

**New Mexico
Public Employees Retirement Association
Board Meeting
August 25, 2022**

1. Call to Order

This meeting of the New Mexico Board was held on the date cited above via Zoom tele/video conferencing. Chair, Claudia Armijo, called the meeting to order at approximately 9:49am.

2. Pledge of Allegiance

Paula Fisher led the Pledge.

3. Roll call

The meeting attendance met quorum with the following members present;

Board Members Present

Claudia Armijo, Chair
Diana Rosales Ortiz
Valerie Barela
Francis Page
Shirley Ragin
Roberto Ramirez
Loretta Naranjo Lopez
Steve Neel
Paula Fisher
Lawrence Davis

Board Members Absent

Maggie Toulouse Oliver
Tim Eichenberg

Staff

Greg Trujillo, Executive Director
Trish Winter, Executive Assistant
Anna Williams, Deputy Director
Michael Shackelford, CIO
Kristin Varela, Deputy CIO
Misty Schoepner, Acting General Counsel
Karyn Lujan, SmartSave Plan Manager
Lynette Kennard, CFO
LeAnne Larranaga-Ruffy, Investments
Geraldine Garduno, Assistant General Counsel
Loretta Lopez, Assistant General Counsel
Sara Hume, Investments
Ron Gallegos, CTO

4. Approval of Agenda

Ms. Naranjo Lopez moved to approve the agenda with the following amendments; remove items 5A, 7A (1), and 9C. She stated that she had not received the CIO report, that the July 28, 2022 Board minutes were incorrect, and that the budget lacked accurate information.

There was no second on the motion. Motion failed.

Paula Fisher moved to approve the agenda. Steve Neel seconded.

Mr. Davis inquired whether anything had changed on the agenda as a per Ms. Naranjo Lopez's remarks. Mr. Trujillo stated that nothing had changed. Ms. Naranjo Lopez's requests were to have items removed from the agenda. Mr. Trujillo also confirmed that the agenda met all the requirements of the Open Meetings Act.

Ms. Naranjo Lopez disagreed, claiming that the Board members had not been given accurate information about the appropriation request, that the CIO report had not been included in the Board packet, and that the presentation of the Board's self-assessment had not been provided prior to the meeting.

Chair Armijo called for the vote.

The motion to approve the agenda passed with a roll call vote of 8 to 1 as follows;

Shirley Ragin	Yes	
Roberto Ramirez		
Francis Page	Yes	
Loretta Naranjo Lopez		No
Steve Neel	Yes	
Paula Fisher	Yes	
Lawrence Davis	Yes	
Valerie Barela	Yes	
Diana Rosales Ortiz	Yes	
Claudia Armijo	Yes	

5. Approval of Meeting Minutes

A. Approval of July 28, 2022, Board Meeting Minutes

Ms. Naranjo Lopez moved to amend the minutes. She argued that she had provided her changes and they were not reflected in the minutes.

There was no second on the motion. Motion failed.

Steve Neel moved to approve the July 28, 2022, Board meeting minutes. Shirley Ragin seconded the motion.

The motion to approve the July 28, 2022, Board meeting minutes passed with a roll call vote of 8 to 1, with 1 abstention as follows;

Shirley Ragin	Yes	
Roberto Ramirez	Yes	
Francis Page		Abstain
Loretta Naranjo Lopez		No
Steve Neel	Yes	
Paula Fisher	Yes	
Lawrence Davis	Yes	
Valerie Barela	Yes	
Diana Rosales Ortiz	Yes	
Claudia Armijo	Yes	

6. Approval of Consent Agenda

Ms. Naranjo requested removal of Items 5 A and B from the Consent Agenda and moved to Item 8 A.

Steve Neel moved to approve the Consent Agenda as amended. Lawrence Davis seconded the motion. The motion passed with a unanimous roll call vote as follows;

Shirley Ragin	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Paula Fisher	Yes
Lawrence Davis	Yes
Valerie Barela	Yes
Diana Rosales Ortiz	Yes
Claudia Armijo	Yes

7. Reports of Committee

A. Audit & Budget Committee – August 25, 2022

Ms. Rosales Ortiz, Chair of the Audit and Budget Committee, reported that the Committee met earlier on August 25, 2022, and reviewed the FY24 appropriation request.

According to Ms. Naranjo Lopez, Wilshire receives \$8 million regardless of fund performance. Staff, she claimed, had made no significant efforts to reduce the fees. She also stated that staff had increased fees with \$900 million allocation to hedge funds, resulting in \$18 million for the fund managers. She asked about the net fees for that \$900 million, as well as whether the hedge funds had outperformed during the downturn.

Kristin Varela, Deputy CIO, clarified that Wilshire is a contracted consultant, and thus PERA does not pay them \$8 million per year. She offered to discuss the contract with any willing Board member offline. She also stated that the RFP to re-engage Wilshire Associates in January 2020 had included all Board members. The competitive fee schedule had also been shared with the Board.

Ms. Naranjo Lopez inquired about the manager fees, which were not included in the current budget. Ms. Varela emphasized that the budget reflects manager fees that are paid on budget. They are the standard in-custody manager fees.

Mr. Davis pointed out that the P-1 included information from the previous fiscal year, FY23. He suggested that it be removed before submitting it to the DFA. Ms. Williams stated that the previous fiscal year information should not be present, but that the new BFM system had some glitches that the DFA was working to fix.

Mr. Davis also asked why the 7% salary increase approved by the State last year had been incorporated into the budget for consideration. The raise applied to all PERA employees, including executive and exempt staff.

Ms. Williams confirmed that staff received a 3% legislative increase in FY 22, and a 4% increase in FY 23. The 7% increase in their base pay was reflected in the FY 24 appropriation request. That is why there were increases in the FY 24 budget request.

Lawrence Davis moved to approve PERA's budget request for FY 24. Diana Rosales Ortiz seconded the motion. The motion passed with a roll call vote of 8 to 2 as follows;

Shirley Ragin	Yes
Roberto Ramirez	Yes
Francis Page	No
Loretta Naranjo Lopez	No
Steve Neel	Yes
Paula Fisher	Yes
Lawrence Davis	Yes
Valerie Barela	Yes
Diana Rosales Ortiz	Yes
Claudia Armijo	Yes

Mr. Neel commended Mr. Trujillo and Ms. Williams for their hard work on the budget. He mentioned that he was facing the same hurdles, but the two had done a great job.

8. Unfinished Business

A. Items removed from Consent Agenda

Loretta Naranjo Lopez moved to have her name added for the travel for the IFBP 68th Annual Employee Benefits Conference for October 23rd to 26th Las Vegas, Nevada. She stated that she had made her request to attend months ago.

Ms. Naranjo Lopez also called a point of order and stated that Item E was invalid without a seven-member vote for an investigation or adequate 72-hour notice. She added that it should include her in the same travel or take all the Board members out for travel.

There was no second on the motion. Motion failed.

Steve Neel moved to approve Item 5 A on the Consent Agenda. Francis Page seconded the motion. The motion passed with a roll call vote of 9 to 1 as follows;

Shirley Ragin	Yes	
Roberto Ramirez	Yes	
Francis Page	Yes	
Loretta Naranjo Lopez	No	
Steve Neel	Yes	
Paula Fisher	Yes	
Lawrence Davis	Yes	
Valerie Barela	Yes	
Diana Rosales Ortiz	Yes	
Claudia Armijo	Yes	

Steve Neel moved to approve Item 5 B on the Consent Agenda. Shirley Ragin seconded the motion. The motion passed with a roll call vote of 9 to 1 as follows;

Shirley Ragin	Yes	
Roberto Ramirez	Yes	
Francis Page	Yes	
Loretta Naranjo Lopez	No	
Steve Neel	Yes	
Paula Fisher	Yes	
Lawrence Davis	Yes	
Valerie Barela	Yes	
Diana Rosales Ortiz	Yes	
Claudia Armijo	Yes	

9. New Business

Board recessed to Executive Session to discuss;

NMSA 1978, §10-15-1 (H) (3)

Administrative Appeal

1. Carla Sanchez

Paula Fisher moved to go to Executive Session. Lawrence Davis seconded. The motion passed with a unanimous roll call vote as follows;

Shirley Ragin	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Paula Fisher	Yes
Lawrence Davis	Yes
Valerie Barela	Yes
Diana Rosales Ortiz	Yes
Claudia Armijo	Yes

The Board was in Executive Session from 10:33am to 11:25am.

Chair Armijo stated the only business discussed in Executive Session was what was on the agenda.

Board Members Present

Roberto Ramirez
Francis Page
Loretta Naranjo Lopez
Steve Neel
Paula Fisher
Lawrence Davis
Valerie Barela
Diana Rosales Ortiz
Claudia Armijo

A. Final decision on Administrative Appeal
1. Carla Sanchez (PID # 119723)

Lawrence Davis moved to reject the hearing officer's recommended findings of fact and conclusions of law, and to remand the matter back to the hearing officer for further consideration of findings of fact and conclusion of law, additional records, testimony from PERA's Disability Medical Physicians, and reevaluation of Ms. Sanchez's application.

Paula Fisher seconded the motion. Motion passed by a roll call vote of 8 to 1 as follows;

Roberto Ramirez	Yes	
Francis Page		No
Loretta Naranjo Lopez	Yes	
Steve Neel	Yes	
Paula Fisher	Yes	
Lawrence Davis	Yes	

Valerie Barela	Yes
Diana Rosales Ortiz	Yes
Claudia Armijo	Yes

9.B. Presentation of Board Self-Assessment

Ms. Ragin was unable to present the Board self-assessment as she had another meeting to attend.

9.C. CIO Report

Michael Shackelford, PERA's new Chief Investment Officer, began by thanking the Board and staff, noting that it was a good time for him to join the team because they would be launching a new strategic asset allocation. He stated he was working on familiarizing himself with the portfolio and updating it.

Mr. Shackelford stated that he had contacted a few Board members and was looking forward to speaking with all of them so that they could share their ideas and thoughts on the portfolio and investments.

Ms. Naranjo Lopez asked Mr. Shackelford if he could share a copy of the written questionnaire he had completed. Chair Armijo suggested making the request to staff.

Kristin Varela, Deputy CIO, provided a brief recap of last month's performance, stating that there had been constant communication about fiscal year-end projections. Ms. Varela stated that the team was working hard to audit and validate every account in the fund, so the final performance was not yet complete. Ms. Varela communicated that a formal summary of performance would be sent to the PERA Board members via email. She also added that an in-depth review of final fiscal year performance would be provided by Wilshire at the Investment Committee Meeting next month.

Ms. Varela also clarified that there was not a deliverable for this agenda item, stating that it was a verbal update only.

Chair Armijo welcomed Mr. Shackelford aboard. Mr. Neel echoed her sentiments and thanked Ms. Varela for her role as the interim CIO. He mentioned that the general range of numbers for the fiscal year were good and commended staff for the good work. Mr. Page and Ms. Fisher also echoed Mr. Neel's comments.

9.D. Executive Director's Report

Executive Director, Greg Trujillo welcomed Mr. Shackelford to the team and thanked Ms. Varela for holding down the fort for the last year.

Mr. Trujillo stated that July was an all-time high for retiree payroll. It was also the final 13th check. He highlighted that with regard to the \$77.6 million that came out in employee contributions, this is the third year of the contribution increases for state employees. It is also the

first year and first month reporting for contribution increases for municipalities and counties. It was expected that the numbers would stay consistent throughout the year.

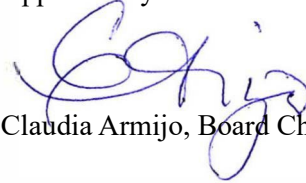
10. Public Comment

There were no comments from the public.

11. Adjournment

With no further business to discuss, Chair Armijo adjourned the meeting at approximately 10:35am.

Approved by:



Claudia Armijo, Board Chair

ATTEST:



Greg Trujillo, Executive Director