputatious conduct of the Board. This includes abandoning the ad hoc committee.

In the interim, until the AG has provided a review and the Board gains more comfort with their authority, he recommended suspending the ultimate decision making delegation that the Executive Director has had up until now, and that any decisions made on promotion and compensation during the interim period come back to the Board.

2. As a governance issue, make the policy clear that there is an expectation of confidentiality of matters discussed in closed session and that the Board pledges, as part of the Board conduct, to maintain confidentiality.

3. The Board needs a Governance Committee to be composed of representative individuals from the Board to take on policy issues, study them and make recommendations to the full Board to tie up the governance issues that have created the discord.

Ms. Naranjo Lopez said she had no confidence in Mr. Leiderman because he recommended the ad hoc committee and the investigation. She said the Board voted on this matter. Regarding confidentiality, she said the Board should have been advised whether the discussion in closed session was confidential. She cited a nonprofit blog that provided additional instructions regarding spelling out the rules of confidentiality.

Ms. Toulouse Oliver asked whether the suspension of the Executive Director's authority regarding promotions and compensation needs to be handled in executive session. Ms. Pittard responded that deliberations should occur in closed session but actions needs to occur in open session.

Ms. Toulouse Oliver introduced the following motion:

“RESOLVED, that the PERA Board forward the question to the Attorney General for an independent investigation of fact and legal findings on the Board’s delegation to the Executive Director over the past five years regarding promotions and compensation.”

Ms. Armijo seconded.

Supporting the motion, Mr. Melia noted there was no cost to the membership.

Ms. Armijo said she supports the motion and does not disregard the concerns raised by Members French and Naranjo Lopez regarding the ad hoc committee. However, this was an opportunity to move forward. The Board needs a legal opinion, and the AG can provide that.

Mr. Leiderman offered to act as liaison and forward the question to the AG's Office.

A discussion ensued as to who should forward the request to the AG's Office.

Following the cancellation of the January 31st Board meeting, Mr. Eichenberg said that, in his capacity as an *ex officio* and the State Treasurer, he sent a letter to the AG's Office requesting an investigation in what he considered illegal actions by the Executive Director.

Ms. Pittard confirmed that the Board can delegate to Mr. Leiderman the authority to send this item to the AG's Office on the Board's behalf.

Ms. Toulouse Oliver clarified her motion, adding that Mr. Leiderman will forward the issue to the AG's Office on the Board's behalf. The motion, as clarified, passed by unanimous voice vote.

Stating that she has absolute confidence that Mr. Propst acted in good faith, Ms. Toulouse Oliver introduced the following motion which Ms. Armijo seconded:

“RESOLVED, that the PERA Board temporarily suspend the Executive Director’s authority regarding promotions and raises from here forward until the investigation is complete, and in the interim these items be forwarded to the Board for deliberation in executive session.”

Ms. Pittard requested clarity on pending job offers and current documentation at SPO. Ms. Toulouse Oliver said she did not want the Board to take on hiring decisions nor setting initial salaries for employees.

Ms. Naranjo Lopez proposed a friendly amendment that the executive director be placed on administrative leave during the investigation. Ms. Toulouse Oliver declined to accept.

Ms. Armijo requested an amendment that the motion applies to exempt status staff currently employed by PERA or who will be offered positions from today’s dated forward. Mr. Eichenberg seconded.

Mr. Trujillo noted that the agency has pending transactions at SPO. Also, vacancies are many times filled by internal staff, and that is considered a promotion.

The amendment, underlined above, passed with Mr. Melia voting against.

The amended motion, that the PERA Board temporarily suspend the Executive Director’s authority regarding promotions and raises for exempt status staff currently employed by PERA, or who will be offered positions from today’s date forward until the investigation is completed, and in the interim these items be forwarded to the Board for deliberation in executive session, passed by [11-1] with Mr. Melia voting against.

Ms. Toulouse Oliver offered a motion regarding confidentiality of executive session discussion and Ms. Pittard said the Board’s policies and procedures can be amended to define the trustees’ expectation regarding executive session.

Ms. Toulouse Oliver introduced the following motion and Ms. Armijo seconded:

“That the PERA Board affirm the requirement in Robert’s Rule to keep discussions of executive session confidential.”

The motion passed without opposition.

Ms. Toulouse Oliver introduced the following motion with Mr. Leiderman’s assistance and Ms. Armijo seconded:

“That a Governance Committee be created and empowered to evaluate and make recommendations to the full Board on revisions to the Board’s policies and procedure that will address not only the current issues, i.e., confidentiality, but also to think ahead and

review the current policies and procedures for clarity and assure due process and transparency to the membership.”

The motion passed by unanimous voice vote.

Mr. Melia requested that Mr. Eichenberg share the letter he sent to the AGO with all of the Board members.

G. Items Isolated from the Consent Agenda

1. Approval of Minutes: December 11, 2018 & January 8, 2019

Ms. Naranjo Lopez said Ms. Lenora Chavez’ written statement was not included as an exhibit. Also, on page two, it should read “cumulative” rather than accumulative.

Ms. Toulouse Oliver moved to approve the minutes as correct. Her motion was seconded by Mr. Maxon and the motion passed without opposition.

2. Approval of Revised Board Policies and Procedures Consistent with Prior Board Action

Ms. Naranjo Lopez said she did not agree with the three-minute rule regarding debate.

Dana David, Assistant Counsel, said the changes to the policies and procedures basically reflect the substance of a vote that the Board took in January. Part of that vote included the Robert’s Rules training. During that training, Parliamentarian Hathaway strongly suggested deviating from Robert’s Rule that allotted 10 minutes for an individual to speak and said three was more appropriate. There was also the issue of whether a Board chair can second a motion.

Ms. Naranjo Lopez requested that staff provide the Board packets 10 days before the next meeting.

Questions were asked regarding the cost of the parliamentarian and Renada Peery-Galon, ASD Director, said they have had trouble receiving a second quote and Ms. Pittard said the services contracted are to be under \$5,000.

Ms. French said she appreciated the training but could not support allowing the parliamentarian sitting with the Board. She said she did not approve of the membership incurring this expense.

The three-minute limit did not gain support and the Board appeared to favor Robert’s Rule of 10 minutes.

Ms. Armijo said she did not support the chair seconding motions and said it was inappropriate for the parliamentarian to sit with the Board.

Ms. Toulouse Oliver said she supported having the parliamentarian present as did Mr. Melia.

Mr. Davis said the Board lacks decorum and if the parliamentarian can help, then it is \$5,000 well spent. He said he attended the Robert's Rules trainings and had it been effectively incorporated, the meeting would have been over an hour ago. Mr. Neel agreed.

Ms. Naranjo Lopez introduced a motion:

“That the PERA Board approve the changes to the Board Policies and Procedures and not items F1 and F2.”

Ms. Toulouse Oliver seconded and the motion passed without opposition.

5. Other Business

From the speaker's table, Adam Hathaway, Parliamentarian, advised the Board that without direct access to the Chair his usefulness was in question. He would do as the Board wished but it is usual that he sits next to the chair during meetings.

Ms. Armijo said from her research of best practice, board material is provided 10 days in advance of the meeting.

6. Adjournment

With no further business to come before the Board, Chair Kohlasch adjourned this meeting at 1:10 p.m.

Approved by:

Jackie Kohlasch
Chair, PERA Board

ATTEST:

Wayne Propst, Executive Director

Attached Exhibit(s):

Exhibit 1: Consent Agenda



INVESTED IN TOMORROW.

1/31/2019

2019 Investment Committee Work Plan

Action Item

2019 Investment Committee Work Plan

Items in this 2019 work plan are subject to change at the direction of the Investment Committee Chair.

- **January – 2019**
 - Approve Annual Investment Committee Work-Plan – **Action Item**
 - 2018 Year-in-Review

- **February - 2019**
 - CIO Update
 - Risk Budget Update – **Action Item, if necessary**
 - Active Strategy Target Return Update – **Action Item, if necessary**
 - Quarterly Staff Consultant Report – Albourne (Credit)
 - Manager Selection Activity Report
 - Performance & Risk Reporting
 - Cash Activity Update
 - Rebalance Update

- **May - 2019**
 - CIO Update
 - Reference Portfolio Update – **Action Item, if necessary**
 - Guest Speaker/Panel, Topic: Disruptive Technologies
 - Quarterly Staff Consultant Report- Wilshire (Risk Mitigation)
 - Manager Selection Activity Report
 - Performance Update & Risk Reporting
 - Cash Activity Update
 - Rebalance Update

- **August - 2019**
 - CIO Update
 - Investment Division Process Enhancements Update
 - Guest Speaker/Panel, Topic: Portfolio Enhancement Tools
 - Quarterly Staff Consultant Report- Wilshire & Torrey Cove (Global Equity)
 - Fiscal Year Performance & Risk Review
 - Manager Selection Activity Report
 - Cash Activity Update
 - Rebalance Update

- **November - 2019**
 - CIO Update
 - Review & Approve Asset Allocation Changes – **Action Item, if necessary**
 - Approve benchmarks – **Action Item, if necessary**
 - Quarterly Staff Consultant Report – Albourne (Real Assets)
 - Investment Costs Update
 - Risk Budget Update
 - Manager Selection Activity Report
 - Performance & Risk Reporting
 - Cash Activity Update
 - Rebalance Update



PERA

Public Employees
Retirement Association
of New Mexico

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INVESTED IN TOMORROW.

MEMORANDUM

TO: Audit and Budget Committee
FROM: Renada Peery-Galon, ASD Director
DATE: March 12, 2019
SUBJECT: 2019 Audit and Budget Committee Work Plan

The purpose of the Audit and Budget Committee is to assist the PERA Board in fulfilling its fiduciary oversight responsibilities by participating in the selection and evaluation of the System's independent external auditor and the internal auditor, keeping informed of legal and accounting developments that impact the presentation and reporting of financial information, obtaining information or briefings from the internal and external auditors, and working with PERA executive staff to develop recommendations and advice to the Board.

The Audit and Budget Committee must meet to achieve the committee's objectives to provide general oversight and offer recommendations for PERA's audit arrangements, provide general oversight and approval of PERA's budget request, and general oversight of risk management activities.

The following is the 2019 Audit and Budget Work Plan:

March 12, 2019:

- 2019 Audit and Budget Committee Work Plan
- Internal Auditors – Investment Reconciliation and Monitoring
- Request for Proposal Brief – Financial and Compliance Audit

June 11, 2019:

- Fiscal Year 2020 Operating Budget
- Internal Auditors – Customer Service
- Internal Audit Work Plan FY20-FY22

September 10, 2019:

- Internal Auditors – To Be Determined



Also, the following items must come before the PERA Board in 2019 as informational or action items:

April 25, 2019:

- Fiscal Year 2018 Schedule of Employer Allocations Report (Executive Session)

August 29, 2019:

- Fiscal Year 2021 Appropriation Request

To Be Determined:

- Fiscal Year 2019 Financial and Compliance Audit

The work plan will be subject to change based on the needs and the workings of the Audit and Budget Committee.



**PERA Board Of Trustees
Rules & Administration Committee
2019 Committee WorkPlan**

MARCH	12	Committee	ACTION: Approval of Draft Work Plan review of Committee Charter
	28	Board	ACTION: Approval of Work Plan

JUNE	11	Committee	ACTION : Adopt Committee Charter ACTION: Approval of Interest Rate Resolutions Review Board Policies & Procedures
	27	Board	ACTION : Approve Committee Charter

SEPTEMBER	10	Committee	Action: Board Policies and Procedures*
	26	Board	Action: Approve Board Policies and Procedures*

DECEMBER	11	Committee	Action: Board Policies and Procedures*
	11	Board	Action: Approve Board Policies and Procedures*

* Subject to the pleasure of the Committee

INVESTED IN TOMORROW.

MEMORANDUM

DATE: April 25, 2019
TO: PERA Board
FROM: Renada Peery-Galon, Administrative Services Director
SUBJECT: General Appropriation Act – Fiscal Year 2020 Operating Budget

Background

The Fiscal Year (FY) 2020 budget request was presented to the Public Employees Retirement Association (PERA) Board at its August 30, 2018 Board meeting. The total agency request was \$36,359,700, which was essentially flat from the FY19 operating budget. This included an expansion request of three exempt Investment Associate positions. The following motion was made:

“RESOLVED, that the PERA Board approve the FY20 budget request.”

The motion passed by majority [7-3] with Members French, Naranjo-Lopez and Armijo voting against the motion. PERA’s FY20 budget request went through the 2019 legislative session in House Bill 2 resulting in Laws 2019, Chapter 271, commonly known as the General Appropriation Act of 2019.

Section 6-3-7 NMSA 1978 requires state agencies to submit the annual operating budget on or before May 1st to the Department of Finance and Administration’s State Budget Division. The operating budget must be in such form as may be prescribed by the State Budget Division and containing information concerning the anticipated receipts, expenditures and balances on hand as may be prescribed by law or the State Budget Division. Operating budgets are subject to approval of the State Budget Division and no expenditures can be made by a state agency until the operating budget has been approved by the State Budget Division. In accordance with these requirements, PERA’s FY20 operating budget will be submitted on May 1st to the State Budget Division and the Legislative Finance Committee, consistent with the appropriations contained in the General Appropriation Act of 2019.

Section 4: Fiscal Year 2020 Appropriation

Laws 2019, Chapter 271, Section 4 sets forth amounts that are appropriated for expenditures in FY20. In Section 4, the Legislature appropriated and the Governor approved an operating budget for PERA totaling \$36,345,000. This included revenue of \$77,000 in general funds for Social Security



administration and \$36,268,000 for pension administration. The appropriation was based on the Legislative Finance Committee recommendation approved by the House Appropriation and Finance Committee. There was \$14,700 less in the personal services and employee benefits category than PERA’s budget request due to no appropriation for paid unused sick leave, overtime, and annual and comp paid at separation. Section 4 also included in personnel services and employee benefits \$463,200 and in other costs \$15,000 for three new Investment Associate positions. Any unexpended balances at the end of fiscal year 2020 will revert back to the general fund or PERA Fund.

Agency	FY20 Base Budget Request	FY20 Budget Request with Expansion Requests	HB2/General Appropriation Act (GAA)	\$ Difference Request and HB2/GAA	% Difference Request and HB2/GAA
Revenues					
General Fund	77.0	77.0	77.0	0.0	0.00%
Other Revenue	35,804.5	36,282.7	36,268.0	(14.7)	-0.04%
	35,881.5	36,359.7	36,345.0	(14.7)	-0.04%
Expenditures					
200	7,438.6	7,901.8	7,887.1	(14.7)	-0.19%
300	27,069.2	27,069.2	27,069.2	0.0	0.00%
400	1,373.7	1,388.7	1,388.7	0.0	0.00%
	35,881.5	36,359.7	36,345.0	(14.7)	-0.04%
FTE Positions					
	84.0	87.0	87.0	0.0	0.00%

Section 8: Compensation Appropriation

The State Budget Division will provide PERA with Op-Bud 3 operating budget input forms. The forms will include the dollar amount for the revenue and appropriation pertaining to the four percent salary increase from the General Appropriations Act of 2019.

Laws, 2019, Chapter 271, Section 8 states the following:

A. Fifty-four million four hundred fifty-eight thousand nine hundred dollars (\$54,458,900) is appropriated from the general fund to the department of finance and administration for expenditure in fiscal year 2020 to provide salary increases to employees in budgeted positions who have completed their probationary period subject to satisfactory job performance. Police officers of the department of public safety shall be exempt from the requirement to complete their probationary period. The salary increases shall be effective the first full pay period after July 1, 2019 and distributed as follows:

(4) twenty-one million six hundred eleven thousand two hundred dollars (\$21,611,200) to provide incumbents in agencies governed by the State Personnel Act, the New Mexico state

police career pay system, attorney general employees, workers' compensation judges and executive exempt employees with an increase of four percent;

D. For those state employees whose salaries are referenced in or received as a result of nongeneral fund appropriation in the General Appropriation Act of 2019, the department of finance and administration shall transfer from the appropriate fund to the appropriate agency the amount required for increases equivalent to those provided for in this section. Such amounts are appropriated for expenditure in fiscal year 2020. Any unexpended or unencumbered balances remaining at the end of the fiscal year 2020 shall revert to the appropriate fund.

Section 11: Certain Fiscal Year 2020 Budget Adjustments Authorized

Based on the expenditures and budget projection for FY19, PERA's FY20 operating budget is sufficient for the operation of the agency. Unless there is an unforeseen significant expenditure, such as a boiler that needed replacement, it is unlikely the budget adjustment authority would be utilized in FY20.

Laws 2019, Chapter 271, Section 11 states the following:

C. In addition to the specific category transfers authorized in Subsection E of this section and unless a conflicting category transfer is authorized in Subsection E of this section, all agencies, including legislative agencies, may request category transfers among personal services and employee benefits, contractual services and other.

D. Unless a conflicting budget increase is authorized in Subsection E of this section, a program with internal service funds/interagency transfers appropriations or other state funds appropriations that collects money in excess of those appropriated may request budget increases in an amount not to exceed five percent of its internal service funds/interagency transfers or other state funds appropriation contained in Section 4 of the General Appropriation Act of 2019. To track the five percent transfer limitation, agencies shall report cumulative budget adjustment request totals on each budget request submitted. The department of finance and administration shall certify agency reporting of these cumulative totals.

E. In addition to the budget authority otherwise provided in the General Appropriation Act of 2019, the following agencies may request specified budget adjustments:

(24) the public employees retirement association may request budget increases from other state funds for investment-related asset management fees and to meet emergencies or unexpected physical plant failures that might impact the health and safety of workers or visitors to the agency;

Conclusion

At the February 12, 2019 PERA Board meeting, the following motion was made:

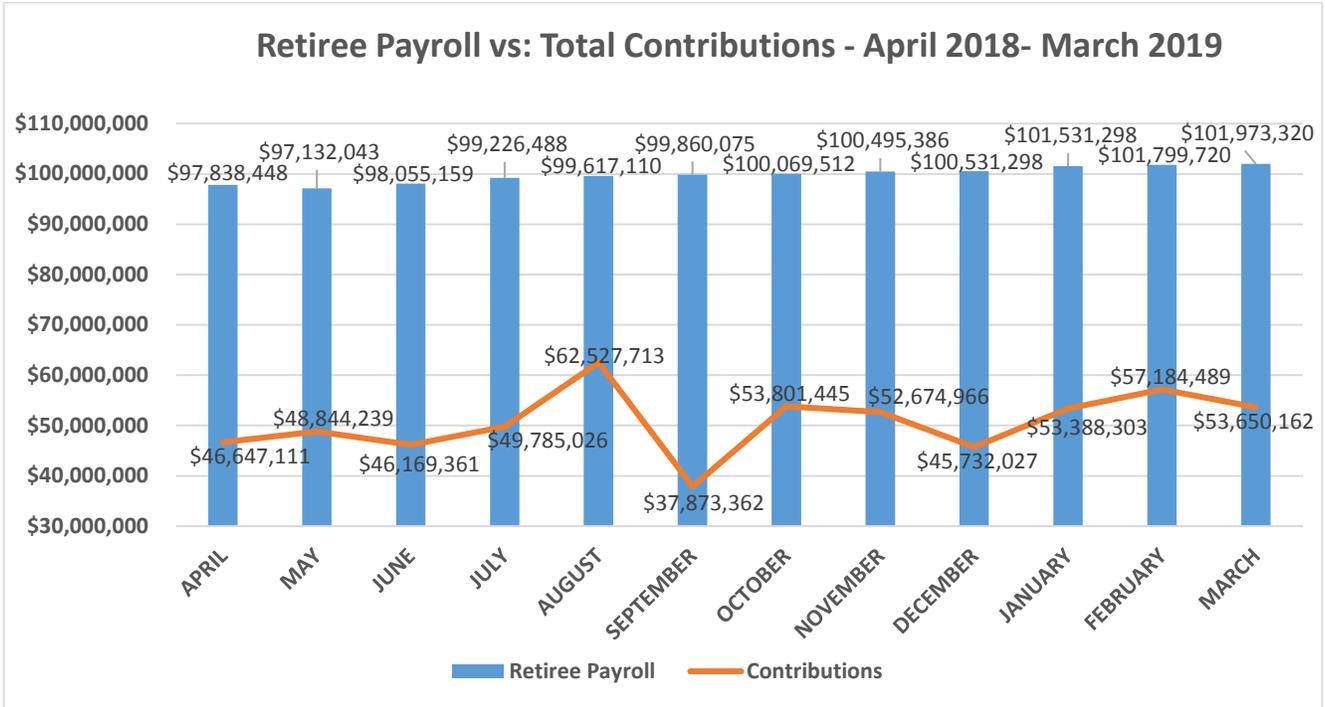
“RESOLVED, that the PERA Board temporarily suspend the Executive Director’s authority regarding promotions and raises from here forward until the investigation is complete, and in the interim these items be forwarded to the Board for deliberation in executive session.”

An amendment was made that the motion applies to **exempt** status staff currently employed by PERA or who will be offered positions from today’s date forward. The amendment passed with Member Melia voting against the amendment. The amended motion, that the PERA Board temporarily suspend the Executive Director’s authority regarding promotions and raises for exempt status staff currently employed by PERA, or who will be offered positions from today’s date forward until the investigation is completed, and in the interim these items be forwarded to the Board for deliberation in executive session, passed by [11-1] with Member Melia voting against the amended motion.

The Board’s action on February 12, 2019 pertains to exempt staff “promotions and raises.” It is unclear what the Board’s intent was regarding annual legislative salary increases provided to all state employees in the General Appropriations Act. In an abundance of caution, PERA Board approval is requested for the four percent salary increase in the General Appropriation Act of 2019. It should be noted that health insurance premiums for all state employees are expected to increase by five percent in FY20.



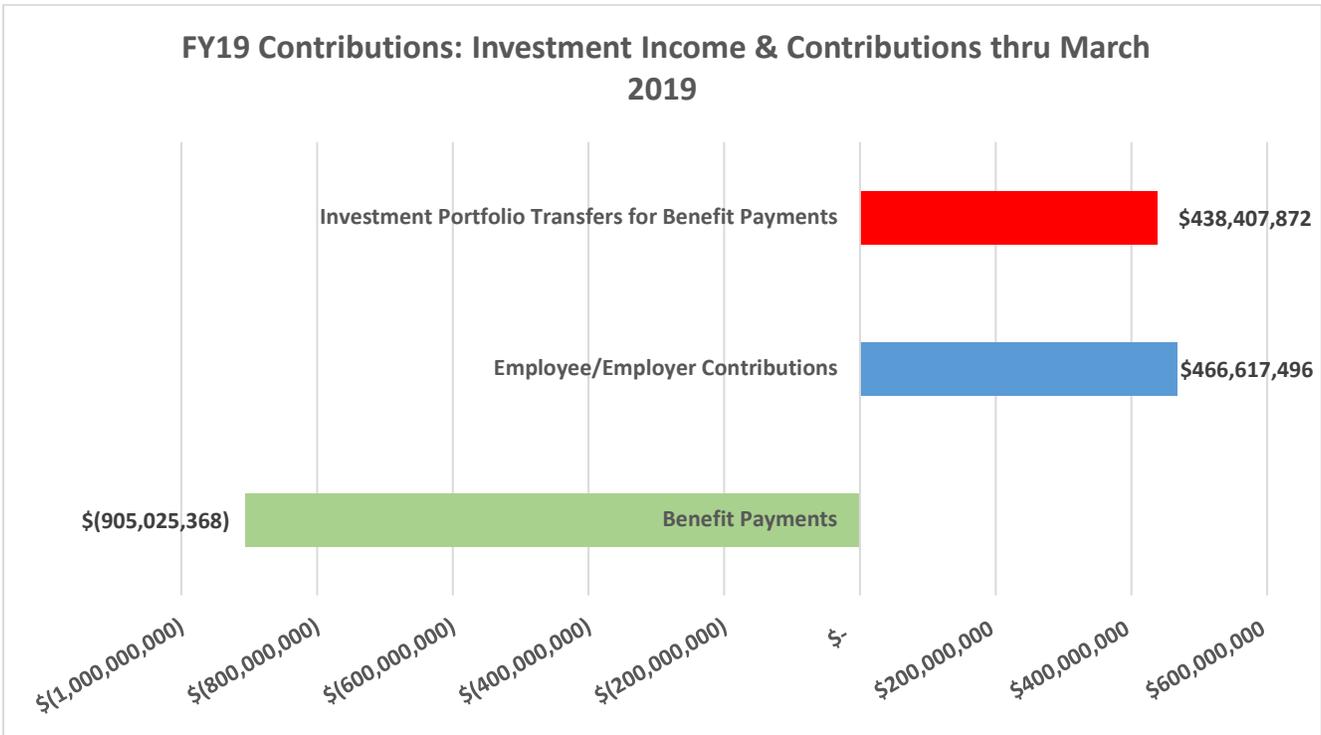
EXECUTIVE DIRECTOR'S REPORT PERA BOARD MEETING – April 25, 2019

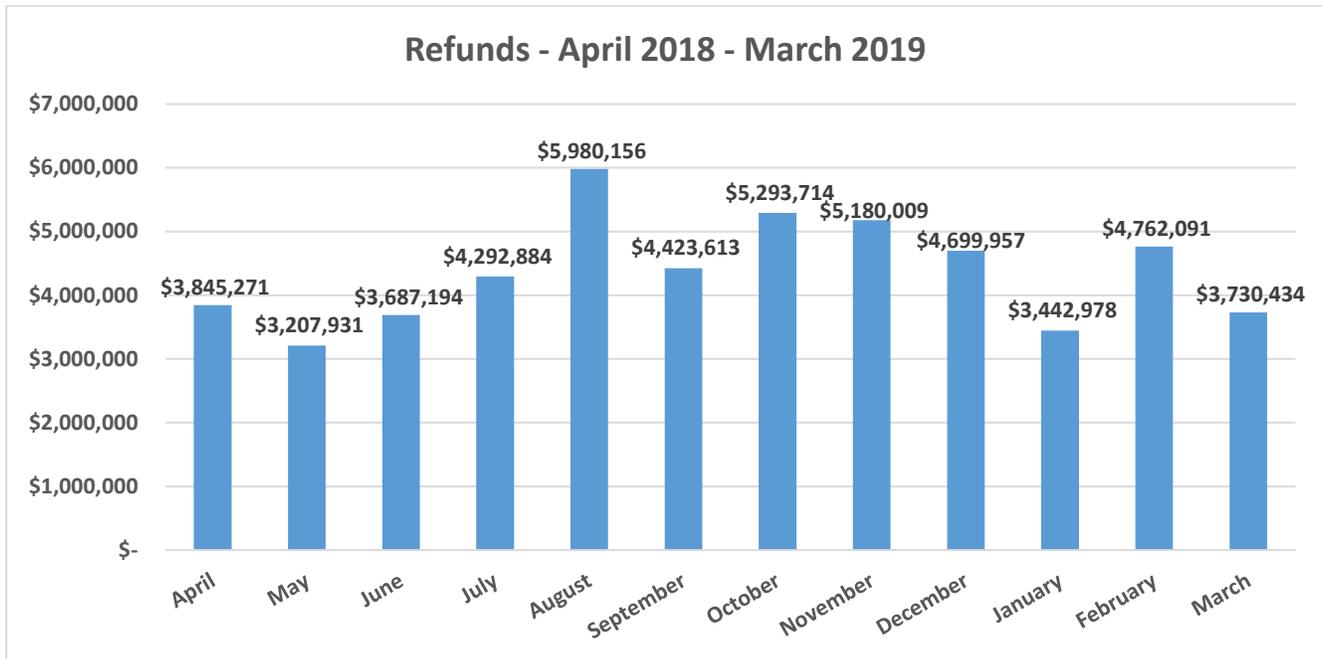


Total Retiree Payroll = \$1,198,129,857

Total Contributions: \$608,278,204

**** Due to adjustments to Employer reports contributions amounts are subject to change**





**** Total Refunds Paid during this period was \$41,805,839**

VACANCY REPORT			
Position	Division	Date Vacated	Status
IT End User Support I	Information Technology	9/8/2018	ON HOLD
Accountant & Auditor – O	Contribution Accounting	12/15/2018	ON HOLD
Attorney IV	Legal	4/8/2019	Posted continuously
IT End User Support III	Information Technology	4/22/2019	Pending Posting

PERA has 84 authorized FTE and currently has 4 vacancies

ADDITIONS/DEPARTURES/PROMOTIONS			
Employee	Position/Division	Date Started/Vacated	Status
Joel Sanchez	IT Administrator III	3/23/2019	Promotion
Dana David	Assistant General Counsel	4/5/2019	Departure
Misty Schoeppner	Deputy General Counsel	4/8/2019	Promotion
Miranda Montoya	IT Administrator II	4/22/2019	Promotion
Alison Bradley	Business Operations/Records	4/22/2019	New Hire

MEMBER OUTREACH			
Date	Outreach Officer	Location/Employers	Type
4/2/2019	Christina Perea	Los Alamos County	New Employee Seminar
4/8/2019	Christina Perea	City of Santa Fe	New Employee Seminar
4/10/2019	Christina Gauthier	City of Albuquerque	Informational Seminar
4/10/2019	Christina Perea	PERA – Santa Fe	Informational Seminar
4/11/2019	Christina Gauthier	PERA – Albuquerque	Informational Seminar
4/22/2019	Christina Perea	City of Santa Fe	New Employee Seminar
4/26/2019	Christina Perea	Santa Fe County	Informational Seminar

PERA SmartSave Items of Interest – April 2019			
County by Region	Group Presentations	Individual Meetings	Benefits Fairs
<i>North</i>			
Colfax	2	2	
San Juan	3	4	
Santa Fe	11	23	
Taos	2	4	
<i>Central</i>			
Bernalillo	18	10	
<i>South</i>			
Chaves	3	2	
Dona Ana	2	1	
Grant	5	3	
Sierra	3		
Socorro	4	9	
SmartSave Assets as of 3/31/2019 - \$623,191,585			
SmartSave Participants as of 3/31/2019 - 22,602			

March 2019 AIR TIME PURCHASES	
Plan Type	No. of Purchases
State Plan 3	8
Municipal Plan 2	2
Municipal Plan 3	9
Municipal Plan 4	0
Municipal Fire Plan 5	2
Municipal Police Plan 4	0
Municipal Police Plan 5	2
State Police/Corrections Plan	0
Judicial Plan	0
TOTAL:	23

March 2019 AIR TIME PURCHASES	
No. of Months	No. of Purchases
1	5
2	2
3	1
4	1
5	1
6	2
7	1
8	1
9	1
10	1
11	0
12	7
TOTAL:	23

Independent Contracts Reviewed	
Entity	# of Contracts Reviewed
	March 2019
NM Legislative Finance Committee	1
NM Taxation & Revenue Department	1
NM Medical Board	1
Village of Los Lunas	1
Total:	4
Contracts reviewed, but not in pay status	
NM Office of the State Engineer	1
NM Educational Retirement Board	1
NM Developmental Disabilities Planning Council	1
Total:	3
Total of all Contracts reviewed:	7