

NEW MEXICO
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION
BOARD MEETING

Thursday, March 25, 2021

1. Call to Order

This meeting of the New Mexico PERA Board was held on the date cited above via Zoom tele/videoconferencing. Acting Chair Francis Page called the meeting to order at approximately 11.30 a.m.

2. Roll Call

The meeting attendance met quorum, with the following members present:

Board Members Present

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

Board Members Absent

John Melia

Staff

Greg Trujillo, Acting Executive Director
Susan Pittard, General Counsel
Trish Winter, Executive Assistant
Anna Williams, CFO
Dominic Garcia, CIO
Misty Schoeppner, Deputy General Counsel
Kristin Varela, Deputy CIO
LeAnne Larranaga Ruffy, Co-Head of Equity
Joaquin Lujan, Co-Head of Equity
Aaron Kayser, Investment Division
Isaac Beckel, Investment Division
Isaac Olaoye, Investment Division
Angela Romero, Albuquerque Office Manager
Karyn Lujan, SmartSave Plan Manager
Marlena Riggs, Budget Director

Other

Tom Toth, Wilshire Consulting
Ali Kazemi, Wilshire Consulting
Claudia Armijo

3. Approval of Agenda

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

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

Francis Page	Yes
Lawrence Davis	Yes
Tim Eichenberg	Yes
Paula Fisher	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Diana Rosales Ortiz	Yes
David Roybal	Yes
Maggie Toulouse Oliver	No response

4. Approval of Consent Agenda

Loretta Naranjo Lopez notified the Chair and the Board that she would be voting against the previous minutes as they were inaccurate and no effective process has been made to ensure accuracy and completeness of the Board minutes.

Lawrence Davis moved to approve the Consent Agenda. Steve Neel seconded the motion.

The motion to approve the Consent Agenda passed by a roll call as follows;

Francis Page	Yes
Lawrence Davis	Yes
Tim Eichenberg	Yes
Paula Fisher	No
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. Fisher confirmed that last month’s Board meeting was where they discussed all the House Bills before voting no on approval of the Consent agenda.

5. Reports of Committees.

A. Rules & Administration Committee

I. Public Comment Amendment to Board Policies and Procedures.

Ms. Fisher stated that the Rules & Administration Committee met prior to the IC meeting and they had a public comment provision amendment for the Policies & Procedures to present to the Board for review and approval or disapproval.

General Counsel, Susan Pittard reiterated that staff had incorporated the comments from the Rules and Administration Committee meeting held on March 9, 2021 and included them in the Board policies and procedures, drawing attention to the existing decorum sub-section that made some of the comments offered redundant. She added that the language in Section 2.85 that was inconsistent with the new public comment provision had been stricken.

Loretta Naranjo Lopez recommended Section 2.89 (4) be removed because the U.S. Supreme Court “calls such changes and attempts to regulate speech a slippery slope.” She further opined that the proposed changes may not be legal under the U.S. Constitution.

Lawrence Davis moved to approve the Public Comment provision of the Board Policies and Procedures as amended by the Rules & Administration Committee. Steve Neel seconded the motion.

Paula Fisher felt that the statement in Section 2.89 (4) states that the speakers will always act professionally and civilly and the use of threatening language will not be tolerated in any way would suffice. Mr. Davis clarified that the motion was to approve as is. This means keeping portion 4.5 where the Board directs to staff to make a follow-up. Ms. Fisher recommended the removal of Section 2.89 portion 4.5 since it is already written elsewhere.

Ms. Pittard clarified that sub-section 4 had a reference to a previous section and that sub-section 5 is a different section where the Board directs the staff to follow up on issues as appropriate. Ms. Fisher pointed out that portion 4.5 would be irrelevant since they would be reiterating on 5. Ms. Pittard explained that there is no sub-section 4.5 as it was merged with sub-section 4 and thus number 5 is a different section. Ms. Fisher apologized for the confusion.

Ms. Naranjo Lopez reiterated that her recommendation was to take out the sentence starting with “if in-person” to its end. She offered to include “refer to section 2.8 above” after “in any way”, but Mr. Neel and Mr. Davis were okay with keeping the language as is and did not accept changes to the motion. She added that it needs to be taken out as it regulates free speech.

The motion to approve the Public Comment provision of the Board Policies and Procedures, as amended, passed by a roll call vote of 10 to 1 as follows:

Francis Page	Yes
Lawrence Davis	Yes
Tim Eichenberg	Yes
Paula Fisher	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

Mr. Neel said his focus on the motion was to have appropriate decorum of a public board or commission.

Ms. Naranjo Lopez stated that for all the previous annual meetings held, the members were respectful and always acted in a professional manner. She added that the members need to be given the opportunity and time to speak without interruptions during the Board meetings.

II. Executive Director Job Description

Ms. Pittard reported that the Executive Director job description had been presented to the Rules and Administration Committee. There were two amendments recommended to be included in addition to those provided during the March 9th meeting. She noted the suggestion to explicitly state this was an at-will position serving at the pleasure of the Board of Trustees. It was also requested that 10 or more years of management experience would be required, with 8 years directly applicable to public pension administration.

Ms. Naranjo Lopez stated that she is opposed to the job description as it doesn't emphasize closing the \$6.5 billion funding gap. She recommended that on the job listing, a minority organization be included such as NASP, the Hispanic Organization, AAIM, and Betty Salanic's Accelerate Investors. She also suggested that in the future, they should consider not putting the job description with Pension and Investments since she believes they discriminated against minority women.

Mr. Neel moved to approve the Executive Director job description as amended from the Rules & Administration Committee. Ms. Fisher seconded the motion.

Mr. Davis suggested that the Executive Director charter which corresponds to the job description be included in the next Rules Committee agenda. This would comply with the AG and State auditor. With regard to compensation, Member Davis asked what would happen if the DFA doesn't approve the pay band 70.

Responding to Mr. Davis, CFO, Anna Williams explained that she had been sent it to DFA to be approved for the change to GOVX pay range 70. She added that currently, the pay range is 42 or 46. If the 70 doesn't get approved, the current GOVX range would be used. She recommended that they avoid putting pay range 70 in the job description until they get approval from the DFA. She noted that many people do not understand the different pay ranges so it would not be as important.

Ms. Pittard pointed out that a compensation benchmark would be needed when doing the advertisement. The pay range could be left out until it was finalized.

Mr. Neel amended the motion to eliminate the GOVX description in compensation.

Ms. Pittard asked if the Board would want the job description to come back to them or the Committee once the change has been made. She suggested that the pay range be made on the Personnel Action Form (PARF) as it would not be needed on the job description.

Mr. Davis stated that they are trying to avoid the advertisement of the job description with the wrong pay range as they don't know what the stand of DFA would be. Therefore, the pay range information needs to be left off. Ms. Naranjo Lopez concurred with Mr. Davis.

Mr. Neel reiterated his motion to adopt the Executive Director Job description as amended by the Rules and Administration Committee with the removal of the pay band 70. Ms. Fisher seconded.

Ms. Naranjo Lopez stated that they need to vote on a motion for the removal of the pay range information and then vote on the motion for the job description with the amendments.

The motion to approve the Executive Director Job description as amended with the removal of pay band provision passed with a roll call as follows;

Francis Page	Yes
Lawrence Davis	Yes
Tim Eichenberg	Yes
Paula Fisher	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

B. Investment Committee

1. Long Term Goals Affirmation.

Mr. Neel reported that the Investment Committee had reviewed the January investment performance and had had long discussions on asset allocation, active risk budget, and reviewed different scenarios for asset allocation changes that would be discussed within the next couple of months.

He added that the committee and staff have been in constant discussions regarding goals in the performance metrics. They understand the goals of the portfolio and how to measure them. He reported that this item came before the Board last month, came back earlier today, and was further amended.

Chief Investment Officer, Dominic Garcia, stated that the purpose of the discussions was to ensure that the Investment committee members, the staff, consultants, and the Board were all on the same page in terms of the goals to be achieved. He pointed out that there is a need to come to a consensus on the metrics to consider quarterly to track whether the set goals are being met.

He explained that the goals are derived from PERA staff's 5-year strategic plan, which are reported to the DFA and the LFC annually. *[Exhibit]*

Ms. Naranjo Lopez reiterated that the Board has been receiving the same information for decades and asked what would be done to ensure it's achieved during this period. She stated that she believes the expected return should be 10% or greater.

She made the following recommendations:

- a) Fire of the consultants as they do not have a license to invest.
- b) Get rid of the fixed income.
- c) Ensure the Executive Director has investment experience.

Mr. Neel moved to adopt the key oversight measurements as reviewed by Mr. Garcia. Seconded by Ms. Fisher.

Diana Rosales Ortiz stated that the key measurements were a roadmap adopted by the Investment Committee to make more effective and informed decisions. Mr. Davis concurred and added that it was a document that could be changed.

Ms. Naranjo Lopez recommended that the staff be reviewed by the Investment Committee. This should be part of the next agenda.

The motion to adopt IC Long Term Goal Affirmation passed by a roll call vote of 10 to 1 as follows;

Francis Page	Yes
Lawrence Davis	Yes
Tim Eichenberg	Yes
Paula Fisher	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

6. Unfinished Business

A. Board Chair Election

Acting Chair Page named the three candidates for the Board Chair position: Paula Fisher, David Roybal, Loretta Naranjo Lopez. He gave them each a minute to make their speeches.

Mr. Davis clarified that Acting Chair Page had pulled out and was not running for Board Chair.

Acting Chair Page called for the vote. Paula Fisher - 5; David Roybal - 5; Loretta Naranjo Lopez -1. Majority of 6 not achieved.

Francis Page	Paula Fisher
Lawrence Davis	David Roybal
Tim Eichenberg	Paula Fisher
Paula Fisher	Paula Fisher
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

7. 2021 Legislative Wrap-up

A. Discussion

Acting Executive Director, Greg Trujillo, reported that the legislative session concluded the previous Saturday at noon. House Bill 277, which deals with the selection of beneficiaries for retirees after

retirement, passed both Houses and is awaiting the governor's signature. There is no financial impact with this change. Senate Bill 90, which allows for certain overtime pay to be included or reported to PERA as salary, passed with a 1.5% increase in the employee contribution to compensate for the cost.

Senate Bill 315, relating to merging officers into the state police plan, also passed. The original legislation called for a \$5 million appropriation that was stripped at Senate Finance and reduced to \$2.4 million. Mr. Trujillo stated that he had consulted with Acting Chair Page and Legislative Chair Ramirez on the legislation. Together, they drafted a letter that was sent to the Governor. They also spoke with the Governor's staff and the Secretary of DPS informing them that PERA will not oppose the drafted legislation but would continue to pursue a supplemental or special appropriation to cover the full cost of the \$5 million.

Mr. Trujillo stated that they would be seeking the Board's support on that. He added that Retiree Healthcare was also affected as they didn't receive the full appropriation and thus, they would be working with them to see if it can be restored. He thanked Acting Chair Page and Mr. Ramirez for their work in the legislative session. Acting Chair Page also thanked Mr. Trujillo for the good work he had done.

Ms. Naranjo Lopez stated that the Board should consider legislation with one of their senators to ensure that bills coming before the Board are required to be presented to the PERA Board for review with an actuary. She also recommended that the Legislative Committee should look for ways to ensure that the bills do not go straight to the legislature.

Ms. Fisher agreed with Ms. Naranjo Lopez that if anyone has a bill connected with PERA and increases the unfunded liability, it should be first presented before the Board and then proceed to the legislature. She requested the Board representative in the Legislature to be very keen and direct such bills to the Board to have them checked.

Mr. Davis stated that it would be ideal if such bills were presented before the Board a month before for review, however, the Legislature doesn't work like that and the Board has no authority over the Legislature. Therefore, there should be no blame on the Board representative.

Mr. Trujillo stated that every PERA bill had been introduced to the Board for discussion in January except for HB 277. He added that all the changes had been presented to the Legislative Committee in February. He will also ensure the legislative representative is more visible during the sessions.

It was suggested that Ms. Fisher and Ms. Naranjo Lopez fashion legislation that could be presented for introduction to the Legislature. Mr. Ramirez would help with finding a member to sponsor the bill and in drafting it.

Acting Chair Page appreciated the Board members for squashing House Bill 162. He also thanked retirees who helped squash Senate Bill 430.

B. Amended Resolution 21-01 Open Meetings

Acting Chair Page explained that this was a proposed amendment to Resolution 21-01 to assist the Treasurer in attending the Board meetings. Mr. Page stated he feels that the Treasurer is a part of the Board and has two duties; he is the State Treasurer and a top financial official, plus he is an elected official to the Albuquerque Flood Control Board. Chair Page's request is to adjust the schedule to have the PERA Board meetings held at 9.00 AM on the fourth Thursday during April, July, and September, and at 9.00 AM on the last Wednesday of the month during May, June, August, and October.

Shirley Ragin stated that she would not be available on Wednesdays as she has other commitments on those days. She argued that she had had to adjust her schedule for the Thursday meetings when she ran for PERA Board. Now it would be difficult to change the schedule to accommodate the Wednesday meetings.

Mr. Davis shared the same concerns as Ms. Ragin stating that they have had the Thursday schedule for quite a while and now it would be difficult to shift to the Wednesday schedule.

Ms. Naranjo Lopez noted that the Board would be losing four months. In response, Ms. Pittard explained that this is for 2021 and the first three months are not included. November and December are left to the Chair to schedule because of the holidays. Ms. Naranjo Lopez suggested that the schedule remain as it was since it was interfering with the other members' schedules.

Acting Chair Francis Page moved to approve the amended resolution 21-01 for open meetings.

Mr. Eichenberg stated that he wouldn't second the motion and he did not agree with separating the meetings for Wednesdays and Thursdays. He suggested that they have fewer meetings going forward since they're only required to have four regular meetings.

There was no second to the motion.

C. CIO Report

Mr. Garcia reported that they had a robust discussion at the IC meeting where they went through the January preliminary performance. There was also a follow-up education session where the long-term goals were reaffirmed. Potential options and asset allocations for meeting the 7.25% target were also discussed. There would be a follow-up on that at subsequent meetings.

He also reported that they had discussed an active risk budget and how to manage risks that are employed on the portfolio.

Mr. Garcia gave an update on PERA and reported that January was a flat month with mixed results in the marketplace. February had exceeded the benchmarks.

He presented the NAV figures to the Board members and stated that as of the end of January, it was \$16.3 billion. There was an increase in February and the rough estimate was around \$16.7 billion. He further stated that staff is working to ensure that they stay close to the allocation targets.

Mr. Davis inquired whether the value of the portfolio at \$16.7 billion was the most up-to-date value. Mr. Garcia explained that he was presenting the confirmed data but highlighted that as of this month, the data was not finalized. Mr. Davis asked if one can log on to the portfolio and get the current numbers even though they are not confirmed. In response, Mr. Garcia explained that that would be difficult because the portfolio doesn't update daily or monthly. Mr. Garcia noted what is being presented was the most updated valuations and market pricing.

D. Executive Director's Report

Mr. Trujillo reported that the budget had been approved exactly as they had requested. Everything was included in House Bill 2.

He further reported that the retiree payroll keeps growing, which is expected. Currently, there are nine vacancies as most offices had a freeze in hiring during the COVID period. They are advertising the positions now but the approval process to get them posted is running three to four weeks.

A summary of the Retiree Healthcare Authority was attached at the end of the report for the Board's review.

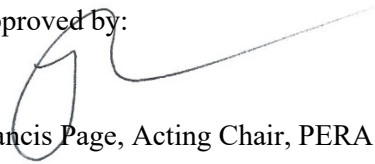
8. Public Comments

There were no public comments.

9. Adjournment

Acting Chair Page declared the meeting adjourned at 1:05 PM.

Approved by:



Francis Page, Acting Chair, PERA Board

ATTEST:



Greg Trujillo, Acting Executive Director

Attached Exhibit(s):