

NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
MONTHLY BOARD MEETING

November 19, 2015

This meeting of the Public Employees Retirement Board was called to order by Patricia French, Chair, at approximately 11:05 a.m. on the above-cited date at the PERA Building, Fabian Chavez, Jr. Board Room, 33 Plaza La Prensa, Santa Fe, New Mexico.

1.& 2. ROLL CALL

The Pledge occurred at the Investment Committee meeting. Executive Director Wayne Propst called roll and a quorum was established with the following members present:

Members Present:

Patricia French, Chair - Municipal
Stewart Logan, Vice Chair - County
Dan Mayfield – Retiree [early departure]
Tim Eichenberg- *Ex-officio* [arrives at 1 p.m.]
Dan Esquibel - Municipal
Jackie Kohlasch – State
Louis Martinez - Municipal
Loretta Naranjo Lopez - Retiree
John Reynolds - State
Paula Fisher – State

Member(s) Excused:

[One *Ex-officio* Vacancy]
Roman Jimenez – State

Staff Present:

Wayne Propst, Executive Director
Susan Pittard, Chief of Staff/General Counsel
Jonathan Gabel, Chief Investment Officer
Greg Trujillo, Deputy Director
Danna Varela, Executive Assistant
Karen Risku, Deputy General Counsel
Renada Peery-Galon, ASD Director
Jude Perez, Deputy CIO
Natalie Cordova, Chief Financial Officer
LeAnne Larrañaga-Ruffy, Portfolio Manager
Mark Montoya, Financial Analyst
Kristen Varela, Portfolio Manager
Emily Lopez, Financial Specialist

Others Present:

Jamie Feidler, Cliffwater
Tom Toth, Wilshire
Robert Merriman
Judy Olson, PERA Retiree
J. Maxon, SJFD
T. Hughes, PERA

3. APPROVAL OF AGENDA

Chair French requested the following changes to the agenda: Item 5. B. to occur before 5 A. and Investment Committee items 5.D. to follow 5. A.

Mr. Reynolds asked why the interview and selection for the State Board member was occurring today rather than December 8th as noted on the timeline. Chair French responded that she was unaware of the December 8th date and selection was occurring today because of the holidays. She added that she discussed this with a couple of Board members and staff before setting the date.

Mr. Logan introduced the following motion:

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

Ms. Fisher seconded and the motion passed without opposition.

4. APPROVAL OF CONSENT AGENDA

[Exhibit 1: Consent Agenda]

Mr. Esquibel introduced the following motion:

“RESOLVED, that the PERA Board approve the consent agenda.”

Mr. Logan seconded and the motion passed by unanimous voice vote.

5. CURRENT BUSINESS

A. Certificate of Appreciation – Judy Olson, retirement

Chair French thanked Judy Olson for her years of service to PERA. Noting Ms. Olson was retired, and in attendance today to ensure the meeting runs smoothly and assist the new Executive Assistant Danna Varela, Chair French said that further demonstrates Ms. Olson’s exemplary service to PERA.

The Board presented Ms. Olson with a key that says, “Thank you for 27 years of dedicated service to PERA and members. This will always be your home. November 10, 2015.”

The Board members thanked Ms. Olson and recognized her for her kindness, professionalism, competence and unvarying willingness to provide assistance.

Mr. Propst said his goodbyes were conveyed to Ms. Olson at the staff luncheon where she was presented tickets to a Dallas Cowboys game. Chair French then presented Ms. Olson with a gift certificate for dinner in Dallas from the Board.

Ms. Olson received a round of applause and photos were taken.

- B. Action Item: Alternative Asset Recommendation for Approval, to be Funded According to the Cash Plan and Subject to Legal Review by General Counsel**
- 1. Recommendation to Commit up to \$65 Million to Carlyle Power Partners II, LP**

Mr. Mayfield said this item was discussed during the Investment Committee meeting earlier this morning where a motion was made to recommend approval to the Board. He introduced the following motion:

“RESOLVED, that the PERA commit up to \$65 million to Carlyle Power Partners II, LP, subject to legal review.”

Chair French seconded and the motion passed by unanimous voice vote.

- 2. Recommendation to Commit up to \$85 Million to Warburg Pincus Private Equity XII, LP**

Mr. Mayfield said this item was also discussed during the Investment Committee meeting earlier this morning where a motion was made to recommend approval to the Board. He introduced the following motion:

“RESOLVED, that the PERA commit up to \$85 million to Warburg Pincus Private Equity XII, LP, subject to legal review.”

Ms. Fisher seconded and the motion passed by unanimous voice vote.

- C. Executive Session**
- 1. Presentation of Draft 2015 Annual Audit Report under NMSA 1978, Section 12-6-5**
 - 2. Attorney Report/Administrative Appeals**
The Board will go into Executive Session under NMSA 1978, Section 10-15-1(H)(3) to discuss these items:
 - a. Lawrence Otero**

Mr. Logan moved to go into Executive Session pursuant to NMSA 1978, Section 12-6-5 and Sections 10-15-1(H) (3). His motion was seconded by Ms. Fisher and passed by unanimous roll call vote:

Patricia French	Aye
Stewart Logan	Aye
Dan Mayfield	Aye
Dan Esquibel	Aye
Roman Jimenez	Excused
Jackie Kohlasch	Aye
Louis Martinez	Aye
Loretta Naranjo Lopez	Aye
John Reynolds	Aye
Paula Fisher	Aye
<i>Ex-officio</i> Vacancy	
Tim Eichenberg	Excused

[The Board met in Executive Session from 11:25 a.m.-12:50 p.m.]

Ms. Fisher moved to return to open session and Mr. Esquibel seconded. The motion passed by unanimous roll call vote as follows:

Patricia French	Aye
Stewart Logan	Aye
Dan Mayfield	Excused
Dan Esquibel	Aye
Roman Jimenez	Excused
Jackie Kohlasch	Aye
Louis Martinez	Aye
Loretta Naranjo Lopez	Aye
John Reynolds	Aye
Paula Fisher	Aye
<i>Ex-officio</i> Vacancy	
Tim Eichenberg	Excused

Chair French announced that the only items discussed during executive session were those listed on the agenda.

Action Item: Action Regarding Attorney Reports

Mr. Martinez introduced the following motion:

“RESOLVED, that in the matter regarding Lawrence Otero, PERA #133616, the Board adopt the Hearing Officer’s recommended findings of fact and conclusions of law, as amended by the Hearing Officer’s response to the claimant’s exceptions and supplemented Hearing Officer’s recommended decision and approve the Hearing Officer’s recommended decision and deny Mr. Otero’s appeal. The Board also recommends that Mr. Otero reapply based on his additional medical conditions.” [*Exhibit 2: Final Order re: Lawrence Otero*]

Ms. Fisher seconded and the motion passed by majority [7-1] voice vote with Ms. Naranjo Lopez voting against.

C. Rules & Administration:

Action Items: Approval of Action Taken at November 10, 2015 Rulemaking Hearing

Public Employees Retirement Rules

2.80.200 NMAC Organization and Operation of the Public Employee Retirement Board

2.80.2100 NMAC Member Contributions

Rules & Administration Committee Chair Esquibel introduced the following motion:

“RESOLVED that the PERA Board approve the action taken at the 11/10/15 Rulemaking Hearing regarding NMAC rules 2.80.200 and 2.80.2100.”

Ms. Kohlash seconded and the motion passed by unanimous voice vote.

E. Executive Director’s Report

Mr. Propst advised the Board that management would be attending PERA’s FY17 budget hearing today. He reported on the following:

- There may be an IPOC meeting scheduled in December
- Senior staff invites the Board to join them for a holiday breakfast December 8th

The Board recessed for 15 minutes during which time Treasurer Eichenberg arrived.

F. Interview of Applicants for the State Board Member Position

Chair French outlined the procedures for the interview process as follows:

- The applicants will wait in the reception area and appear one at a time before the Board
- The applicants will be afforded five minutes to provide introductory comments
- The Board members may only ask the same question of each applicant

The following questions were asked of each applicant:

- What is your strongest strength you have to offer the PERA Board?
- Explain your understanding of the difference between a defined contribution and a defined benefit plan
- Explain your experience and commitment in running for this Board position and/or why you chose not to run in the past
- What is your definition of a fiduciary?
- Tell of a time where you felt uncomfortable or you made a fellow co-worker feel uncomfortable; what was the issue and how did you resolve it?

Chair French thanked each applicant as then appeared for the interview for their interest in serving on the PERA Board.

The first applicant, Henrich Edimo, said he has a strong desire to serve the State of New Mexico. He provided a history of his employment and educational achievements noting he holds an MBA in government finance and currently serves as a senior auditor with the PRC as he completes his PhD.

Mr. Edimo said he would be a great asset to the Board given his experience and accomplishments in financial and investment analysis, auditing, and other financial controls. He responded to the questions listed above and the Board thanked him for his interest.

Galen Garcia introduced himself as a native New Mexican who went to high school in Albuquerque and graduated UNM. Mr. Garcia said he has worked extensively in state government throughout his career in Taxation & Revenue, SLO, Economic Development Department and currently works with Children, Youth and Family Department.

Mr. Garcia said he has always wanted to serve on the PERA Board and lauded the Board for directing the fund's recovery. He responded to the questions listed above and the Board thanked him for his interest.

The final applicant, Cathy Townes introduced herself as an Ohio State University graduate currently working as compliance officer with the Office of Superintendent of Insurance. She said she has always worked in the regulatory process with the best interest of the state's consumers in mind. She reviews health insurance plans for the State and in that capacity she reviews for compliance.

If selected, Ms. Townes said she would serve in the best interest of membership on this Board and utilize her professional experience. She responded to the questions listed above and the Board thanked her for her interest.

G. Action Item: Selection of State Member to Fill Board Vacancy

Treasurer Eichenberg stated that as an elected public board blind ballots should not be used.

Promoting transparency, Chair French called for nominations.

Mr. Esquibel nominated Cathy Townes.

Ms. Kohlasch nominated Henrich Edimo.

Ms. Townes was declared the winner receiving six votes and Mr. Edimo receiving three votes. Ms. Townes will be administered the oath of office at the next meeting.

It was noted that the three candidates were excellent.

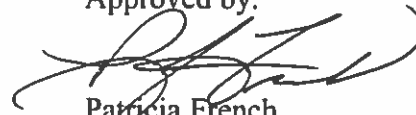
6. OTHER BUSINESS

None was offered.

7. ADJOURNMENT

Having completed the agenda and with no further business to come before the Board, Chair French declared this meeting adjourned at 2:10 p.m.

Approved by:



Patricia French
Chair, PERA Board

ATTEST:



Wayne Propst, Executive Director

Attached Exhibit:

Exhibit 1: Consent Agenda

Exhibit 2: Final Order re: Lawrence Otero