

**NEW MEXICO**  
**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**  
**BOARD MEETING**

**April 30, 2020**

1. This monthly meeting of the Public Employees Retirement Board was called to order by John Melia, Chair, at approximately 9:00 a.m. on the above-cited date.

Chair Melia made the following statement: In accordance with the Public Health Emergency Order issued by the State of New Mexico, and pursuant to the New Mexico Attorney General's Open Government Division Advisory during Covid-19 stated Public Health Emergency, which authorizes public entities to conduct virtual meetings, PERA's Board of Trustees meeting is being conducted today, April 30, 2020, through a webinar. Please note that this meeting is open to the public, and all interested persons may attend by using the dial-in number or virtual webinar meeting information provided on PERA's website.

**2. & 3. Roll Call**

Roll call followed the Pledge of Allegiance and indicated a quorum with the following members present:

**Members Present:**

John Melia - Municipal, Chair  
David Roybal - State  
Lawrence Davis - Municipal  
Tim Eichenberg - *Ex-officio*  
Paula Fisher - State  
Patricia French - Municipal  
Dan Mayfield - Retiree  
Steve Neel - State  
Loretta Naranjo Lopez - Retiree  
Shirley Ragin - County

**Member(s) Absent:**

Claudia Armijo - State  
Maggie Toulouse Oliver - *Ex-officio*

**Staff Members Present:**

Wayne Propst, Executive Director  
Susan Pittard, Chief of Staff/General Counsel  
Dominic Garcia, Chief Investment Officer  
Greg Trujillo, Deputy Director  
Renada Peery-Galon, Administrator Services Director  
Trish Winter, Executive Assistant  
Kristin Varela, Deputy Chief Investment Officer  
Anna Williams, Chief Financial Officer  
Ron Gallegos, IT

**Others Present:**

Tom Toth, Wilshire

**Chair's Statement**

Chair Melia encouraged the Board members participating, to be patient with each other, staff and the consultants participating today, given the limitations of virtual technology. In accordance with the Attorney General's Advisory Guidance, Chair Melia said today's investment committee will be conducted as follows: 1) We will adhere to the agenda; 2) Please address all comments/questions regarding any agenda item through the Chair, in order to minimize confusion for the participants and listening public; 3) Please wait to be called on by the Chair, and identify yourself by name prior to speaking; and 4) Greg Trujillo will be today's meeting administrator, he can identify who is participating in the meeting either by Zoom or telephonically. If you are participating through Zoom, please use the raise your hand tool to be recognized by the Chair to speak. Do not speak over another speaker. If there is any unnecessary disruption, Mr. Trujillo will be asked to mute audio to regain the appropriate level of decorum necessary to complete the business of the Board today. Lastly, all votes of the committee will be conducted by roll call vote.

#### **4. Approval of Agenda**

Mr. Mayfield moved to approve the agenda as published. Mr. Davis seconded.

Ms. Naranjo Lopez said that, according to Robert's Rules of Order, Eleventh Edition, page 360, "New Business" is an opportunity for members to introduce new items of business. She suggested that the items under today's agenda as New Business are incorrectly labeled. Chair Melia offered to look into that with staff.

Ms. Naranjo Lopez said she would be voting against the agenda because it is incorrectly sequenced.

Chair Melia remarked that items B. 2 Approval of Annual Active Risk Budget & Active Target Returns and B. 3, 2020 Investment Committee Work Plan were not dealt with at the April 28<sup>th</sup> Investment Meeting and requested amending the agenda to remove those two items.

[Board members Eichenberg and Fisher joined the meeting at this time.]

Mr. Neel moved to amend the agenda with the removal of items B. 2 and 3 and Mr. Mayfield seconded. The motion to amend the agenda passed by unanimous roll call vote.

Mr. Mayfield moved to approve the agenda as amended and Ms. French seconded. The motion passed by majority [9-1] roll call vote with Ms. Naranjo Lopez voting against.

Ms. French requested that the Chair review Robert's Rules and address the discrepancy brought forward by Ms. Naranjo Lopez regarding new business.

## **5. Approval of Consent Agenda**

*[Exhibit 1: Agenda]*

Mr. Davis moved to approve and Mr. Neel seconded. The motion passed by majority [8-2] roll call vote with Members French and Naranjo Lopez voting against.

## **6. New Business**

### **A. Approval of FY 21 Operating Budget**

Mr. Roybal, Chair of the Audit & Budget Committee, said that PERA's FY21 operating budget is based on the request of \$36.2 million which is a decrease of 1+ percent from the FY20 budget. He reminded the Board that PERA's FY21 appropriation request was approved by the Board at its August meeting. This budget is based on that appropriation request. The appropriation budget goes through a legislative process, and during that process the budget was decreased by \$19,200 for salaries and benefits to hold them flat to the FY20 operating budget. They also provided an increase of \$276,400 for a 4 percent compensation increase for the employees. An additional \$28,300 in the personal services and benefits category for a 5 percent increase for the PERA contribution rate. Overall, the FY21 operating budget totals \$36.4 million which is still a decrease of .35 percent from the FY20 operating budget and Mr. Roybal offered kudos to the PERA staff. There is a budget vacancy rate of 3.9 percent.

The Governor has stated that a special session will be called to discuss the revenue shortfalls.

Mr. Roybal said that PERA's operating budget is derived from the trust fund, and any amounts not used revert to the trust fund. As a budget director for the State, Mr. Roybal said he is familiar with, and appreciates the clarity of, the budget presented by PERA.

Chair Melia opened the floor for discussion and questions.

Mr. Mayfield moved to approve the FY21 Operating Budget.

Ms. French recognized that while the budget is a slight decrease from last year the significant increase from a few years ago overrides it. She noted that the state approved the budget before the financial shortfalls surfaced. In an effort to protect the membership's money, she asked whether staff investigated reducing the budget with the pandemic's affect on the market, oil and gas and the state.

Mr. Roybal said he understood the questions brought up by Ms. French would be addressed during the special session. Once called, if the session results in an overall cut to all budgets, then staff will make those reductions. At this point, departments are required to submit budgets at the level approved by the legislature. Ms. French said she preferred being proactive rather than reactive.

Renada Peery-Galon, Administrator Services Director, said it is anticipated that a special session will be called. It is unknown what actions will result, but there will be changes to the General Appropriation Act. Decreases are expected and the operating budget will be adjusted to meet those changes.

Ms. Peery-Galon said that the focus of the cuts are usually on general fund revenues and PERA has general fund dollars to operate the Social Security Administration Program.

Ms. Naranjo Lopez announced that she will be voting against the budget because salaries should have been cut similar to the cuts retirees are experiencing. She said retirees are being made to pay for plans that are not appropriately funded. Approving this budget when \$55 million is being taken from retirees is concerning, offered Ms. Naranjo Lopez.

Mr. Neel offered a second to Mr. Mayfield's motion to approve the FY21 Operating Budget.

Ms. Fisher remarked that the budget should be tabled, reviewed and reconsidered in light of the pandemic. Ms. Peery-Galon noted that submission of a budget altered from what was approved by the legislature will be an audit finding on the agency.

Ms. Naranjo Lopez suggested PERA receive permission to adjust the budget rather than wait for a special session. She recommended an outside organization review the budget.

Chair Melia noted that the state provided a contribution to the fund to pay the retirees a 2 percent COLA.

Mr. Neel supported austerity and frugality in the budget and recognize that the budget needs to be submitted to the state tomorrow.

For the record, Ms. French said she would vote against the budget, and it was not to harm the agency but rather be proactive.

The motion passed by majority [7-3] roll call vote with Members French, Naranjo Lopez and Fisher voting in the negative.

## **B. Approval of Investment Committee Action Items**

### **1. Approval of Liquidity Risk Management Parameters, IPS amendment**

Steve Neel, chair of the Investment Committee, said the committee met on Tuesday for over four hours. The amendment to the IPS basically breaks down the portfolio with regard to levels of liquidity, and requires that the fund retains a certain level of liquidity, specifically in the most liquid asset class – core bonds and overlay strategies. The importance of this is to ensure PERA does not find itself in a liquidity crunch and be forced to sell illiquid instruments. Historically, a number of public plans have been harmed by that.

Chief Investment Officer Garcia added that this is a strong policy enhancement as a risk management and governance tool around liquidity. Currently, PERA has a very strong liquidity position.

Mr. Mayfield said this IPS amendment is very prudent and he moved to approve. Mr. Davis seconded.

Ms. Naranjo Lopez said that, “without qualified staff to implement such provisions or policies – this is misleading and could undermine the public trust” and she would be voting against this item.

The motion passed by majority [9-1] roll call vote with Ms. Naranjo Lopez voting in the negative.

## **C. Executive Director's Report**

Executive Director Wayne Propst said that he has been sending updates to the Board on a more frequent basis. He noted that the 3<sup>rd</sup> quarter budget report shows PERA on track to save more than

\$400,000 in salaries and benefits, and an additional \$1 million plus in other categories. Those monies will revert back to the trust fund.

The office is closed and it is anticipated the closure will continue at least until mid-May. A number of PERA's member entities have contacted the agency to discuss the impact of furloughs on the accrual of PERA service credit. In 2010 the PERA Board held an emergency administrative rule making, allowing part-time employees to acquire service credit otherwise eligible, without the furlough. Staff may be bringing a similar emergency rule making before the Board in May.

Ms. French recalled that PERA staff was not affected by the furloughs because they are not paid through the general fund. She understood that working 30 and more hours will have no impact on a pension, but less than 30 hours would. Mr. Propst said the Board did amend the policy for part-time employees and he would review that policy. He offered to investigate what Santa Fe City Council recently enacted regarding furloughs as well as other municipalities and counties, and report back to the Board.

Ms. French requested updates on the health of staff and Board members.

Mr. Propst said he was very proud of how well PERA staff has adjusted to working remotely and meeting payroll. At this point, contributing accounting staff is working remotely and the remittance process has been running smoothly. Late penalties have been waived. He anticipated things would become more difficult as budgetary strains are incurred.

## 7. **Adjournment**

Having completed the agenda and with no further business to come before the Board, Chair Melia declared the meeting adjourned at 10:05 p.m.

Approved by:

  
John Melia  
Chair, PERA Board

ATTEST:

  
Wayne Propst, Executive Director

Exhibits attached

*Exhibit 1: Consent Agenda*

**PERA Board Meeting**  
**April 30, 2020**  
**CONSENT AGENDA**

1. **Approval of Minutes:** January 14, 2020 and January 31, 2020
2. **Ratification of Retirements - Benefits processed through: 4/1/2020**
  - a. Normal
  - b. Deferred
  - c. Reciprocity to ERA
  - d. Non-Duty Death
  - e. Non-Duty Disability
  - f. Reciprocity to PERA
3. **Duty & Non Duty Deaths**
  - a. Jackie A. Romero - Non-Duty
  - b. Richard Bagley - Non-Duty
  - c. Colin Rice - Non-Duty
  - d. Marcus Montoya - Non-Duty
4. **Affidavits for Free Military Service:**
  - a. Ramon Roybal - 9 months
  - b. Michael Lawrence - 2 months
  - c. Frank Baca - 1 month
  - d. Mark Johnson - 1.5 months
  - e. Anthony Guerrero - 4 months
  - f. Roger Ortega - 13 months
  - g. Kenneth J. Olson - 3 months
5. **Resolutions**
  - a. Village of Williamsburg Resolutions No. 10 Authorizing Employer Pick-up of PERA Member Contributions for Determining Tax Treatment under the IRS Code
  - b. Rio Arriba County Resolution No. 2020-066 Resolution Authorizing Rio Arriba County to Pick-up PERA For the Municipal Detention Officer Plan 1 Member Contributions in Effect April 5, 2020.
6. **Setting of Meetings: May 2020 Meetings**

a. Disability Review Committee	May 12, 2020	1:00 p.m.
b. Investment Committee	May 28, 2020	9:00 a.m.
c. Board Meeting	May 28, 2020	following Investment Committee

Any person with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact Trish Winter at 505-476-9305 at least one week prior to the meeting, or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact Ms. Winter if a summary or other type of accessible format is needed.