

MINUTES OF THE NEW MEXICO

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

RULES & ADMINISTRATION COMMITTEE MEETING

April 12, 2016

This meeting of the Public Employees Retirement Board Rules & Administration Committee was called to order by Committee Chair Paula Fisher at approximately 10:55 a.m. on the above-cited date in the PERA Building, Senator Fabian Chavez, Jr. Board Room, 33 Plaza La Prensa, Santa Fe, New Mexico.

Roll was called by Executive Director Wayne Propst and a quorum was established as follows:

Members Present:

Paula Fisher, Chair
Dan Esquibel, Vice Chair
Jackie Kohlasch
Patricia French
Cathy Townes
John Melia

Member(s) Excused:

None

Other Member(s) Present:

John Reynolds
James Maxon
Dan Mayfield
Loretta Naranjo Lopez

Staff Members Present:

Wayne Propst, Executive Director
Susan Pittard, Chief of Staff-General Counsel
Jonathan Grabel, Chief Investment Officer
Greg Trujillo, Deputy Executive Director
Renada Peery-Galon, ASD Director
Karen Risku, Deputy General Counsel
Dana David, Assistant Counsel
Misty Braswell, Assistant General Counsel
Natalie Cordova, Financial Manager
Karyn Lujan, Deferred Compensation Plan Manager
Jude Perez, Deputy CIO
LeAnne Larrañaga-Ruffy, Portfolio Manager
Emily Lopez, Financial Specialist
Christine Ortega, Portfolio Manager

Lalleh Dayeny, Investment Division
Mark Montoya, Investment Division
Zarina Martinez, ASD

2. APPROVAL OF AGENDA

Ms. French moved to approve the agenda as presented. Mr. Esquibel seconded and the motion passed by [6-0] voice vote.

3. APPROVAL OF CONSENT AGENDA

Chair Fisher said she reviewed the minutes and they were accurate.

Mr. Esquibel moved to approve the consent agenda. Ms. French seconded and the motion passed by [6-0] voice vote.

4. CURRENT BUSINESS

A. Information Item: Board Effect Portal Overview

Greg Trujillo, Deputy Director, said staff has been working to centralize communications forwarded to the Board. Many organizations use what is called a “board portal” that is a web-based online work space devoted exclusively to a board. It offers confidential access to materials. Staff has investigated a number of programs which can range from \$6,000 to \$30,000 annually. Staff recently identified Board Effect which has attractive pricing. The idea is to build a document management system for the Board’s use and provide the committee and board packets digitally. This would reduce the number of emails Board members receive from the agency and allow for posting at a centralized location of Board rules, PERA rules, committee charters and other historic information that may be requested. The Board would be advised of postings by an email. This portal would be accessed by the Board and staff only, not the public.

The portal is considered a software service and a company would host the site.

Responding to Mr. Equibel’s question, Mr. Trujillo said it would be a similar platform to Dropbox but provides more than file storage and allows for collaboration among Board and staff members. This is a secure site requiring login.

Ms. French said she supports the motion. Ms. Naranjo Lopez said she too thought it was a good idea and mentioned that she did not receive the April Rules & Administration packet and it would be helpful if it were on line.

A question regarding the new Board email addresses came up and Mr. Trujillo confirmed that each Board member received a new email pera.org address. After today’s meeting he would assist the Board in logging in and accessing emails.

Ms. Townes asked whether Board Effect has a webinar or some training program for users. Mr. Trujillo said if the Board wants to move forward with this system PERA

IT and the company can provide support. In fact, the company has a 24/7 support line.

Chair Fisher asked if the software would be able to ensure sensitive material cannot be forwarded from the portal. Mr. Trujillo offered to investigate whether a restriction can be placed on downloading materials.

The software was not available for presentation at this meeting and Mr. Trujillo said he would have it ready at the next meeting. The cost of the service is \$6,000 annually with a 120-day cancellation period and the company can provide a presentation on the program.

B. Discussion Item: Possible Rules Review

Chair Fisher said the committee is charged to review the rules and determine whether any modifications are needed. She requested the Board Chair appoint a subcommittee on which she wanted to serve that would report to this committee and make that determination regarding the rules. Ms. French said she would make appointments later in the month. Chair Fisher anticipated the subcommittee would meet on a monthly basis and develop a timeline to address any proposed rule changes.

5. OTHER BUSINESS

Mr. Esquibel anticipated that the state's negative budget issues would result in more contract and temporary hires thus reducing contributions to PERA. He recommended reviewing the rules that regulate part-time and contract employees to better understand the effect on the fund and how and if those employees can be better regulated.

Ms. Townes noted that most contract employees receive higher wages than employees. Return-to-work retirees are many times the contractor which can be troubling to active PERA members and to PERA's solvency.

Ms. French said the contract employee issue has been an ongoing concern. She recommended PERA consider a method to audit agencies' return-to-work contract employees. She said it was important that the employers comply with contract employee regulations.

Mr. Propst said PERA staff has prevented PERA employers from circumventing the requirements of return-to-work and they carefully review contracts according to IRS rules. It is difficult for PERA to monitor 180 employers, stated Mr. Propst; however, staff could remind the employers of the regulations regarding retirees as contractors.

Susan Pittard, General Counsel, said if a retiree is working on an independent contract that is found to be inappropriate or fraudulent, benefits would be retroactive to the date of the employment of the contract. There is an IRS issue regarding the FICA tax being circumvented if the independent contractor is really an employer/employee relationship.

Ms. Townes advocated that these extended period contract jobs be posting on SPO.

In the interest of full disclosure, Mr. Propst said PERA has used retired PERA

members to work contractors in compliance with the established.

Mr. Esquibel asked that staff provide information on the regulations, penalties, etc. that are related to this issue of return-to-work contract employees. He wanted to explore how this issue can be regulated in a more efficient manner without compromising employers' ability to conduct business.

Chair Fisher asked that the topic of return-to-work regulations be included on next month's Rules & Administration committee agenda.

Ms. Naranjo Lopez said she sent an email to the Chair and committee members regarding the December 8, 2015 minutes which were approved last month concerning the accuracy of her comments. She requested that the minutes be amended to include her verbatim statement.

Ms. French recalled that the minutes from that meeting were reviewed and confirmed as accurate prior to being approved. A motion from a member of this committee was necessary to rescind the previous approval and amend the minutes as requested by Ms. Naranjo Lopez.

Mr. Esquibel said he reads the entire packet and relies on the stenographer to maintain the record of who is present. He said that timeframes in which to make amendments or corrections to the minutes need to be adhered to. He also noted that he has been listed as present when he is not and vice versa.


Ms. Naranjo Lopez said wanted the record to accurately reflect what she said.

Ms. Kohlasch moved to amend the minutes to reflect Ms. Naranjo Lopez' verbatim statement. The motion died for lack of a second.

6. ADJOURNMENT

Having completed the agenda and with no further business to come before the Committee, Chair Fisher adjourned this meeting at approximately 11:30 a.m.

Approved by:


Paula Fisher, Chair
Rules & Administration Committee

ATTEST:


Wayne Propst, Executive Director