

NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
BOARD MEETING

August 25, 2016

This meeting of the Public Employees Retirement Board was called to order by Patricia French, Chair at approximately 11:25 a.m. on the above-cited date at the PERA Building, 33 Plaza la Prensa, Senator Fabian Chavez, Jr. Board Room, Santa Fe, New Mexico.

1. & 2. ROLL CALL

The Pledge of Allegiance occurred at the Investment Meeting. 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
Dan Esquibel - Municipal
Paula Fisher - State
John Melia - Municipal
Loretta Naranjo Lopez - Retiree
John Reynolds - State
Cathy Townes - State
Brad Winter - *Ex-officio*

Member(s) Excused:

Jackie Kohlasch - State
James Maxon - County
Tim Eichenberg - *Ex-officio*

Staff Members Present:

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

Others Present:

Jamie Feidler, Cliffwater

Tom Toth, Wilshire

Paul Lium, Nationwide

2. **APPROVAL OF AGENDA**

Mr. Esquibel introduced the following motion:

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

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

3. **APPROVAL OF CONSENT AGENDA**

[Exhibit 1: Consent Agenda]

Chair French said she reviewed the minutes and found them complete and accurate.

Mr. Esquibel introduced the following motion:

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

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

4. **CURRENT BUSINESS**

A. Fiscal Year 18 Budget Request

Mr. Mayfield said he reviewed the budget request and given the current legislative sentiment he was very impressed with the budget reduction for FY 18. He introduced the following motion:

“RESOLVED, that the PERA Board approve FY 18 Budget request.”

Mr. Reynolds seconded and the motion passed by majority [8-1] voice vote with Ms. Naranjo Lopez voting against.

B. Revised Asset Allocation of PERA SmartSave LifeCycle Portfolios to include High Yield Bond *[Exhibit 2: Staff report re: Revised Asset Allocation]*

Mr. Reynolds, Chair of the SmartSave Committee, said this recommendation would provide an alternative asset allocation in high yield bonds for the SmartSave LifeCycle portfolios that were discussed and approved at committee. He introduced the following motion:

“RESOLVED, that the PERA Board approve the revised asset allocation of PERA’s SmartSave LifeCycle portfolios to include high yield bonds.”

Mr. Mayfield seconded and the motion passed by unanimous [9-0] voice vote.

- C. **Action Items: Alternative Asset Recommendations for approval to be funded according to the cash plan, subject to legal review by General Counsel**
1. **Recommendation to Commit up to \$85 Million to FountainVest China Capital Partners III, LP**

Chair French noted that the investment items were discussed earlier this morning during the Investment Committee meeting.

Mr. Esquibel, Chair of the Investments Committee, introduced the following motion:

“RESOLVED, that the PERA Board approve a commitment of up to \$85 million to FountainVest China Capital Partners III, LP, subject to legal review.”

Mr. Mayfield seconded and motion passed by unanimous [9-0] voice vote.

2. **Recommendation to Commit up to \$75 Million to Harrison Street Real Estate Partners VI, LP**

Mr. Esquibel introduced the following motion:

“RESOLVED, that the PERA Board approve a commitment of up to \$75 million to Harrison Street Real Estate Partners VI, LP, subject to legal review.”

Mr. Mayfield seconded and motion passed by unanimous [9-0] voice vote.

D. Real Asset Implementation Plan

Noting this item was discussed and approved during the IC meeting, Mr. Esquibel introduced the following motion:

“RESOLVED, that the PERA Board approve the Real Asset Implementation Plan.”

Mr. Mayfield seconded and the motion passed by unanimous [9-0] voice vote.

E. Approval of Updated Procurement Policy
[Exhibit 2: Procurement Policy]

Mr. Esquibel said the committee had reviewed the policy in detail in the past and recommended its approval at this morning’s meeting with the stipulation that Section 12 will be revised in the near future. He introduced a motion as follows:

“RESOLVED, that the PERA Board approve the Updated Procurement Policy.”

Mr. Mayfield seconded and the motion passed by unanimous [9-0] voice vote.

F. Executive Director’s Report

Mr. Propst noted that his report was posted on the Board portal. He pointed out that the Investment and Pensions Oversight Committee (IPOC) is having a hearing Monday, August 29th. The morning will focus on a new topic for IPOC, private sector investment security which was recommended by PERA. The State of New Mexico is ranked 49th in private sector security. He acknowledged PERA CIO Grabel for putting together the panel of experts for Monday's meeting and encouraged the Board to listen to the live stream. ERB and PERA will be presenting on the economic impact of the two pension plans on the State to IPOC in the afternoon session.

Mr. Propst said for the first time PERA will pay out over \$1 billion in pensions to retirees. "It is remarkable how much PERA retirees receive in pensions and then put that back in the community."

Mr. Propst reported that the contract for the 18-month data cleansing project will be in place the first week of September. He also noted that PERA's Santa Fe office had over 800 phone calls last month and not one went into voicemail.

In response to a question from Chair French, Mr. Propst stated that it is for security concerns that staff travel is reported after the fact. Preferring to have that information before the travel, Chair French suggested eliminating the travel dates in the report.

5. OTHER BUSINESS

Chair French appointed Board members to two subcommittees to address current issues before the Board:

Election Process Subcommittee: Members Esquibel, Townes, and Maxon (Chair French in his absence)

Board Attorney Investigative Subcommittee: to determine if the Board needs its own attorney and, if so, the scope of services: Members Naranjo-Lopez, Eichenberg, and Fisher.

Chair French asked that the subcommittees be prepared to present their findings, if possible, at the next Rules & Administrative Committee.

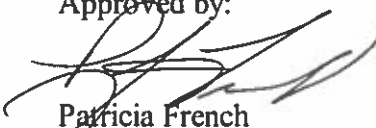
Mr. Esquibel asked how the subcommittees could begin working without violating the Open Meetings Act.

Ms. Pittard said staff would develop and post a memo to the Board on the parameters of ad hoc committees.

6. ADJOURNMENT

Having completed the agenda and with no further business to come before the Board, Chair French declared this meeting adjourned at 11:40 a.m.

Approved by:



Patricia French
Chair, PERA Board

ATTEST:


Wayne Propst, Executive Director

Attached Exhibit:

Exhibit 1: Consent Agenda

Exhibit 2: Staff report re: Revised Asset Allocation