

**NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
BOARD MEETING**

Thursday, February 25, 2021

1. Call to Order

This monthly meeting of the Public Employees Retirement Board was held on the date cited above via Zoom Tele/videoconferencing. Francis Page, Acting Chair, called the meeting to order at approximately 9:06 a.m.

2. Pledge of Allegiance

Shirley Ragin led the pledge of allegiance.

3. Roll Call

Meeting attendance met quorum, with the following members present:

Board Present:

Francis Page, Acting Chair
Lawrence Davis
Tim Eichenberg
Paula Fisher
John Melia
Loretta Naranjo Lopez
Steve Neel
Shirley Ragin
Roberto Ramirez
Diana Rosales Ortiz
David Roybal
Maggie Toulouse Oliver

Staff Present:

Greg Trujillo, Acting Executive Director
Susan Pittard, General Counsel
Trish Winter, Executive Assistant
Kristin Varela, Deputy CIO
LeAnne Larranaga-Ruffy, Co-Head of Alpha
Anna Williams, ASD Director/CFO
Misty Schoepner, Deputy General Counsel
Dominic Garcia, CIO
Marlena Riggs, Budget Director
Geraldine Garduno, Assistant General Counsel
Karyn Lujan, SmartSave Plan Manager
Frank Mihail, Portfolio Manager
Jessica Perea, IT
Isaac Olayoye, Investments

Others Present:

Tom Toth, Wilshire Consulting
Charlie Marquez, Broad Spectrum Consulting
Cait Gutierrez, REDW
Cholla Koury, Assistant AG

4. Approval of the Agenda

Steve Neel moved to approve the agenda. Lawrence Davis seconded the motion.

The motion to approve the agenda passed by a roll call vote as follows:

Francis Page, Acting Chair	Yes
Lawrence Davis	Yes
Tim Eichenberg	Yes
Paula Fisher	Yes
John Melia	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Diana Rosales Ortiz	Yes
David Roybal	Yes
Maggie Toulouse Oliver	Yes

5. Approval of Consent Agenda

Loretta Naranjo Lopez requested moving the February 9th minutes out of the Consent Agenda to Item 6 (B).

Ms. Naranjo Lopez moved to approve the Consent Agenda as amended. Diana Rosales Ortiz seconded the motion. The motion passed by a roll call vote as follows;

Francis Page, Acting Chair	Yes
Lawrence Davis	Yes
Tim Eichenberg	Yes
Paula Fisher	Yes
John Melia	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Diana Rosales Ortiz	Yes
David Roybal	Yes
Maggie Toulouse Oliver	Yes

6. Unfinished Business

A. Election of 2021 Board Officers

1. Board Chair Election.

Acting Chair Page called out the three nominees David Roybal, Paula Fisher, and Loretta Naranjo Lopez, and gave them each one minute to make speeches.

Ms. Naranjo Lopez reiterated that she is the most qualified member of the Board to be Chair as the senior of the Board and has the best qualifications and knowledge of investment. She stated that the Board is still dealing with \$6 billion unfunded liability and that [they] are not making any money or investments. She indicated that she would like to see some changes and would commit as much time as she can to the Board. She asked for the members' support and vote.

Ms. Fisher also reiterated her previous statements and stated that she has the leadership to lead the Board in a positive direction. She emphasized the importance of being professional and respecting one another. She further stated that they need to work and collaborate first.

Ms. Fisher indicated that the Board needs to look at investments because the education training had highlighted that out of 165 accounts with managers and set benchmarks, only 73% were beating the benchmarks. Ms. Fisher stated that they need to look at risk tolerance and ensure that they have strategic asset allocations in place for the portfolios to work towards positive returns.

Mr. Roybal also reiterated his statements on spending more time on investments. He concurred with Ms. Naranjo Lopez that the Board needs to start pushing on investments. He stated that he would work as a leader, as a team member, and as the chairman to help steer the Board in a positive direction. He further stated that by choosing him as chair, the Board can be very successful this year.

Acting Chair Page called for a roll call vote to elect the Board Chair.

Francis Page, Acting Chair	Paula Fisher
Lawrence Davis	David Roybal
Tim Eichenberg	Paula Fisher
Paula Fisher	Paula Fisher
John Melia	David Roybal
Loretta Naranjo Lopez	Loretta Naranjo Lopez
Steve Neel	David Roybal
Shirley Ragin	David Roybal
Roberto Ramirez	Paula Fisher
Diana Rosales Ortiz	Paula Fisher
David Roybal	David Roybal
Maggie Toulouse Oliver	David Roybal

Majority vote of 7 was not achieved. David Roybal – 6 votes, Paula Fisher – 5 votes, Loretta Naranjo Lopez – 1 vote.

The Secretary of State commented on the voting process and proposed that the candidates come to a consensus so that the Board can move forward. She acknowledged that Acting Chair Page was serving admirably in the role but reiterated that a consensus by the candidates might be helpful.

Ms. Rosales Ortiz agreed and proposed moving Francis Page to Board Chair because he had shown commitment to the position of Chair.

Ms. Naranjo Lopez questioned the ability of the Board to act on that item according to the agenda. General Counsel, Susan Pittard stated that there can be a nomination from the floor for Board Chair, which is listed on the agenda, and then they can vote on it. They cannot vote on Vice-Chair as it is not on the agenda.

Ms. Rosales Ortiz nominated Francis Page for Board Chair. Acting Chair Page indicated how he would run the PERA Board as Chair and outlined his priorities.

Acting Chair Page asked for a roll call vote. It was discussed that the members have to revote all the four candidates since Acting Chair Page was just another candidate. Tim Eichenberg stated his disagreement with that point.

Ms. Pittard explained that no one was prepared for this process and suggested that all four candidates be nominated and have another vote. She stated that it was at the Board's discretion how they want to deal with it.

Ms. Naranjo Lopez reiterated what the Secretary of State had suggested about the nominees coming to a consensus. Mr. Davis stated that according to Board policies and procedures, the members should vote on the four nominations for the individual they think is the best.

A roll call vote was done. The Majority vote of 7 was not achieved. Paula Fisher-3, David Roybal-6, Loretta Naranjo Lopez-1, Francis Page-2.

Francis Page, Acting Chair	Francis Page
Lawrence Davis	David Roybal
Tim Eichenberg	Paula Fisher
Paula Fisher	Paula Fisher
John Melia	David Roybal
Loretta Naranjo Lopez	Loretta Naranjo Lopez
Steve Neel	David Roybal
Shirley Ragin	David Roybal
Roberto Ramirez	Paula Fisher
Diana Rosales Ortiz	Francis Page
David Roybal	David Roybal
Maggie Toulouse Oliver	David Roybal

B. Items removed from Consent Agenda if necessary- Minutes of February 9, 2021

Ms. Naranjo Lopez moved to amend the February 9th minutes. She felt the verbiage on several items did not reflect her words. Acting Chair Francis Page seconded the motion.

Mr. Davis asked if the changes would be accurate because the Board meetings are recorded and what is reflected in the minute is what happened.

Ms. Pittard explained that per the Board policy, the minutes are not verbatim. If they wanted them to be verbatim, they would have to ensure that what is being asked to be put in the minutes is accurate.

The motion to approve the February 9th Special Board Meeting minutes as amended passed with a roll call vote as follows;

Francis Page, Acting Chair	Yes
Lawrence Davis	Yes
Tim Eichenberg	Yes

Paula Fisher	Yes
John Melia	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Diana Rosales Ortiz	Yes
David Roybal	Yes
Maggie Toulouse Oliver	Yes

7. New Business

B. Consideration of 2021 Legislation

1. HB 277 - Public Retiree Beneficiary Designation; Rep. Jason Harper

Greg Trujillo, Acting Executive Director, reported on legislation pertaining to PERA and stated there was not much movement on bills the Board had already taken action on. He appreciated Mr. Roberto Ramirez for his leadership on House Bill 162 and stated that it was tabled yesterday in House State Government.

Mr. Trujillo reported that there is a potential amendment to Senate Bill 90. He stated that it has not been introduced yet but he will brief the Board as soon as it is.

Mr. Trujillo also reported that there are two new items that the Board should take position on. The first is House Bill 277 introduced by Representative Harper. The bill expands options for a member to deselect the beneficiary after retirement. He stated that there is no fiscal impact but one issue with the bill that the sponsor made with staff's recommendations.

Mr. Trujillo stated they have no issue with the bill and requested that the Board take an official stance on it.

Ms. Naranjo Lopez inquired about the cost of changing the beneficiary and asked if it can be waived.

In response, Mr. Trujillo stated that that cost is in statute and is intended to offset PERA's costs. He explained that once someone retires, PERA must go back and recalculate the benefits with the actuaries. It is difficult once somebody is already taking benefit to discount that benefit going forward. That is the \$100 cost. The bill does not call for a waiving of that fee.

Maggie Toulouse Oliver moved to support the bill. Ms. Rosales Ortiz seconded the motion.

The motion to support House Bill 277 passed by a roll call vote as follows;

Francis Page, Acting Chair	Yes
Lawrence Davis	Yes
Tim Eichenberg	Yes
Paula Fisher	Yes
John Melia	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Shirley Ragin	Yes

Roberto Ramirez	Yes
Diana Rosales Ortiz	Yes
David Roybal	Yes
Maggie Toulouse Oliver	Yes

2. SB 403 - Emergency Dispatchers as Police Under PERA; Sen. David Gallegos

Mr. Trujillo reported that Senate Bill 403 moves dispatchers at the State level into the State Police Plan 1. It also moves dispatchers at the municipal level into the Municipal Police Plan 5. He stated that they had received no data on how big the population is, who the members are, or what the salaries are making it impossible to calculate the financial impact on this bill.

Mr. Trujillo reported that PERA has had no outreach from the legislation’s sponsor. He further stated that the bill came up before his time at PERA and he saw no way to support it without having an accurate fiscal impact or any outreach on it. He recommended that the Board not support the bill at this time.

Mr. Davis moved to oppose Senate Bill 403. Mr. Neel seconded the motion.

The motion to oppose SB 403 passed by a roll call vote as follows:

Francis Page, Acting Chair	Yes
Lawrence Davis	Yes
Tim Eichenberg	Yes
Paula Fisher	Yes
John Melia	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Diana Rosales Ortiz	Yes
David Roybal	Yes
Maggie Toulouse Oliver	Yes

3. Possible additional Legislation

Mr. Trujillo reported that the timeframe has passed to introduce new legislation and there is only 24 days left during the session. He will continue to monitor and update the Board on all legislation with an impact to PERA.

8. C. Executive Director Hiring Process

1. Approval of Executive Director Job Description

Mr. Davis thanked Acting Chair Page for compiling the description and stated that he had a few corrections. He felt that they should all work together on it and acknowledged that it was a good first draft.

Ms. Naranjo Lopez stated she felt it should be an advanced professional degree for the position and the experience should be 10 years of increasingly responsible management experience, including 5 years of demonstrated strength in essential responsibilities and duties.

Ms. Rosales Ortiz agreed that the executive director hiring process should be revised further. She stated that Ms. Naranjo Lopez's recommendations sounded good and suggested that the Board leave the review for the next time.

Mr. Neel also acknowledged that the draft and the recommendations are good. He was in support of reviewing the job description further.

Ms. Ragin also agreed that more time needs to be put into it. She suggested that they work with the State Human Resources Department because there are similar types of positions. She noted that there'll be varying qualifications but certain things are uniform for those levels of positions.

Ms. Fisher proposed that the committee for the executive director meet and discuss the changes and recommendations that Board members have.

Mr. Pittard informed the Board that PERA's human resource manager is available to work with the Board regarding GOVX hiring requirements. She stated that this is a GOVX position so it's different from state personnel classified positions.

With regard to who should work on the executive director job description, Ms. Pittard stated that that was up to the Board and they could assign it to the Rules and Administration Committee. She stated that the Ad-Hoc Executive Director Search Committee doesn't have a charter so it is not directly within their purview.

Mr. Davis moved to defer this to the March Board meeting. He also concurred with Ms. Pittard that it should remain with the full board, sending it to a subcommittee might delay the process.

Ms. Rosales Ortiz seconded the motion.

Acting Chair Page asked Mr. Davis if he would agree to amend his motion and have the job description go to the Rules and Administration Committee in two weeks and then have it go to the full Board in a month.

Mr. Davis stated that he would like to get the job advertisement out as soon as possible and would therefore not be willing to amend his motion. Acting Chair Page pointed out that it would go to the full Board at the end of the month. Ms. Fisher, Chair of Rules and Administration Committee, said the Committee is able to work on the job description and have it completed by the March Board meeting.

Mr. Davis amended his motion and moved to send the job description for the executive director to the Rules and Administrative Committee and then to the full Board in March. Ms. Rosales Ortiz seconded the motion.

The motion passed by a roll call vote as follows;

Francis Page, Acting Chair	Yes
Lawrence Davis	Yes
Tim Eichenberg	Yes
Paula Fisher	Yes
John Melia	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Diana Rosales Ortiz	Yes
David Roybal	Yes
Maggie Toulouse Oliver	Yes

2. Approval of Salary Range for Executive Director Position

Acting Chair Page stated that there are four options for the salary ranges, a, b, c, and d. He read out each of the four options as follows;

- a. Leave pay range at 42.
- b. Increase range to 70 and compare it to ERB.
- c. Increase range to 44 through 60.
- d. Pay \$1,000 for a NASRA Comparative Study.

General Counsel Pittard stated that the current position at ERB is a range of 70. She reported that ERB Board Executive Director has recently resigned therefore they will also be advertising for an executive director. She indicated that if both of the pension systems are advertising nationally at the same time, PERA will have a disparate pay scale if they don't reclassify the current executive director position. Currently, it is at 42.

Mr. Neel stated option D would allow them to look at comps and questioned the length of time to get that study done. Ms. Pittard said that she did not have that information and was not sure what the commitment to NASRA for that study would be. She reported the information provided to the Board in the current NASRA study shows PERA salary range is in the 25th percentile.

Ms. Naranjo Lopez wondered if the Board could do a flat line of \$100,000 and then give an incentive if they meet the hurdle rate of 7.25%.

Ms. Pittard pointed out that under the current law, the Board cannot pay an incentive fee to employees.

Mr. Davis, Ms. Rosales Ortiz and Ms. Toulouse Oliver each stated their support in increasing the pay band to ensure PERA can compete with ERB and potentially the private sector to get the best people.

Mr. Neel moved to adjust the pay band for the Executive Director position to Pay Band 70. Mr. Davis seconded the motion. The motion to adjust to Pay Band 70 passed by a roll call vote as follows;

Francis Page, Acting Chair	Yes
Lawrence Davis	Yes
Tim Eichenberg	Yes
Paula Fisher	Unheard
John Melia	Yes
Loretta Naranjo Lopez	No
Steve Neel	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Diana Rosales Ortiz	Yes
David Roybal	Yes
Maggie Toulouse Oliver	Yes

Ms. Naranjo Lopez felt that the director should meet the hurdle rate and that going from 42 to 70 is too high.

3. Approval of Timeline for Executive Director Search

Ms. Naranjo Lopez questioned advertising in disagreed Pension and Investments.

Ms. Rosales Ortiz asked if staff could provide a list of alternative ways to announce the position. In response, Mr. Trujillo explained that in the industry, NASRA and P&I are the premier publications where these types of postings are advertised, he would however, provide a comprehensive list for the Board.

Mr. Davis moved to accept the timeline with possible changes. Mr. Neel seconded the motion. The motion passed by a roll call vote as follows;

Francis Page, Acting Chair	Yes
Lawrence Davis	Yes
Tim Eichenberg	Yes
Paula Fisher	Unheard
John Melia	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Diana Rosales Ortiz	Yes
David Roybal	Yes
Maggie Toulouse Oliver	Yes

4. Appointment of Ad Hoc Executive Director Search Committee/ 5. FY22 Operating Budget Impact of Executive Director Hire

Anna Williams, ASD Director/CFO, reported there would be no impact on the fiscal year 2022 appropriation requests as the former director was factored into that budget request.

Ms. Williams reported that currently, there's a 5% vacancy savings built into the FY 22 appropriation request. Ms. Williams pointed out that if the Board gets to the end of this fiscal year without hiring an executive director, and they go into FY 22, they may have to do a bar increase.

Ms. Toulouse Oliver stated the schedule the Board had just approved will ensure they hire before the end of the fiscal year.

7.D Chief Investment Officer's Report

Dominic Garcia reported on a good and thorough Investment Committee earlier in the week. Mr. Garcia reported there had also been an education session for members. The education session included two topics; a review of the strategic goals and the approaches to meet those goals.

Mr. Garcia also reported that the PERA fund continues to hit all-time highs. The latest estimate for the AUM of the fund shows that it is roughly at 16.6 billion.

Mr. Davis requested the full Board see the slide presentations from the Investment Committee in the future, it would be beneficial so that all Board members can be on the same page.

Ms. Rosales Ortiz asked whether all Board members could attend the Investment Committee. In response, Mr. Garcia stated yes, they had sent invites to all the Board members to attend particularly for the education session.

Ms. Rosales Ortiz also confirmed that in addition to the invitation being open for all Board members, Mr. Garcia is also available to answer any questions for members interested to follow up. Mr. Garcia stated that he is always open and the members have his numbers.

Ms. Naranjo Lopez wondered why that particular meeting was scheduled two days before the Board meeting and asked Mr. Garcia to explain. Mr. Neel explained that the reason for scheduling it on Tuesday is that it ran for about three hours and he did not want to overwhelm the Board on a regular Board meeting day. He encouraged more participation at the Investment Committee.

Mr. Garcia echoed Mr. Neel's comments that having the Investment Committee separate from the Board is beneficial because there are fewer time constraints. He also agreed that the discussion was productive and that combining it with the Board meeting would limit it.

7.E. Executive Director's Report.

Mr. Trujillo reported in January, PERA sent out 45,000 annual 1099s. He stated that it was a relatively early timeframe as they were sent out in mid-January. The early timeframe ensures that they lessen the burden on the call center with people calling to ask when they are going out.

Mr. Trujillo also reported that February is a short month so the retiree payroll is going to hit tomorrow. About \$110.4 million was paid out in January. February is just under \$111 million.

Mr. Davis recognized those who had been promoted and congratulated them.

Board Recessed to Executive Session NMSA 1978, §10-15-1 (H) (7)

In re WageWorks, Inc., Securities Litigation, Case No. 4:18-CV-01523- JSW

Board reconvened to Regular Session

Members present:

Francis Page, Acting Chair
Lawrence Davis
Tim Eichenberg
John Melia
Loretta Naranjo Lopez
Steve Neel
Shirley Ragin
Roberto Ramirez
Diana Rosales Ortiz
David Roybal
Maggie Toulouse Oliver

7. F. Approval of Proposed Settlement In re WageWorks, Inc., Securities Litigation, Case No. 4:18-CV-01523-JSW

Mr. Roberto Ramirez moved to approve a \$30 million settlement. Mr. Davis seconded the motion. The motion passed by a roll call vote as follows;

Francis Page, Acting Chair Yes

Lawrence Davis	Yes
John Melia	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Diana Rosales Ortiz	Yes
David Roybal	Yes
Maggie Toulouse Oliver	Yes

7.G. Trustee Reports on Educational Conference Attendance

Acting Chair Page reported that both he and Ms. Rosales Ortiz attended the NCPERS Fall Virtual Conference. He briefed the Board on what took place at the conference.

Ms. Rosales Ortiz reported that the conference was valuable. There were interactions where questions were answered in real-time. She was also happy to hear about how the COVID vaccine is going to change the dynamics of the market. She stated that the changes haven't been seen in the first quarter yet but will be seen as time goes by. She also thanked the Board for giving her that opportunity to attend the session.

9. Public Comment.

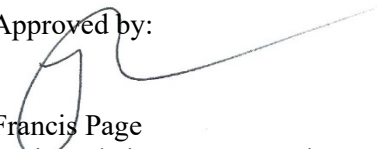
There was no public comment.

Mr. Davis stated that the Rules and Administrative committee should have a policy, before taking public comments, that establishes how, who, what, and when the comments are going to be taken. He felt that that is high priority and offered to send an initial draft to Ms. Fisher.

10. Adjournment.

Acting Chair Page declared the meeting adjourned at 11:24 AM.

Approved by:


Francis Page
Acting Chair, PERA Board

ATTEST:


Greg Trujillo, Acting Executive Director

Exhibits attached.