

**New Mexico
Public Employees Retirement Association
PERA Board Meeting
April 28, 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. Chair Claudia Armijo called the meeting to order at approximately 9:06am with no quorum. A quorum was achieved at 9:30am with the addition of Member Diana Rosales Ortiz.

2. Pledge of Allegiance.

Loretta Naranjo Lopez led the Pledge of Allegiance.

3. Roll Call

The meeting attendance met quorum with the following members present;

Board Members Present

Claudia Armijo
Valerie Barela
Paula Fisher
Loretta Naranjo Lopez
Francis Page
Roberto Ramirez
Diana Rosales Ortiz [in @ 9:30am]
Maggie Toulouse Oliver [in @ 9:38am]

Board Member(s) Absent

Lawrence Davis
Tim Eichenberg
Steve Neel
Shirley Ragin

Staff

Greg Trujillo, Executive Director
Trish Winter, Executive Assistant
Anna Williams, Deputy Director
Kristin Varela, Interim CIO
Lynette Kennard, CFO
Misty Schoeppner, Deputy General Counsel
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
Melinda Marquez, Member Services Bureau Chief
Christina Perea, Outreach Bureau Chief
Jessica Trujillo, HR Manager
Geraldine Garduno, Assistant General Counsel

Ron Gallegos, CTO
Marlena Riggs, Financial/Budget Manager

Others in Attendance

Rose Dean, Wilshire
Ernie Marquez, Automated Elections Systems
Steve DiGirolamo, Wilshire
Sean Glackman
Richard Robben

Due to lack of a quorum the meeting proceeded with the informational items.

7. Reports of Committees

A. Governance Committee – April 12, 2022

1. 2022 Committee Workplan

Chair Armijo reported the Governance Committee had its first meeting on April 12th where the Board approved the Work Plan. She added the Governance Committee would meet again in July and requested Ms. Williams to take the Board through the report on behalf of Ms. Rosales Ortiz.

Deputy Director Anna Williams reported the 2022 Governance Work Plan had been created by Chair Armijo and PERA staff. It focused on governance and items that were still outstanding in the governance internal audit item. Ms. Williams stated there will be items presented to the Governance Committee and some will be presented to the full Board.

Ms. Naranjo Lopez declared that the Statute authorized six committees and she felt the Governance Committee should be under the Rules Committee. She opined that she didn't think the Chair of the Board should chair any of the committees. She further stated that it was bad policy because the Chair was leading an unlawful committee and thus should not lead the Governance Committee. She also expressed concerned that it will undermine the public trust in the Board.

Ms. Naranjo Lopez further pointed out that the Chair should delegate to the Board members to be chairs of committees and wondered why that process had changed.

Chair Armijo requested Mr. Trujillo address the concerns of Ms. Naranjo Lopez regarding the formation of the Governance Committee.

Mr. Trujillo reminded the Board they had gone through a governance audit about two years ago. One of the recommendations of that audit had been to create a Governance Committee because several public pension funds have one. He reported that the Board undertook a rule-making process throughout most of the previous years and the full board had approved the creation of the committee.

B. Audit & Budget Committee – April 12, 2022

2. 2022 Committee Workplan

Ms. Williams reported the Audit and Budget Committee had met on April 12th. The Committee approved the work plan for the audit and budget. They had also reviewed the budget for the FY23 operating budget.

She further indicated the current audit and budget work plan was similar to the previous year. She noted some items will be presented to the Committee meeting and some will be presented and approved by the full Board.

9. New Business

1. Approval of Nominating Petition Counts for State Position; Cancellation of Election and Declaration of Winner pursuant to 2.80.200.70 (A) (6) NMAC

Chair Armijo requested Ernie Marquez from Automated Elections Systems present the election report and confirmed with Mr. Trujillo if it was okay not to take action on the item. Mr. Trujillo agreed.

Mr. Marquez indicated that the Board had a copy of the memo of the nominating petitions. He presented the list of members who had requested nominating petitions for the State position as follows;

- 1) Tony Garcia from Hagerman
- 2) Vicky Hanges from Santa Fe

For the Municipal position, they were as follows;

- 1) Isabelle Zamora from Albuquerque
- 2) Lawrence Davis from Albuquerque
- 3) Augustine Romero from Albuquerque
- 4) Robert Coleman from Anthony

As of the April 30 deadline, Fax, email, and in-person petitions for the State position had been received from the following people;

- 1) Tony Garcia
- 2) Vicky Hanges

For the Municipal position, only Augustine Romero had sent in signed petitions.

Mr. Marquez explained the process followed, under Section 2.80.200.70(A) of the New Mexico Administrative Code which allows them to check the signatures of the nominated petitions.

The Code states the petitions should include the signature, legible printing of the member's names, the member's current employer, and one of the following;

- The last four digits of the member's social security number.
- Member's date of birth.
- Member's PERA verification number

After verifying the above details, AES had an outcome as presented on the final page of the report.

For the State position, Vicky Hanges submitted 14 petitions with a total of 18 signatures. None of the signatures were rejected. Tony Garcia submitted 34 petitions with 247 signatures, and 39 signatures were rejected for various reasons. 208 signatures were accepted.

For the Municipal position, Augustine Romero submitted 31 petitions with 233 signatures. 14 of the signatures were rejected and 219 signatures were accepted.

Mr. Marquez pointed out that only 150 signatures were required to be on the ballot for election. Being that there was only one qualified for the State position and one for the Municipal position, it was up to the Board to decide whether there would an action or not.

Mr. Page inquired about the ways through which the petitions had been received. Mr. Marquez replied that most of the petitions had been received by email while some came in through Fax and in-person deliveries.

D. CIO Report

Interim CIO, Kristin Varela, gave an overview of the February results and a glimpse of what March preliminary reporting looked like.

She kicked off her presentation with the cash activity of the month, stating that it had been a flat month. NAV had decreased by \$49 million after paying out \$63 million for the monthly benefits. For the fiscal year-to-date, NAV had increased by \$251 million after paying \$489 million in benefit payments. Even with the market volatility, investment activity continued to fund more than about 54% to 55% of monthly benefits.

Ms. Varela mentioned that liquidity was in good shape. The Plan was holding 17% of tier-one liquid assets which was within the investment policy. However, she noted that with the current volatility, there would be nice flexibility, optionality, and liquidity.

Ms. Varela confirmed that the real estate portfolio was doing well and was strong. She implied that it was time to rebalance out of the liquid strategies to allow for more capital for the private market investments.

All those factors considered brought a volatile month that had been preceded by a volatile January. She was however proud to report that is when the portfolio shined the most and stated that defensive risk balance and diversification are their bread and butter. For the month, when they experienced a tremendous amount of volatility in broad global markets, their portfolio was flat and they were up 8 basis points. Comparing that to the Board adopted benchmark, they preserved capital on the downside by close to 120 basis points.

She recognized that February was a testament to the work they were doing and requested the Board look at the fiscal year returns. Although it was not close to 7.25%, if they reflected on the market volatility, 4.2% was a strong return for a portfolio that was navigating through many uncertainties.

Finally, she stated that staff were closing out March and were still collecting manager invoices, and thus she couldn't give full information. However, the preliminary performance for March, although volatile was very good.

The market slightly increased to 17.9 billion dollars NEV. They had a flat return of 0.5% and the fiscal year hit a 4.7% return. When compared to the policy benchmark for one month, the policy was 1% and they slightly outperformed in March but for the fiscal year, the policy was 0.9%.

The implementation of the portfolio was still expected to exceed the policy benchmarks by 380 basis points or more depending on how they close the final months. Overall, she pointed out that this was a strong quarter and that was where their asset allocation and portfolio shined. It was not good for volatile times or negative returns but they were happy with the capital appreciation.

Ms. Varela summarized her presentation by telling the Board that there were no staffing updates. They still had the one vacancy that was there and there were no significant changes to their team.

Chair Armijo thanked Ms. Varela and her team for the informative and articulate presentation. She informed the Board that they had a quorum and asked Ms. Winter to update them on who had joined. Ms. Winter said that Ms. Toulouse Oliver and Ms. Rosales Ortiz had joined them.

The meeting continued with a quorum.

4. Approval of Agenda

Paula Fisher moved to approve the agenda. Francis Page seconded the motion. Motion passed unanimously by a roll call vote as follows:

Maggie Toulouse Oliver	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	Yes
Paula Fisher	Yes
Francis Page	Yes
Valerie Barela	Yes
Diana Rosales Ortiz	Yes
Claudia Armijo	Yes

5. Approval of March 31, 2022 Board Meeting Minutes

Ms. Naranjo Lopez said the minutes were incomplete and a lot of discussions were left out. She added that there was a correction where she mentioned August 8th but it was written March 8th. Chair Armijo asked Ms. Naranjo Lopez to point out where exactly in the minutes she wanted changes to be made.

Mr. Naranjo Lopez noted that in the third paragraph, it was written March 8th instead of August 8th and that there was no quorum at that time when the interviews were discussed.

Loretta Naranjo Lopez moved to defer approval of minutes to the next Board meeting. Diana Rosales Ortiz seconded the motion. The motion passed unanimously by a roll call vote as follows:

Maggie Toulouse Oliver	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	Yes
Paula Fisher	Yes
Francis Page	Yes
Valerie Barela	Yes
Diana Rosales Ortiz	Yes
Claudia Armijo	Yes

Chair Armijo urged Ms. Naranjo Lopez and any other Board members to be prepared during the next meeting with precise motions to be amended to streamline their meetings. Ms. Naranjo Lopez stated that she will hand the changes to Trish Winter.

Ms. Winter stated that she has received corrections from several Board members as soon as the minutes are posted and she makes those corrections. She added that she would appreciate factual corrections before the next meeting.

Chair Armijo thanked Ms. Winter for her comments and said it was good for everyone to have an understanding. She updated Ms. Toulouse Oliver and Ms. Rosales Ortiz on the items that had discussed before the two of them joined the meeting.

6. Approval of Consent Agenda

Francis Page moved to approve the Consent Agenda. Loretta Naranjo Lopez seconded the motion. The motion passed unanimously by a roll call vote as follows:

Maggie Toulouse Oliver	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	Yes
Paula Fisher	Yes
Francis Page	Yes
Valerie Barela	Yes
Diana Rosales Ortiz	Yes
Claudia Armijo	Yes

8. Unfinished Business

A. Items removed from Consent Agenda if necessary

None.

9. New Business

A. 2022 Board Election Report

1. Approval of Nominating Petition Counts for State Position; Cancellation of Election and Declaration of Winner pursuant to 2.80.200.70 (A) (6) NMAC

Maggie Toulouse Oliver moved to approve Election Report and cancel both the State and Municipal Elections. Diana Rosales Ortiz seconded the motion. The motion passed unanimously by a roll call vote as follows:

Maggie Toulouse Oliver	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	Yes
Paula Fisher	Yes
Francis Page	Yes
Valerie Barela	Yes
Diana Rosales Ortiz	Yes

Mr. Page asked if the two candidates were present at the meeting. Mr. Trujillo stated that they were not in attendance.

2. Approval of Nominating Petition Counts for Municipal Position; Cancellation of Election and Declaration of Winner pursuant to 2.80.200.70 (A) (6) NMAC

A. Approval of 2023 Operating Budget

1. Approval of Legislative Compensation Increase for Exempt Employees

Ms. Naranjo Lopez stated that she would not be voting on this motion because she felt that staff should not be getting any benefits until SB 72 had been repealed. She also pointed out that staff had received a 50% increase.

Ms. Williams introduced the FY23 operating budget. She thanked the Budget Manager, Marlina Riggs, for working on the budget and putting it together. She also mentioned that the FY23 was based on the appropriation of \$40 million. Based on House Bill 2, there will be an additional amount in the personal services for legislative compensation increase for state workers and a decrease in the contractual services.

In the personal services category, the appropriation request was \$820,000. However, the operating budget was higher based on the 3% legislative increase that the state workers got in April and the average of the 4% legislative increase that the state workers will receive effective July 2022. As such, the operating budget for the personal services and the employee category was \$9.1 million with approximately \$800,000 increase from the appropriation request.

In contractual services, the appropriation request was \$28 million but it was reduced by legislature by \$2.3 million. The operating budget for the contractual services was thus \$25.9 million.

For the other categories, the appropriation request was \$3.5 million, and there were no changes from legislature. The FY23 operating budget was \$38.6 million which was an increase of 6.39 percent from FY22. Any expenditures not spent during the operating year would be reverted to the trust fund.

Ms. Williams showed the detailed operating budget which would enter the state budget system, BFM. With the new system, several forms were no longer needed. She added that those were the details of their operating system and budget that would be presented by May 2.

House Bill 2 provided an average increase of 4% to each employee in a budgeted position for the Fiscal Year 2023. Ms. Williams presented a list of PERA staff who were entitled to receive the 4% increase based on HB 2. Ms. Williams further mentioned that the numbers were based on the 2,088 budget hours because that was the amount they had to put into the budget based on the fiscal year.

Chair Armijo asked if the classified PERA employees would also get their 4%. Ms. Williams responded in the affirmative.

Ms. Naranjo Lopez emphasized that the employees had received their 50% increase yet the members were being asked to support the budget while their income was taken away. She was concerned about how the Board looked at the budget and suggested an investigation into it.

Mr. Page moved to approve the FY 2023 Operating Budget. Ms. Rosales Ortiz seconded the motion. The motion passed by a roll call vote of 8 to 1 as follows:

Maggie Toulouse Oliver	Yes	
Roberto Ramirez	Yes	
Francis Page	Yes	
Loretta Naranjo Lopez		No
Paula Fisher	Yes	
Francis Page	Yes	
Valerie Barela	Yes	
Diana Rosales Ortiz	Yes	
Claudia Armijo	Yes	

Board Recessed to Executive Session NMSA 1978, 10-15-1 (H) (3)
Administrative Appeal Sean Glackman

Francis Page moved to go into Executive Session. Loretta Naranjo Lopez seconded the motion. The motion passed unanimously by a roll call vote as follows:

Maggie Toulouse Oliver	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	Yes
Paula Fisher	Yes
Francis Page	Yes
Valerie Barela	Yes
Diana Rosales Ortiz	Yes
Claudia Armijo	Yes

Board Reconvened to Regular session.

C. Final Decision on Administrative Appeal
1. Sean Glackman (PID #418924)

Paula Fisher moved to rejoin the meeting. Francis Page seconded the motion. The motion passed unanimously by a roll call vote as follows:

Maggie Toulouse Oliver	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	Yes
Paula Fisher	Yes
Francis Page	Yes
Valerie Barela	Yes
Diana Rosales Ortiz	Yes
Claudia Armijo	Yes

Chair Armijo stated that the only thing that was discussed in the Executive Session was the Administrative Appeal PID #418924.

Valerie Barela moved to adopt the hearing officer's recommendation and deny the claimant's request for duty disability retirement benefits. Francis Page seconded the motion.

Maggie Toulouse Oliver	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	Yes
Paula Fisher	Yes
Francis Page	Yes
Valerie Barela	Yes
Diana Rosales Ortiz	Yes
Claudia Armijo	Yes

E. Executive Director's Report

Mr. Trujillo stated that there was about \$115 million in payroll for March. He mentioned there had been discussion about vacancies during the audit and budget meeting and PERA has filled three of those vacancies in the last two weeks. He added he hoped to get another offer letter out if everything went well the next day.

Mr. Trujillo pointed out a new additional to the report, several different website statistics have been included and he hoped the Board would enjoy seeing these. Ms Christina Perea, Outreach Bureau Chief had put this together in response to questions from several board members at the last meeting.

Mr. Page asked why foreign countries were accessing PERA's website. Mr. Trujillo stated that it was nothing of significance but it was something they kept a close eye on because the website was hosted externally and staff tried to segregate that traffic from their internal report. He noted that the foreign activity was concerning and many organizations could see that.

Mr. Trujillo stated they had looked into retirees and 17 out of 43,000 retirees were abroad. It was not a huge number to have that many hits but he hoped that it was people around the world who were interested in PERA.

Chair Armijo commended Ms. Perea for doing a great job at putting the report together and being responsive to questions. Ms. Perea pointed out that as part of the 75th anniversary research, they found retirees were living in 10 different countries around the world.

Mr. Trujillo recommended including that information in the monthly report. Chair Armijo said that she would appreciate that and thanked Mr. Trujillo for the report.

10. Public Comment

There was no request from the public for comment.

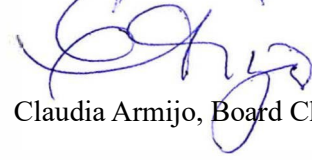
Ms. Naranjo Lopez reiterated that the Ad hoc Committee was unlawful and requested the opinion of an independent legal. She suggested that the Board consider an out-of-state attorney rather than Reed Smith. She also requested an agenda for this at the next Board meeting or special Board meeting.

Mr. Trujillo informed the Board that staff will be having another 75th anniversary on Monday, May 2 and urged the Board to join them.

11. Adjournment

With no further business to discuss, Chair Armijo adjourned the meeting at approximately 10:41am.

Approved by:



Claudia Armijo, Board Chair

ATTEST:



Greg Frujillo, Executive Director

Exhibit(s)