

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

**April 28, 2016**

This meeting of the Public Employees Retirement Board was called to order by Patricia French, Chair, at approximately 11:20 a.m. on the above-cited date at the PERA Albuquerque Office, 2500 Louisiana Blvd. NE, Suite 400, Albuquerque, New Mexico.

**1. ROLL CALL**

Executive Director Wayne Propst called roll and a quorum was established with the following members present:

**Members Present:**

Patricia French, Chair - Municipal  
Dan Mayfield, Vice Chair - Retiree  
Paula Fisher - State  
Jackie Kohlasch – State  
John Melia – Municipal  
Loretta Naranjo Lopez - Retiree  
Cathy Townes - State

**Member(s) Absent:**

Dan Esquibel – Municipal [excused]  
Tim Eichenberg- *Ex-officio*  
John Reynolds – State [excused]  
Brad Winter - *Ex-officio*  
James Maxon – County [excused]

**Staff Members Present:**

Wayne Propst, Executive Director  
Susan Pittard, Chief of Staff-General Counsel  
Jon Grabel, Chief Investment Officer  
Greg Trujillo, Deputy Director  
Karen Risku, Deputy General Counsel  
Renada Peery-Galon, ASD Director  
Natalie Cordova, Chief Financial Officer  
Dana David, Assistant General Counsel  
Jude Perez, Deputy CIO  
Joaquin Lujan, Director of Rates and Credit  
LeAnne Larrañaga-Ruffy, Portfolio Manager  
Mark Montoya, Financial Analyst  
Kristin Varela, Portfolio Manager  
Emily Lopez, Financial Specialist  
Karyn Lujan, Deferred Compensation Plan Manager  
Christine Ortega, Portfolio Manager

**Others Present:**

Charlie Marquez, Government Affairs Specialist

**2. APPROVAL OF AGENDA**

Ms. Fisher introduced the following motion:

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

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

**3. APPROVAL OF CONSENT AGENDA**

*[Exhibit 1: Consent Agenda]*

Chair French indicated that she reviewed the minutes and found them accurate.

Ms. Fisher introduced the following motion:

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

Ms. Kohlasch seconded and the motion passed by without opposition.

Mr. Propst drew the Board’s attention to the two duty-related deaths on the Consent Agenda. The two gentlemen, David Eggert and Anthony Rivera, worked for the Department of Transportation and were involved in a tragic accident. He offered the family deep condolences. Deputy Director Trujillo and PERA staff proactively reached out to the families.

**4. CURRENT BUSINESS**

**A. Welcome and Opening**

*This item occurred prior to the Investment Committee meeting; Chair French thanked staff for coordinating today’s meeting at the new Albuquerque office. She said City Councilor Diane Gibson was unable to attend but wanted the Chair to convey her appreciation of PERA in her district. Chair French recognized the elected officials present and invited them to address the Board.*

*Senator Daniel Ivey-Soto congratulated the Board and staff on the new Albuquerque PERA office. Locating in Albuquerque was very responsive to the needs of the membership.*

*Christine Trujillo, Representative for District 25, echoed Senator Ivey-Soto’s comments.*

*Chair French pointed out that PERA’s Santa Fe office also houses Retiree Health staff enhancing the conveniences to retirees. She thanked Senator Ivey-Soto and Representative Trujillo for their continued support.*

*Mr. Propst also expressed his thanks for their support during the legislative session. He mentioned that retirement seminars are occurring at the Albuquerque office and the office houses a full on-site PERA disaster-recovery system which is one of the few agencies to have one.*

**B. Approval of the Strategic Asset Allocation**

Investment Committee Vice Chair Mayfield indicated that this item was discussed by the Committee and he introduced the following motion:

**“RESOLVED, that the PERA Board approve Alternative 2 as recommended by staff and the consultant.”**

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

**C. Approval of Updated Investment Policy Statement**

Chair French said the updated Investment Policy Statement was presented by staff and approved by the IC earlier this morning.

Mr. Mayfield introduced the following motion:

**“RESOLVED, that the PERA Board adopt the Investment Policy Statement.”**

Ms. Naranjo Lopez seconded and the motion passed by unanimous voice vote.

**D. Redemption from Pershing Square**

This item was also reviewed and approved by the IC earlier this morning.

Ms. Townes introduced the following motion:

**“RESOLVED, that the PERA Board approve redemption from Pershing Square.”**

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

**E. Approval of the FY16 SmartSave Audit Recommendation**

Mr. Grabel said staff is recommending Eide Bailly who has been the auditor for the a couple of years. He said they have done a fantastic job at challenging staff and the third-party administrator.

SmartSave Committee Vice Chair Kohlasch introduced the following motion:

**“RESOLVED, that the PERA Board approve Eide Bailly to conduct the independent audit and provide a report on the financial statements of the PERA SmartSave deferred compensation plan for FY 16.”**

Mr. Mayfield seconded and the motion passed without opposition.

**F. Evaluation Committee Recommendation for Financial and Audit External Audit RFP**

Renada Peery-Galon, ASD Director, stated the evaluation committee met and has a recommendation for the financial and compliance external audit. This audit is conducted annually. The RFP was issued in February 2016 and the deadline for submittals was March 7, 2016. On March 24, 2016, the evaluation committee reviewed and scored proposals based on the RFP criteria. The evaluation committee recommendation is to give a tentative award to perform the financial and compliance external audit as outlined in the RFP to CliftonLarsonAllen, LLP.

Evaluation Committee member Mayfield introduced the following motion:

**“RESOLVED, that the PERA Board approve CliftonLarsonAllen to conduct the financial and compliance external audit.”**

Ms. Naranjo Lopez seconded and the motion passed by unanimous voice vote.

**G. Update on PERA Strategic Plan Implementation**  
*[Exhibit 2: Strategic Plan Update]*

In a previous meeting Mr. Esquibel requested an update on this plan and Mr. Propst said he was pleased by the request. The document will be reviewed periodically by management with periodic updates to the Board.

Mr. Propst reviewed the process that PERA staff undertook beginning in July 2014 with the assistance of Santa Fe Community College. Surveys of staff, management and members were conducted and those results analyzed to assist in the development of strategies. A mission statement was developed: “Providing a stable lifetime benefit to current and future members.” The number one value identified was customer service, followed by integrity, communication, and the realization that PERA’s greatest asset is people.

Aside from the first priority to sustain the trust fund for the current and future retirees, Mr. Propst reviewed the other priorities with detailed progress on each. The priorities include:

- Providing transparent information on the fund
- Improving outreach to employers and members
- Providing consistent service to members at the Albuquerque and Santa Fe offices
- Improving responsiveness to members’ requests
- Improving responsiveness to fund requests
- Improving organizational effectiveness

He lauded his staff for the tremendous improvements in telephone customer service, improved member accessibility with the Albuquerque office and reduction from 60 days to 15

days in processing refunds. Overall, there has been a significant increase to member services.

The legislature approved a \$4.2 million special appropriation to improve the agency's data quality and enhancements to RIO. On an annual basis, PERA contracts with a professional to, basically, hack into the RIO system, Mr. Propst proudly reported that this was the first security assessment where the system was not penetrated. A data cleansing RFP was issued.

Management has established the "Caught at Your Best Award" which recognizes an employee for services. Charlene Zalma, HR Director, received the first award for her innovation in introducing "Caught at Your Best" and assisting in fully staffing the agency.

Mr. Propst said he was considering contracting with a firm to conduct a membership survey regarding customer service in the future.

Chair French congratulated staff on their progress and highlighted the telephone response improvements.

#### **H. Executive Director's Report**

Mr. Propst thanked the Albuquerque staff for today's meeting. He said Grant Wright served as the project manager for the Albuquerque office and did an outstanding job.

Charlie Marquez was introduced as PERA's Government Affairs Specialist who has worked with staff and the Board for the past years assisting in the legislative sessions. Mr. Propst stated that Mr. Marquez was instrumental in securing the \$4.2 million special appropriation, annual appropriation, SB27 and the numerous bills introduced for return to work interests.

Mr. Propst said the posting for the executive assistant position will start this weekend in the *Albuquerque Journal* and the *New Mexican*.

Mr. Propst pointed out that the benefit incentive for public safety of final average salary increasing from a maximum of 80 percent to 90 percent if they work longer has not been conveyed well. Return to work/double-dipping seems to garner all the attention when this incentive needs to be touted. A letter was sent to approximately 400 municipal police who are within three years of retirement demonstrating what those additional benefits would mean during their lifetime. He and General Counsel-Chief of Staff Pittard met with the Chief of the State Police and he was interested in PERA informing his staff of the incentive. Mr. Propst said he intends to send a letter to municipal firefighters.

Responding to the Chair, Mr. Marquez said the extended outreach regarding the incentive should make a substantial impact on retention.

#### **6. OTHER BUSINESS**

The Board retreat is scheduled for the last week of July with the Board meeting on July

28<sup>th</sup>. NMSU has offered a meeting location and staff is working on hotels and other details.

**7. ADJOURNMENT**

Having completed the agenda and with no further business to come before the Board, Chair French declared this meeting adjourned at 12:10 p.m.

Approved by:



Patricia French  
Chair, PERA Board

ATTEST:

Wayne Propst, Executive Director

Attached Exhibit:

*Exhibit 1: Consent Agenda*

*Exhibit 2: PERA Strategic Plan Implementation Update*