

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

**August 27, 2020**

This monthly meeting of the Public Employees Retirement Board was held on the date cited above via Zoom tele/videoconferencing. John Melia, Chair, called the meeting to order at approximately 9:06 a.m.

**1. & 2. Pledge of Allegiance and Roll Call**

Roll called followed the Pledge of Allegiance. Meeting attendance met quorum, with the following members present:

**Members Present:**

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

**Member(s) Absent:**

Maggie Toulouse Oliver - *Ex-officio*

**Staff Members Present:**

Wayne Propst, Executive Director  
Greg Trujillo, Deputy Director  
Trish Winter, Executive Assistant  
Susan Pittard, General Counsel/Chief of Staff  
Dominic Garcia, Chief Investment Officer  
Anna Williams, Administrative Services Director/CFO  
Misty Schoeppner, Deputy General Council  
Kristin Varela, Deputy CIO  
Marlena Riggs, Budget and Financial Manager  
Karyn Lujan, SmartSave Plan Manager  
Angela Romero, Manager, Albuquerque PERA  
Christina Gauthier, Public Relations Coordinator

**Others Present:**

Ernie Marquez, Automated Election Services

**4. Approval of Agenda**

Mr. Davis moved to approve the agenda as published. Mr. Roybal seconded the motion.

Mr. Eichenberg asked for the deferral of agenda item 7A, the termination of withholding of AFSCME Retiree Chapter 18 membership dues to the September 2020 Board meeting. He commented that he had requested the Board receive background information on the costs involved in collecting dues and whether this could be a business opportunity PERA to undertake this for a fee. He noted Mr. Trujillo had some information in the Board packet for the current meeting, but no further information on costs to PERA. Mr. Eichenberg said he was asking for deferral of the item until the numbers could be provided to prevent another vote to eliminate the dues being collection from another entity without this information.

Concerning agenda item 7A, Ms. Naranjo Lopez said as the Board has been talking about having public comment, she was sure that members from AFSCME would like to speak, however this was not included on the agenda.

Ms. Naranjo Lopez said she wished to make a statement that she has previously requested that Robert's Rules of Order be reviewed to clarify whether the Board agendas and meetings were following these. In particular, she mentioned Board members raising various issues under "New Business". Ms. Naranjo Lopez said she would also like to receive, in writing, information on whether the Board was meeting the Open Meetings Act, under which she thought the agenda was supposed to include an item for public comments.

Chair Melia advised that the Board meeting agenda is being done properly and that public comment does not have to be included.

Mr. Davis raised concerns about Board members' potential conflicts of interest concerning the agenda item. He noted that the Board Policies and Procedures, along with many state statutes and regulations include conflict of interest statements that prevent Board members and any elected officials from voting on an issue or matter concerning and organization they have received contributions from. Mr. Davis said he understood a few Board members have received contributions from AFSCME. As such, in the name of transparency and functioning with integrity, he considered it the duty of any Board member who has received past or current contributions or donations during any state-sanctioned election to disclose that information and recuse themselves from voting on the agenda item.

Ms. French commented that disclosing conflicts of interest is a requirement every time someone is elected to office. She said that if Mr. Davis wanted to change the rules about who can and cannot vote on an issue, then that needed to go through policy and procedure and be adopted into the Board's rules. She said she did not see any need for Board members to recuse themselves at present, as Board members would have been transparent and disclosed the information when they were elected.

Chair Melia advised in the event of a conflict of interest, it has been Board practice for members to recuse themselves. Chair Melia gave an example of a previous meeting when members requested, he recuse himself from participating in an Administrative Appeal session and vote due to a working relationship with the applicant. Chair Melia indicated what he understood Mr. Davis to be saying was that it was good practice for transparency reasons. He said he thought that it could be up to Ms. French, as an individual member, on whether she wished to vote on a controversial topic, and if she had received money from AFCSME and did not wish to disclose this. However, he said that he

considered Board members had the right to know of potential conflicts of interest, and that was what had happened previously.

Chair Melia said he considered that discussion about charging members, AFSCME, or anybody else to collect dues to be a moot point unless the Board votes to. He said if PERA is not collecting dues then there is no need for the conversation, but if it is decided to continue collecting dues for an organization, it is a good conversation to have. Either way, there is a motion and a second for the deferral of the current agenda item.

Addressing Ms. French, Mr. Davis pointed to phrases from the Standards of Conduct section of the Board Policies and Procedures. He quoted, “Board Members, the Executive Director and the PERA staff shall conduct themselves with integrity and dignity, exercising care, prudence, and diligence required of public pension fund fiduciaries”. He quoted from the paragraph on conflict, “Board Members and the Executive Director shall disclose and refrain from participating in any discussion or decision concerning an investment, benefit, or other action in which the Board Member has an interest or a conflict, including abstention from voting regarding the action”.

Ms. French advised she does not believe she has a conflict of interest of any sort, and that as she has been on the Board for many years, it is a long time since she ran for election. She said, for her, receiving any money from AFSCME is a moot point, but has never been an interest.

Ms. French stated that was Mr. Davis’ interpretation of what a conflict is, and it had never been the interpretation of the Board previously. She said this is the first time it has been raised reference to voting on issues and suggested new members’ review what has been done in the past around matters of conflicts of interest. Ms. French suggested if Mr. Davis believed there was a conflict it should be raised in a Rules meeting or similar, but that she considered raising it on the day of the vote not to be fair, ethical, or reasonable.

Mr. Davis responded saying he was not going out and trying to find and identify conflicts of interest. That it was about the integrity and the transparency that PERA members deserve and they need. He said he was pointing out, as suggested by Ms. French, the standards written in the Board Policies.

Mr. Davis mentioned that Board policies, not only state that Board Members should disclose conflict of interests, that they should refrain. He postulated on what Ms. French’s view on abstention from voting would be from the standpoint of the Board ethics or members. He asked Ms. French if she was actively a member of AFSCME and President of the M-Series.

Ms. French said she did owe an explanation to Mr. Davis and was not going to argue. She said she believed she did have not a conflict of interest, and she had not received money for her last election because it was not an election. She then asked the meeting to move on.

Ms. Naranjo Lopez stated that she wanted to inform the Board that as the retiree members of AFSCME have all the rights of the New Mexico PERA, they have the right to provide a representative, the inclusion of their comments on the agenda, and to be able to speak on this matter, and we do provide them that right.

For the record, Mr. Neel informed the Board as he had not received any monies from either AFSCME or RPNME in his election, nor was a member of AFSCME, he felt comfortable voting on this issue.

For the record, Ms. French informed the Board that she is a member of AFSCME, and her local is a union. She said the retirees being voted on are an association, and she is not a member of the association. Ms. French advised she has not received any money from the Association or AFSCME at her last election because there was not one.

Mr. Eichenberg stated he appreciated Mr. Davis raising the issue because as a statewide elected official, ex-officio officer to the Board, he had not looked at his campaign contribution list to establish if he had received any money from AFSCME, and apologized for that. He indicated he did not think they he had received from AFSCME, but if they had, he would have disclosed it.

For full disclosure, Mr. Eichenberg stated he has a union shop. He advised that the State Treasurers Office is about 50 percent union and that he is fond of what unions can do for workers of New Mexico. Mr. Eichenberg said although he believes this, he did not consider this would impact the fact he has no conflict of interest because he does not benefit in any from this.

Referring back to his Board discussions from May, Mr. Eichenberg commented if this is being done for retirees, whether AFSCME's retirees or other state-employed retirees, there is an enterprise opportunity for PERA to recoup spent funds and make money. He reiterated he would like to receive the numbers from Mr. Trujillo, on how much the cost is, and what the fair market would be in that being paid to PERA, as this could benefit retirees.

Ms. Fisher said she wished to repeat a question she had asked at the May meeting, in the initial discussions on RPNME, on why, all of a sudden, these changes being made. She said she had also asked staff to provide information on the cost and time it takes, and why, after many years of providing this service, that the termination was proposed. Ms. Fisher said she has not received that information.

Chair Melia responded that the matter had been brought to his attention and requested as an agenda item by multiple members of the Board. He confirmed for Ms. Fisher that the initial request was from Ms. Toulouse Oliver, and subsequently from Mr. Mayfield, Mr. Neel, Mr. Davis, and himself. Chair Melia advised that multiple discussions had been had, including the one at the May Board meeting in which Ms. Armijo asked for the addition of AFSCME, and the discussion of whether it should be done at all, which is where the issue is at present.

Ms. Armijo said to correspond with Ms. Fisher and Mr. Eichenberg's comments, she recalled discussions in May in which many Board members, including the Chair, indicated it would be a good idea to look at what the expense for providing this dues withholding was, and how this would help to make an informed decision.

For the record, Ms. Armijo advised she is not a member of AFSCME retirees, nor has she received any benefit from them. She said she thought it important to distinguish between the association versus the union body, as mentioned by others, as they are not necessarily the same activities. Ms. Armijo also advised that she is not a member of RPNME, nor has received benefits from them.

Ms. Armijo said for the Board to make a sound decision, she thought it best to defer the item. Ms. Armijo advised following previous Board discussions she had researched surrounding states with

public pensions like PERA, and that Nevada, Arizona, Colorado, Texas, and California they provide the service for their retiree association. She said she felt disheartened that, for some reason, PERA New Mexico thinks it cannot provide a similar service for retirees, who are still members of PERA.

Chair Melia confirmed there was no further discussion

The motion to remove item 7A from the agenda was passed by a roll call vote of six to five.

John Melia	No
David Roybal	Yes
Claudia Armijo	Yes
Lawrence Davis	No
Paula Fisher	Yes
Patricia French	Yes
Dan Mayfield	No
Loretta Naranjo Lopez	Yes
Steve Neel	No
Shirley Ragin	No
Tim Eichenberg	Yes

Chair Melia asked for a motion to approve the agenda as amended. Mr. Davis moved to approve the agenda as amended, seconded by Mr. Neel. The motion to approve the agenda as amended passed by unanimous roll call vote.

John Melia	Yes
David Roybal	Yes
Claudia Armijo	Yes
Lawrence Davis	Yes
Paula Fisher	Yes
Patricia French	Yes
Dan Mayfield	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Shirley Ragin	Yes
Tim Eichenberg	Yes

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

*[Exhibit 1: Consent Agenda]*

Mr. Mayfield moved to approve the Consent Agenda, seconded by Mr. Neel.

Ms. French asked whether there were any action items from the Investment Committee meeting on the Consent Agenda, noting she had been unable to attend.

Mr. Neel confirmed all items were informational.

The motion to approve the Consent Agenda was passed by a unanimous roll call vote.

John Melia	Yes
David Roybal	Yes
Claudia Armijo	Yes
Lawrence Davis	Yes
Paula Fisher	Yes
Patricia French	Yes
Dan Mayfield	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Shirley Ragin	Yes
Tim Eichenberg	Yes

**6. Unfinished Business**

**A. Items removed from July 30, 2020, Consent Agenda**

**a. April 30, 2020 Board meeting minutes**

*[Exhibit 2: April 30, 2020 Board meeting minutes]*

Ms. Naranjo Lopez moved to approve the agenda as published. Mr. Neel seconded the motion.

Ms. Naranjo Lopez said she would like to thank whoever compiled the minutes for including her statement in the meeting and that it was appreciated. Chair Melia said the due appreciation was to Ms. Winter and thanked her.

The motion to approve the April 30, 2020 Board meeting minutes passed by roll call vote of 10 to zero with one abstention.

John Melia	Yes
David Roybal	Yes
Claudia Armijo	Abstain
Lawrence Davis	Yes
Paula Fisher	Yes
Patricia French	Yes
Dan Mayfield	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Shirley Ragin	Yes
Tim Eichenberg	Yes

**b. May 28, 2020 Board meeting minutes**

*[Exhibit 3: May 28, 2020 Board meeting minutes]*

Ms. Naranjo Lopez moved to approve the May 28, 2020 Board meeting minutes, seconded by Mr. Neel.

Ms. Naranjo Lopez expressed thanks and appreciation for the verbatim minutes, and the inclusion of her unabbreviated statement in the minutes, which she had asked to be attached.

The motion to approve the May 28, 2020 Board meeting minutes passed by unanimous roll call vote.

John Melia	Yes
David Roybal	Yes
Claudia Armijo	Yes
Lawrence Davis	Yes
Paula Fisher	Yes
Patricia French	Yes
Dan Mayfield	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Shirley Ragin	Yes
Tim Eichenberg	Yes

**B. Items removed from July 30, 2020 Agenda**

**a. Request for Payment of Magazine and Newspaper Subscriptions for PERA Board members**

*[Exhibit 4: Information on Subscriptions for PERA Board members]*

Chair Melia asked Ms. Naranjo Lopez to lead the discussion on this item, as it was her request.

Ms. Naranjo Lopez said she urged the Board to support this item and moved for the Board to approve the motion that if Board members wanted subscriptions to Barron's or the Wall Street Journal, they could request and receive this. Ms. French seconded the motion.

Chair Melia stated that he believed this not to be an action item on the current agenda, and to be open for discussion and questions. He advised if the Board wished to pay for magazine or newspaper subscriptions, that it could be made an action item. He said as the request was made to himself, as Chair, and he felt a Board decision was needed to approve magazine and newspaper subscriptions.

Ms. French said the matter was discussed at the last meeting, and that as good fiduciaries, the Board should have access to materials they considered necessary. She said she did not think it should be a blanket request for all Board members, but available as education and knowledge for Board members who requested it and beneficial to their performance as fiduciaries of the fund. She noted that previously there had been a hardcopy newspaper provided to Board members but did not remember if it was a paid publication and whether the small cost required Board discussion.

Mr. Eichenberg advised that he supported the subscriptions to Board members as individuals and saw this as beneficial. However, due to his role in the Treasurer's Office, he already has access to pension and investment publications, which he finds informational.

Mr. Mayfield suggested Board members could purchase individual subscriptions and ask for a reimbursement.

Chair Melia suggested rewording the agenda item to be specific to individuals and publication and then submitted to the Chair and Board for approval to ensure that only appropriate publications and requests were approved.

Ms. Naranjo Lopez advised the specific request and been made previously and asked whether this needed to be requested again.

Mr. Eichenberg said he liked the idea but expressed concern about always being bogged down with these items on the Board agenda. He asked if staff could provide information on current magazine subscriptions PERA already has.

Chair Melia advised that, to his knowledge, PERA Board members all have a subscription to Pensions & Investments (P&I) online.

Ms. Naranjo Lopez stated she did not have a subscription to Pension & Investments and has asked for it not to be sent to her.

Ms. Winter advised she has been obtaining the costs of subscribing to the Wall Street Journal and Barron's. Barron's was yet to respond to requests for information. Wall Street Journal has responded that an online subscription for 10 individuals would be \$240 per year per subscription. Ms. Winter advised that PERA does currently have individual print subscriptions to the Wall Street Journal for staff, costing \$345 per year.

Ms. Naranjo Lopez noted the cost savings per subscription for 10 people.

Mr. Eichenberg reiterated that he did not want Board meetings to become bogged down with who receive magazine subscription. He asked if the matter could be delegated to PERA staff to manage, as an administrative duty.

Chair Melia said he agreed with Mr. Eichenberg that the matter could be handled by staff, however, questioned whether the Board agreed the trust should be paying for magazine and newspaper subscriptions. He suggested, as there was a motion and a second to approve this on the floor, that a vote be taken, and if approved, handled by staff. He confirmed the motion had been made by Ms. Naranjo Lopez, and seconded by Ms. French.

Ms. French asked to make a question specific to the Chair. She said she liked Mr. Mayfield's suggestion regarding requesting reimbursement for subscriptions. She agreed as per Mr. Eichenberg's comments that this was not a matter to bog the Board down with. Ms. French said she would like to amend the motion to say that, as with travel previously, requests for subscriptions could be put to the Chair for approval within their authority, and the Chair to direct staff to pay the subscription, if approved.

Mr. Davis acknowledged the discussion was going in circles. He said he agreed and supported Ms. Naranjo Lopez's request and that Board members should have full access to publications considered beneficial for Board members' education. Mr. Davis suggested inserting a dollar value into the budget, say \$500 per Board member, or a total of \$5,000-\$6,000, with individual approval to be sought from the Chair, or however the Board determines. He noted that this approach would not limit subscriptions to the already named publications and suggested the Investor magazine.

Ms. Armijo said she agreed with Mr. Davis' suggestion. She noted she was now confused about what the actual motions were and suggested as good managers of trust fund money balancing the need or desire for Board members to be well informed to perform their fiduciary duties, that the item is put as an action item on the next agenda. She suggested in that timeframe Ms. Winter could get more



detailed subscription costs, and based on that information, the Board could formulate a dollar amount to provide per Board member. Ms. Armijo advised as this is her last time on the Board, she would not be partaking, but the Board could then know a maximum annual spend.

Chair Melia agreed with Ms. Armijo's suggestion and asked her to make a motion.

Ms. Armijo said based on the recommendation by Mr. Davis, she moved that the Board put this on the next regular scheduled Board meeting agenda as an action item, that action item being the Board will determine how much allotment for periodical subscriptions on an annual basis can be allowed for each individual Board Member. Mr. Davis seconded the motion.

Chair Melia asked if Board members were comfortable with this and whether, to follow the rules, the earlier motion needed to be rescinded.

Mr. Davis said he believed Mr. Eichenberg needed to rescind his motion on the floor. Mr. Eichenberg advised he did not make the earlier motion, that this was made by Ms. Naranjo Lopez, and seconded by Ms. French.

Ms. Naranjo Lopez rescinded her earlier motion.

Chair Melia confirmed the Board was okay to vote on Ms. Armijo's motion.

The motion to move the item to the next scheduled Board meeting as an action item with the annual costs of subscriptions for Board members passed by unanimous roll call vote.

John Melia	Yes
David Roybal	Yes
Claudia Armijo	Yes
Lawrence Davis	Yes
Paula Fisher	Yes
Patricia French	[no response heard]
Dan Mayfield	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Shirley Ragin	Yes
Tim Eichenberg	Yes

## 7. **New Business**

### **B. 2020 Election Report from AES**

#### **1. Approval of Nominating Petitions Counts and Candidates for the State Position**

*[Exhibit 6: 2020 Election Report from AES]*

Mr. Ernie Marquez, Automated Election Services, pointed Board members to his detailed memo, listing members who requested petitions for the state position. These were Diana Rosales-Ortiz, Judy Paquin, J. Michael Sisneros, and Renada Peery-Galon. He confirmed to members returned petitions, Diana Rosales-Ortiz and Renada Peery-Galon. He advised that the petitions were reviewed and verified using identifiers such as the last four digits of PERA numbers and last and first names to ensure as many signatures were counted as could be. Mr. Marquez advised post verification, the results

were 375 signatures for Diana Rosales-Ortiz, and 155 for Renada Peery-Galon. With a minimum of 150 signatures required for the state ballot, both qualify for the election. There were no questions for Mr. Marquez at this point.

Mr. Davis moved to approve the nominating petition counts and candidates for the state position as presented by Mr. Marquez, and Ms. Fisher seconded.

Mr. Eichenberg noted the difference in rejection percentages for each member at 15% and 10% respectively. He advised that during a statewide election there is a considered percentage and asked what the percentage normally is with a PERA election.

Mr. Marquez responded that rejection percentages vary depending on the position. He gave an example of rejection percentages for a retiree position being higher than those for the state, municipal, or county are. Signatures can be deemed invalid due to illegibility, incorrect information, or the ability to identify correctly. He pointed out that he was not saying that those signatures could not be re-verified, but that was the verification result from the data and verification methodology used.

Chair Melia thanked Mr. Marquez for the work undertaken and acknowledged the challenges conducting the Board elections, particularly at this time with the coronavirus situation. He requested for future elections if Mr. Marquez includes all Board members in any correspondence involving questions or requests from Board members during the election process.

Mr. Marquez confirmed going forward he would include all Board members in correspondence. He confirmed the election process at this time was different for the PERA election, as with state, primary, and general elections, with many obstacles to overcome

Chair Melia thanked the Board, Mr. Marquez, and all involved in the election process for their work and said he thought the decision to re-open up the state seat was the right one. He said with the interest shown, and two good candidates, he was happy as a Board member to have an election for the open seat.

The motion to approve the nominating petitions counts and candidates for the state position passed by unanimous roll call vote.

John Melia	Yes
David Roybal	Yes
Claudia Armijo	Yes
Lawrence Davis	Yes
Paula Fisher	Yes
Patricia French	Yes
Dan Mayfield	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Shirley Ragin	Yes
Tim Eichenberg	Yes

[Ms. Armijo left the meeting at 10:15am]

## **A. Approval of FY22 Appropriation Request**

*[Exhibit 7: Fiscal Year 2022 Appropriation Request]*

Mr. Roybal, Audit & Budget Committee Chair, summarized the budget prepared to start July 1 next year, for the fiscal year 2022. He pointed out this is not the operating budget recently approved by the Board to commence July 1, 2020. Mr. Roybal thanked and praised the work of Anna Williams, Chief Financial Officer, and other members of the PERA in preparing the FY22 budget.

Mr. Roybal highlighted that the total FY22 Appropriation Request budget was approximately a 0.5% decrease from the current year's budget showing that PERA is acting as good stewards of trust fund money. Noting the areas in the budget that have increased, Mr. Roybal mentioned risk rates in state budgets, healthcare rates, GDS rates, and motor pool rates as areas that increase. He said even with those increases, he felt that PERA was providing what he considers a flat budget for the year.

Speaking on the bullet points highlighted in the memo to the Board, Mr. Roybal noted the budget includes small increases in the personnel category, factoring in a 5% vacancy savings equating to a small amount of \$3,400. He mentioned there was a realignment of some IT items between contractual services and other services, but nothing significant.

Mr. Roybal stated that anything monies not spent by PERA reverts to the trust fund for use towards benefits and future administrative functions. Specifically, Mr. Roybal commented on the \$6.6 million being reverted to the trust fund from the \$36 million budget for the fiscal year ended June 30, 2020. He also noted the FY19 and FY18 budgets, with reversions of \$6.1 million and \$1.2 million respectively.

Looking at budget line items, Mr. Roybal noted there were no new positions for PERA in this FYI, remaining at a flat 87 FTE. He said PERA does a good job and are very tight on their budget.

Mr. Mayfield moved to approve the FY22 Appropriation Request, and Ms. French seconded.

Mr. Mayfield and Ms. French congratulated Ms. Williams on her promotion.

Ms. French mentioned two or three years ago, there was controversy related to salary increases, which resulted in a dramatic budget increase. She asked Mr. Roybal if there were any increases in salary included in this budget. Ms. French asked why the budget was lower this year, and which line items had decreased.

Mr. Roybal advised that for the FY22 Appropriation Request, those types of budget increases are not put in place. He explained that during the legislative session, if the legislature decides that there will be some type of compensation package at that time, then it would be reviewed at the April meeting to approve its inclusion in the budget submitted.

Ms. French asked for clarification where the decrease occurred. Ms. Williams advised the decrease was in the 300 category, contractual services.

Ms. Naranjo Lopez commented that membership is concerned with salary increases and would like to see a cap on salaries. She stated she thought the Audit and Budget meetings should include discussion about the capping of staff salaries.

Speaking to attorney costs, Ms. Naranjo Lopez noted there was previously a \$25,000 limit on an attorney, which increased to \$150,000. She asked why this had not gone through an RFP, what the process is, and whether this could be discussed in the Audit & Budget Committee. Ms. Naranjo Lopez said she had concerns about \$150,000 for an attorney that is barely used, noting she thought staff had used the service. She mentioned that she is always referred, by the Board Chair, to the General Counsel/Chief of Staff for any legal opinions. Ms. Naranjo Lopez said she thought the Board needed to define who the attorney is, and if one is needed to represent the Board, mentioning she thought the \$150,000 for Reed Smith.

Ms. Naranjo Lopez said she had many concerns about the budget, and that she would not be voting on it.

Chair Melia confirmed there was a motion and a second to approve the FY22 Appropriation Request and the Board proceeded to roll call vote. Further discussion and questions arose during the roll call vote as below:

Ms. Fisher advised at her vote that she was voting “No”, in light of Ms. Naranjo Lopez’s comments regarding salary caps.

Ms. French asked Mr. Roybal if there was any impact if the budget was not approved at the meeting given it is for next year, and whether there is further time for discussion.

Mr. Roybal responded that, by statute, the budget needed to be submitted by September 1, or it is an auditing finding. He applauded PERA for finishing their budget within the time.

Ms. French then asked if the budget is approved at this time, whether any issues such as those raised by Ms. Naranjo Lopez, could be amended later.

Mr. Roybal advised that whatever the legislature approves is the budget authority. He said he appreciated Ms. Naranjo Lopez’s questions, and they could be discussed within the Committee. He noted that these matters involve PERA as trustees, state personnel Board rules, and different classifications of personnel. On that basis, Mr. Roybal strongly recommended passing the budget to avoid an audit finding and address issues in the Committee.

Ms. French responded she would vote to approve on the understanding that Chair Roybal would include the items on the Audit Committee agenda for discussion. Mr. Roybal confirmed.

The motion to approve the n FY22 Appropriation Request was passed by a unanimous roll call of seven to two.

John Melia	Yes
David Roybal	Yes
Lawrence Davis	Yes
Paula Fisher	No
Patricia French	Yes
Dan Mayfield	Yes
Loretta Naranjo Lopez	No
Steve Neel	Yes
Shirley Ragin	Yes

Tim Eichenberg

[no response]

#### **D. Appointment of Ad Hoc Governance Committee Members**

Chair Melia said he appreciated the expressions of interest received by the deadline for interest in the Ad Hoc Governance Committee. He said two members expressed interest, Steve Neel and Lawrence Davis, and that they had also completed the application, and committed to the process. The Governance Committee will comprise of Mr. Neel and Mr. Davis, who will work with PERA staff and REDW to address audit findings and try to bring the Board together to move in the right direction.

Ms. French then commented that the email sent to members asking for expressions of interest had excluded members whose term ends in 2020. She queried whether it was thought the work the committee would be doing would not be completed by the end of the year, saying she thought that all sitting board members needed an opportunity to be part of that Committee – unless it is thought it will roll over into another year. Ms. French also questioned why REDW is being used for this work, given they are PERA’s internal auditor. She said she was concerned at REDW playing both roles. Ms. French said she is aware of and has worked with other companies that work with Boards on governance and these types of issues. Ms. French asked how much REDW is charging for this work and whether the Chair had considered other agencies that could do this work with the Board.

Chair Melia responded it was not his intention to exclude any members, namely Ms. French, Mr. Mayfield, or Ms. Armijo. He clarified that he sees the oversight committee as meeting through to the end of 2021. As there are only a couple of meetings left for this year, he said did not want to get an oversight committee up and running, and then have members fall off and to have to restart the process.

In response to Ms. French’s question about working with REDW, Chair Melia advised that no decision has been made on their involvement. The first meeting of the oversight committee will be with REDW, and at that point, they will discuss different options. He advised if REDW continues in this capacity, then it would have to be a separate contract from their audit contract. Chair Melia said he would not be making this decision, that the oversight committee would make a recommendation to the Board. He said it was possible the oversight committee, with the initial guidance of REDW, could feel comfortable taking the work over themselves to work with staff and not require an outside agency. Chair Melia noted that a conversation he had with REDW after the audit that spurred the idea of the oversight committee, so they have many ideas on what it could look like, but initially it will be up to the oversight committee to establish what they need to function.

Chair Melia confirmed any recommendations and, of course, any money spent would have to go through to the full Board for approval, and that as of now, no additional money has been spent or contracts signed.

Ms. French confirmed Chair Melia’s response answered all her questions.

*[Brief two-minute interlude while Chair Melia resolved audio problems]*

In light of recent media publicity that Ms. French said she had found disheartening; she would contact Chair Melia after the meeting to ask for clarification on who can and who cannot talk to the media.

Regarding the two members who expressed interested in forming the ad hoc committee, Ms. French said all Board members had received Mr. Davis' response, but she had not seen Mr. Neel's and asked if that was to the full Board as she would like to see his answers to the questions.

Chair Melia said he may have been the only one to receive Mr. Neel's response, and he would forward it to Ms. French.

There were no further questions/comments on this item.

**E. Executive Director's Report**

*[Exhibit 8: Executive Director's Report]*

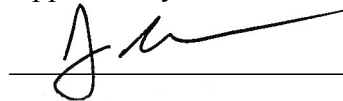
As Mr. Propst, Executive Director, was experiencing technical difficulties, Mr. Trujillo, Deputy Executive Director spoke to the Executive Director's Report. Mr. Trujillo noted that in July 2020 benefits of almost \$126 million in retiree payroll were paid, PERA'S highest month ever. He said of that, \$17.5 million was due to the thirteenth check sent, which is why the retiree payroll looks a little inflated, and that it will drop down. He believed approximately \$109 million had just been paid for August 2020.

There were no questions or comments on the Executive Director's Report

**7. Adjournment**

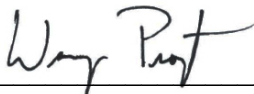
Having completed the Agenda and with no further business to come before the Board, Chair Melia declared the meeting adjourned.

Approved by:



John Melia, Chair PERA Board

ATTEST:



Wayne Propst, Executive Director

Exhibits attached:

- Exhibit 1: Consent Agenda
- Exhibit 2: April 30, 2020 Board meeting minutes
- Exhibit 3: May 28, 2020 Board meeting minutes
- Exhibit 4: Information on Subscriptions for PERA Board members
- Exhibit 5: RPENM & AFSCME Dues – Collection Procedures
- Exhibit 6: 2020 Election Report from AES
- Exhibit 7: Fiscal Year 2022 Appropriation Request
- Exhibit 8: Executive Director's Report