

**New Mexico
Public Employees Retirement Association
Board Meeting
March 31, 2022**

1. Call to Order

This meeting of the New Mexico PERA Board was held on the date cited above via Zoom Tele/video conferencing. Vice-Chair, Rosales Ortiz, called the meeting to order at approximately 12:00 noon.

Pledge of Allegiance

Roberto Ramirez led the Pledge of Allegiance.

2. Roll Call

The meeting attendance met quorum with the following members present;

Board Members Present

Tim Eichenberg
Shirley Ragin
Roberto Ramirez
Francis Page
Loretta Naranjo Lopez
Steve Neel
Paula Fisher
Diana Rosales Ortiz

Board Member Absent

Claudia Armijo
Maggie Toulouse Oliver
Lawrence Davis
Valerie Barela

Staff

Greg Trujillo, Executive Director
Trish Winter, Executive Assistant
Anna Williams, Deputy Director
Kristin Varela, Interim CIO
LeAnne Larranaga-Ruffy, Interim Deputy CIO
Misty Schoeppner, Acting General Counsel
Frank Mihail, Director, Risk Reduction & Mitigation
Sara Hume, Director, Beta & Risk Kate Brassington, Investment Associate, Global Equity
Michael Killfoil, Investment Associate, Real Assets
Clayton Cleek, Investment Associate, Credit
Isaac Olaoye, Investment Accountant

Valerie Hayas, Investment Compliance & Data Manager
Justin Deubel, Investment Account Manager
Jovanna Archuleta, Investment Administrator
Karyn Lujan, Deferred Compensation Plan Manager
Jessica Trujillo, HR Manager
Geraldine Garduno, Assistant General Counsel
Ron Gallegos, CTO
Marlena Riggs, Financial/Budget Manager

Others in Attendance

Rose Dean, Wilshire
Steve DiGirolamo, Wilshire
Ali Kazemi, Wilshire
Francis Kelly, DWS Investment Management Americas
Mike Krems, Aksia
James Walsh, Albourne,
Mark White, Albourne
Ryan Fitzgerald, Albourne
Justin Deierling, Albourne
Gar Chung, Journalist FIN News
McCyril Espanol, Journalist with Intelligence Pageant Media
Arlene Jacobius, Journalist Pensions & Investments
Rich Robben
Joseph Simon

3. Approval of Agenda

Francis Page moved to approve the agenda. Shirley Ragin seconded the motion. The motion passed with a unanimous roll call vote as follows;

Tim Eichenberg	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Paula Fisher	Yes
Diana Rosales Ortiz	Yes

4. Approval of February 24, 2022 Board Meeting Minutes

Ms. Naranjo Lopez noted that the lobbyist, Mr. Marquez, had not attended the February 24 meeting, but the minutes indicated that he had presented his report. She stated that Mr. Trujillo had submitted the report. Staff clarified that the wording on the minutes indicated that Mr. Marquez had submitted his report under Mr. Trujillo and had been present at the meeting.

Loretta Naranjo Lopez moved to approve February 24, 2022, Board Meeting Minutes. Paula Fisher seconded the motion. The motion passed by a unanimous roll call vote as follows;

Tim Eichenberg	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Paula Fisher	Yes
Diana Rosales Ortiz	Yes

5. Approval of Consent Agenda

Francis Page moved to approve the Consent Agenda. Shirley Ragin seconded the motion. The motion passed by a unanimous roll call vote as follows;

Tim Eichenberg	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Paula Fisher	Yes
Diana Rosales Ortiz	Yes

6. Reports of Committees

A. SmartSave Committee – March 8, 2022

SmartSave Plan Manager, Karen Lujan, noted that the informational items presented on March 8, 2022, meeting were;

1. Investment performance for the December quarter
2. Plan Activity reports for the December quarter.
3. Review of the SmartSave budget structure.

The SmartSave budget structure review examined how PERA generates revenue for its internal operating budget. Several ways to improve and evolve that income-generating method was discussed. One method was increasing the quarterly participant fee across the Board. PERA staff would meet with the Administrative Service Division to determine the amount of the fee increase.

Ms. Lujan reported that staff is currently analyzing several alternatives. They plan to present a proposed action item to the Board in June.

6.B. Rules & Administration Committee – March 8, 2022

Ms. Paula Fisher, Committee Chair, reported the Committee had discussed the possibility of hybrid meetings. Hybrid meetings would enable in-person and/or Zoom meetings for members that cannot be physically present at the meeting locations.

Interim General Counsel, Misty Schoepner, reported staff was in the initial process of looking into potential hybrid meetings. She said she had investigated an issue raised by a Board member of whether a Board or Committee member needs to be physically present to vote on an agenda item. Ms. Schoepner pointed out that while this is not addressed directly in the Open Meetings Act, the Attorney General's Open Meetings Compliance Guide has a brief discussion that interprets the word 'present' to include attending telephonically or by other means.

Verbatim: [Loretta Naranjo Lopez: "Chair of the Committee and the members of the board I understand the last time we dealt with that issue that we couldn't have, we didn't have a quorum so because we didn't have the people present, so can we get the Attorney General to give us their legal opinion because it's confusing when we have 2 different positions on it and it was very clear we didn't have a quorum the last time we dealt with that, from the AG."]

Ms. Schoepner asked for clarity on the prior incident Ms. Naranjo Lopez was talking about. Was it during the hybrid meeting discussion or was it prior?

Verbatim: [Loretta Naranjo Lopez: "we agreed to have the interviews at the office and I'm not sure what that period was it was just in August, I guess, it was August at the office in Santa Fe and that's where the issue came up and staff came back and told us that because, in order to make a vote we had to be present we were told we didn't have a quorum and it's in the minutes, you could go back to them and they said we have to come back, I mean should we go forward with these interviews or not because we didn't have a quorum and it might have been just, I don't know, we didn't have, but the issue of the, I want to make it clear, the issue of people no being present was, we were very, they were clear that they could not vote so"]

Vice-Chair Rosales Ortiz clarified that the meeting Ms. Naranjo Lopez referred to was a special meeting to conduct interviews for the Executive Director. It was not a work meeting and was not open to the public. She further stated that regarding the Open Meetings Act, the Office of the Attorney General wanted to ensure that the public had access and could attend the meetings via Zoom if they could not make it to the physical locations.

Ms. Schoepner was tasked with two issues to raise with the AG; one, whether the requirement to vote in an open meeting is met if people attend electronically, and two, was the public issue that should be issued for hybrid meetings.

Vice-Chair Rosales Ortiz indicated the hybrid model would benefit the entire Board membership and encourage state-wide participation. People interested in running for Board positions but are living in far-off places could easily be encouraged to participate.

Ms. Fisher reported the Rules & Administration Committee had also discussed potential changes and modifications to Board Policies and Procedures. Any rule changes or modifications would prompt changes to the Board Policies and Procedures.

Mr. Trujillo stated Ms. Fisher was open to receiving recommendations from the Board members on potential changes, but the staff was yet to receive any.

Ms. Fisher stated the Committee had also discussed Board election options. The Committee members had agreed to do more research on other options before implementing any method. Mr. Trujillo reported that staff had received a solicitation for election services which will be vetted for the next election cycle. He further stated the Committee had decided to maintain the same process for the 2022 Board election cycle. More research on online elections will be conducted, and details will be brought before the Board next year.

Ms. Fisher urged the Board members and public members to submit recommendations or input to the Rules Committee or Mr. Trujillo.

6.C. Investment Committee – March 31, 2022

1. Annual Active Risk & Active Return Target - Action

Chair of the Investment Committee, Steve Neel, reported the Committee reviewed last year's Q4 performance in detail.

The Committee also addressed several action items. One, they approved the annual Work Plan, two, they adopted and referred to the Board the annual risk budget.

Regarding the annual risk budget, the Committee had been given two options. According to Mr. Neel, the first option would have cornered the staff in case the Plan was not in compliance with the active risk budget. The second option delineated the operational risk budget between the actionable part of the budget, which is within the public securities, and the non-actionable part, which is within the private book. The Committee voted to adopt option two, which avoids the fund being placed in a situation where it may need to divest of private market instruments.

Interim CIO, Kristin Varela, stated staff aims to enhance the overall framework of balancing and budgeting risk to be able to separate actionable versus non-actionable and report that to the Board.

Vice-Chair Rosales Ortiz mentioned that the item was aimed at bringing more transparency and accountability for the staff members to monitor the portfolio and highlight the governance of the Board to ensure long-term benefits of the retirement fund to members.

Francis Page moved to adopt option two as submitted by the Investment Committee. Paula Fisher seconded the motion.

The motion passed by a roll call vote of 7 to 1 as follows;

Tim Eichenberg Yes

Shirley Ragin	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	No
Steve Neel	Yes
Paula Fisher	Yes
Diana Rosales Ortiz	Yes

7. Unfinished Business

A. Items removed from the Consent Agenda if necessary.

No items were removed from the Consent Agenda.

8. New Business

A. Approval of 2022 Legislative 3% Compensation Increase for Staff – Action

Deputy Director Anna Williams stated that the legislative increase is part of House Bill 2, which the Governor signed on March 9. HB 2 included a compensation increase of 3% for each employee in the budgeted position for the Fiscal Year 2022.

The State Budget Division had advised PERA to increase the budget by \$52,600 for the remainder of 2022 to cover the 3% increase. All PERA staff who have completed their probationary period will receive the increase. A list of the exempt staff entitled to receive the increase had been provided to the Board. Ms. Williams noted that the salary is based on 288 hours due to payroll dates.

Ms. Naranjo Lopez stated that she would be voting ‘no’ on the item. She felt that the Board should object to the salary increase because staff had not objected to SB 72, the COLA that was changed and taken away from the retired members.

Ms. Naranjo Lopez mentioned that some select staff gave themselves a 50% raise without Board consent over three years, far ahead of inflation. She further argued that staff should not be rewarded since the fund averages about \$1 billion of losses, and misconduct was not being addressed. She also stated that disciplinary reviews should be considered and that there should be no increase until the review is done.

Mr. Page pointed out that the raise goes to all state employees who have a successful evaluation. He noted that staff had done an excellent job the past year and were well deserving of the increase. He moved a motion to approve the report and the raises.

Mr. Eichenberg highlighted that the increase for state employees was 7%; 3% to be given in April, and the remaining 4% to be given in July. Mr. Trujillo agreed, adding that the 3% is before the board for approval today and the 4% will be presented to the Board next month when the fiscal year 2023 operating budget will be submitted. The 4% will thus be reflected in the operating budget for the next fiscal year.

Mr. Eichenberg mentioned that he received comments from other people around the State saying that PERA employees were treated more favorably than other state employees. He requested Mr. Trujillo to conduct a survey to compare PERA salaries with that of other state employees from other departments. Mr. Trujillo informed that the State has a Sunshine Portal where state employee salaries are posted for anyone to view. Mr. Eichenberg believed that it would be good to have something on record showing that PERA staff receives the same pay as everyone else.

Mr. Eichenberg stated that PERA employees are not paid more than other employees, adding that all state employees are underpaid compared to the private sector.

Ms. Naranjo Lopez asked if the list of exempt staff presented to the Board was the complete list of all exempt employees or only the ones getting the 3% increase. Ms. Williams stated that the list comprised the current exempt employees. Classified employees were not listed.

Shirley Ragin seconded the motion to approve the 2022 legislative compensation increase for staff.

Vice-Chair Rosales Ortiz clarified that the motion included the classified and exempt employees. The employees must have completed the probationary period and be in a budgeted position at the State.

Mr. Trujillo explained that the State Personnel Act covers PERA's classified employees and hence was not included in the list presented to the Board. They do, however, get the increase slated for exempt employees whom the State Personnel Act does not cover.

In response to Mr. Eichenberg, Mr. Trujillo confirmed that the money appropriated for the 3% increase will come from PERA and not the general fund. Mr. Eichenberg also pointed out that in most cases, the Legislature only appropriates general fund monies, not PERA. He asked if the courts or the Attorney General had approved the Legislature raises.

Mr. Trujillo stated that the Legislature had appropriation authority over PERA's budget even though PERA is not a general fund. He added that HB 2 contains language on how the increases are provided and how the budget was increased to cover the costs.

Mr. Eichenberg argued that PERA's budget is approved by the Board and then submitted to the Legislature. Mr. Trujillo explained that the Board approves a budget recommendation on behalf of PERA, but the ultimate appropriation authority lies with the Legislature. He further explained that the recommendation approved by the Board earlier was reduced during the session. The Legislature cut PERA in contracts, but the compensation was funded for the increases.

Vice-Chair Rosales Ortiz called for the vote.

The motion to approve the 2022 Legislative 3% compensation increase for staff passed by a roll call vote of 7 to 1 as follows;

Tim Eichenberg	Yes
Shirley Ragin	Yes

Roberto Ramirez	Yes	
Francis Page	Yes	
Loretta Naranjo Lopez		No
Steve Neel	Yes	
Paula Fisher	Yes	
Diana Rosales Ortiz	Yes	

8.F. CIO Report

Interim CIO report, Kristin Varela, reported January was one of the more significant drawdown months for the fund, which led to a decrease of \$487 million in the market value month-over-month to \$17.9 billion NAV.

The fiscal year saw an increase in the market value of approximately \$300 million. However, the volatility did not impact benefit payments for January and February. For the fiscal year-to-date, the benefit payments funded from investment activities accounted for 53%, or \$426 million. Allocations were aligned within the targets.

Preliminary performance for January was flat, and the market value decreased by \$49 million after benefit payments. This put the fund at about \$17.8 billion NAV for the month. February is anticipated to be a relatively flat month with estimated NAVs of about \$18 billion as of March 30. This is a slight uptick after benefit payments.

8.G. Executive Director’s Report

Executive Director Greg Trujillo reported February benefit payments were \$155 million, an all-time high in monthly retiree payments.

Four internal PERA employees were promoted to higher positions this month. Staff will be looking to fill the vacancies created before the end of the fiscal year. New CFO, Lynette Kennard, will be starting at the office on Monday. She is a CPA from the State Auditor’s Office.

Vice-Chair Rosales Ortiz acknowledged and appreciated the work that Ms. Williams has been putting in as acting CFO. She also stated that promoting employees within the agency saved training time.

9. Public Comment

Seventeen members of the public were in attendance. Ms. Naranjo Lopez suggested that the members of the public be included in the minutes. Ms. Winter stated that all attendees are listed in the minutes.

There were no comments from the public.

10. Adjournment

With no further business to discuss, Vice-Chair Rosales Ortiz adjourned the meeting at approximately 2:00 PM.

Approved by:



Claudia Armijo, Board Chair

ATTEST:



Greg Trujillo, Executive Director