

**New Mexico  
Public Employees Retirement Association  
Board Meeting  
December 14, 2021**

**1. Call to Order**

This meeting of the New Mexico PERA Board was held on the date cited above via Zoom tele/video conferencing. Acting Chair, Francis Page, called the meeting to order at approximately 11:30 AM.

**2. Roll Call**

The meeting attendance met quorum with the following members present;

**Board Members Present**

Francis Page, Acting Chair  
Lawrence Davis  
Tim Eichenberg  
Loretta Naranjo Lopez  
Steve Neel  
Shirley Ragin  
Roberto Ramirez  
Dian Rosales Ortiz

**Board Member Absent**

Claudia Armijo  
Paula Fisher  
John Melia  
Maggie Toulouse Oliver

**Staff**

Greg Trujillo, Acting Executive Director  
Trish Winter, Executive Assistant  
Anna Williams, Deputy Director  
Kristin Varela, Interim CIO  
Misty Schoeppner, Deputy General Counsel  
Karyn Lujan, SmartSave Plan Manager  
Jessica Trujillo, HR Manager  
Geraldine Garduno, Assistant General Counsel

**Others in Attendance**

Rose Dean, Wilshire  
Steve DiGirolamo, Wilshire  
Artie Pepin, AOC  
Stephanie Sorg  
Charlie Marquez, Broadspectrum Consulting  
Gar Chung, FIN News  
Annette Martinez-Varela

**3. Approval of Agenda [Exhibit 1]**

Lawrence Davis moved to approve the agenda. Tim Eichenberg seconded the motion. The motion passed with a roll call vote of 7 to 1 as follows;

Francis Page	Yes
Lawrence Davis	Yes

Tim Eichenberg	Yes	
Loretta Naranjo Lopez		No
Steve Neel	Yes	
Shirley Ragin	Yes	
Roberto Ramirez	Yes	
Diana Rosales Ortiz	Yes	

Ms. Naranjo Lopez inquired about the minutes of the November 9<sup>th</sup>, 22<sup>nd</sup>, and 23<sup>rd</sup> AdHoc Committee meetings. She also asked why the November 29<sup>th</sup> and 30<sup>th</sup> meetings of the AdHoc Committee were canceled.

Mr. Page stated that the minutes would be presented at the next AdHoc meeting. He also directed Ms. Naranjo Lopez to the Committee Chair for reasons of cancelation of the November 29<sup>th</sup> and 30<sup>th</sup> AdHoc Committee meetings.

**4. Approval of the Consent Agenda [Exhibit 2]**

Steve Neel moved to approve the agenda. Shirley Ragin seconded the motion.

Ms. Naranjo Lopez made a motion to move the minutes to Item 6. She also moved to suspend the rules and go back to the item. There was no second on the motion.

The motion to approve the Consent Agenda passed with a roll call vote of 7 to 1 as follows;

Francis Page	Yes	
Lawrence Davis	Yes	
Tim Eichenberg	Yes	
Loretta Naranjo Lopez		No
Steve Neel	Yes	
Shirley Ragin	Yes	
Roberto Ramirez	Yes	
Diana Rosales Ortiz	Yes	

Ms. Naranjo Lopez stated that she was voting ‘no’ because the minutes did not match the agenda. They did not reflect what she had said that Acting Chair Page had unilaterally formed the AdHoc Committee for personal vengeance, retaliation, and defamation.

**5. Reports of Committees**

**A. Rules & Administration Committee**

**1. Recommended Rule Changes as Approved by Committee [Exhibit 3]**

Rules & Administration Committee Chair, Paula Fisher, was not available to present the report. Assistant General Counsel, Geraldine Garduno presented and reported that the item for the Board approval is the recommended rule changes as approved by the Rules & Administration Committee.

Ms. Garduno reported that a hybrid rulemaking hearing was conducted on November 9<sup>th</sup>. No public or written comments were received. There was minimal participation at the hearing with 1 to 2 questions concerning the changes to Rule 200.

Provided on the Board portal was an order for the Board approving the rules and a concise explanatory statement giving the reason for the adoption of the rules.

Ms. Naranjo Lopez stated she would not be voting for the rules. She felt that the rules favor staff and undermine transparency and accountability. She also believed that the rules need to be revamped to take into account the poor investment and operational performance by New Mexico PERA.

Ms. Rosales Ortiz explained that the rules align with the recommendations from the Attorney General's Office and Office of the State Auditor to the Board in 2019, to be more congruent with policies and procedures. She pointed out that in the rules, there is an addition to hold everyone accountable under the GCA, Government Conduct Act. This could lead to criminal charges.

Diana Rosales Ortiz moved to accept the rules as approved by Committee. Roberto Ramirez seconded the motion.

Mr. Davis requested details on what the State Attorney and State Attorney General stated since he thought it had something to do with the Executive Director's authority and responsibilities.

In response, Ms. Rosales Ortiz said she recalled the rules giving definition to the duties of the executive director. The Board would have oversight but is not required to be involved in day-to-day operations. They would, therefore, entrust the executive director to make decisions.

Mr. Davis said that what the Board had done with regards to defining the executive director's formal duties was a step in the right direction. However, they had not gone far enough in memorializing those in the rules. He pointed out that the State Auditor opinion specifically states that the Board needs to outline and define the duties, which the rule did not do.

Mr. Davis also requested an overview on the background of the formal establishment of the Governance Committee. Ms. Garduno explained that the establishment of the Governance Committee was done at the recommendation of the Attorney General and the State Auditor to ensure that the Board is compliant with its policies and procedures.

The revision to rule 200 is to establish a Governance Committee, which will review and monitor compliance and make recommendations to the Board about potential disciplinary action.

Mr. Davis stated that he wanted to give the public the sense that the rule changes are primarily driven by independent opinions issued by the two offices and are important to ensure the Board goes in the right direction.

The motion to approve adoption of the rules passed with a roll call vote of 7 to 1 as follows;

Francis Page	Yes
Lawrence Davis	Yes
Tim Eichenberg	Yes
Loretta Naranjo Lopez	No
Steve Neel	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Diana Rosales Ortiz	Yes

**B. Investment Committee**

**1. Investment Policy Changes as Approved by Committee [Exhibit 4]**

Investment Committee Chair, Steve Neel reported the committee reviewed the Investment Policy and several revisions were made. The Investment Committee Charter was also reviewed.

Chair Neel stated that the revisions in the Investment Policy Statement were asking for transparency that will ensure;

- a. The Committee will look at performance quarterly versus the peers.
- b. Illiquid asset class performance reporting – the Committee will receive quarterly performance reports on illiquid asset classes.

Ms. Naranjo Lopez stated she would be voting no on this item because the investment decisions consistently underperform the market. She believed that this was due to undue influence by Wilshire and other third parties, and the portfolio drifting without anyone consciously directing it.

Responding to Ms. Naranjo Lopez, Mr. Neel reiterated that the revisions would be providing the transparency Ms. Naranjo Lopez could use to make her assessments and for members to know what is going on within the portfolio. He added that without the changes, it would be difficult to assess the performance figures which are usually buried in the Wilshire report.

Mr. Davis echoed Mr. Neel's sentiments and added that the revisions will provide more transparency and insight into what the fund is doing and how it is performing.

Lawrence Davis moved to accept the Investment Policy changes as approved by the Committee. Shirley Ragin seconded the motion.

Mr. Eichenberg responded to Mr. Neel's sentiments that the fund had gone through four CIOs in 11 years and was now looking to recruit the 5<sup>th</sup> one. Mr. Eichenberg added that with new management in place, the fund was headed in the right direction. He believed that the changes would help Mr. Trujillo to do his job well.

The motion passed with a roll call vote of 7 to 1 as follows;

Francis Page	Yes	
Lawrence Davis	Yes	
Tim Eichenberg	Yes	
Loretta Naranjo Lopez		No
Steve Neel	Yes	
Shirley Ragin	Yes	
Roberto Ramirez	Yes	
Diana Rosales Ortiz	Yes	

**6. Unfinished Business**

**A. Items removed from Consent Agenda if necessary**

None.

**7. New Business**

**A. RFI for external legal counsel for investment related services**

Mr. Trujillo reported that the RFI is in place, he stated that this is first time it is being done as part of the delegated authority of investment selection for staff. External Counsel for investment related services occur every four years because the contracts are four-year contracts. PERA has been able to retain three of the existing law firms used for investment related legal services. One firm has been added in case additional resources are needed. Current contracts will be extended and no payments will be made unless the services are utilized.

Ms. Naranjo Lopez inquired about the names of the legal counsel currently on contract. Ms. Varela stated that they are Reinhart, Foster Garvey, and Morgan Lewis. Their contracts will be expiring at the end of this year.

**Board recessed to Executive Session NMSA 1978, §10-15-1 (H) (2)  
Limited Personnel Matters: Executive Director Compensation**

Lawrence Davis moved to recess to Executive Session. Shirley Ragin seconded the motion. The motion passed with a unanimous roll call vote as follows;

Francis Page	Yes
Lawrence Davis	Yes
Tim Eichenberg	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Diana Rosales Ortiz	Yes

Board was in Executive Session from 12:01 pm to 12:17 pm.

**Board reconvened to Regular Session.**

**Board Members Present**

Francis Page, Acting Chair  
Lawrence Davis  
Tim Eichenberg  
Loretta Naranjo Lopez  
Steve Neel  
Shirley Ragin  
Roberto Ramirez  
Diana Rosales Ortiz

Acting Chair Page stated the only items discussed in executive Session were those on the agenda.

**B. Approval of Executive Director Compensation**

Lawrence Davis moved to approve the Executive Director compensation being set at the maximum within the 42 range at \$169,179.30. Tim Eichenberg seconded the motion.

Ms. Naranjo Lopez stated that she would be voting no. She felt that the Executive Director should not be in the position since his application had been rejected. She further argued that he is breaking the state employment laws and Government Conduct Act every day he is in the position.

Mr. Davis amended his motion to include the compensation should be made effective October 28, 2021. Mr. Eichenberg pointed out that the amendment was inappropriate as state personnel does not allow anything to be retroactive.

In response, Ms. Williams explained that SPO allows the Board to retroactive pay back to the initial hire date or when someone gets promoted because paperwork sometimes gets delayed. She further stated that retroactive pay had been done in the past with both GOVX and classified.

Tim Eichenberg seconded the amended motion. The motion passed with a roll call vote of 7 to 1 as follows;

Francis Page	Yes
Lawrence Davis	Yes
Tim Eichenberg	Yes
Loretta Naranjo Lopez	No
Steve Neel	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Diana Rosales Ortiz	Yes

### **C. Executive Director Evaluation Process Discussion**

Acting Chair Page stated he had sent out a draft of the evaluation form on November 24<sup>th</sup> for members to go through and submit changes. He had not received any changes from the changes. He, however, had a change and that was to include an NA.

Ms. Naranjo Lopez stated that the evaluation should be an audit finding because it does not reveal qualifications for the job or help identify propensity to identify, commit, or cover up crimes and other violations.

Mr. Davis recognized the need to evaluate the executive director but felt that it was not necessary to evaluate Mr. Trujillo since he was both the deputy and the acting executive director. He is now the executive director but Mr. Davis did not see the need to evaluate his past performance as acting executive director. He felt that Mr. Trujillo is performing satisfactorily in his current position. It would be unfair to evaluate his performance since he was playing multiple roles.

Acting Chair Page stated that his goal was to put a process in place and try to align the art of the questioning when doing the evaluation.

Mr. Neel echoed Mr. Davis' sentiments and stated that the thing would be to embark on the evaluation from this point forward. He pointed out that the Board would not have hired Mr. Trujillo if he was substandard.

Ms. Naranjo Lopez requested clarification on whether Ms. Varela had been the acting deputy director. She also pointed out that the external audit recommended that evaluations be done and not doing so would be violating that.

Ms. Ragin also agreed with Mr. Davis' sentiments that evaluations for interim positions did not make sense. She believed that perspective evaluations should be done but not for interims. She also pointed out that appointing Mr. Trujillo to the position meant that he was performing well.

Mr. Eichenberg opined that the evaluation should not be on a fiscal or calendar year, rather, it should be on the anniversary year of when Mr. Trujillo started as the executive director. He also stated that the Board does not evaluate employees below the executive director. They would therefore, be violating the Board policies and procedures if they evaluate Mr. Trujillo's performance as deputy director.

Mr. Davis appreciated Chair Page's work on the evaluation process.

Responding to Ms. Naranjo Lopez, Mr. Trujillo stated that Kristin Varela is the acting CIO. She was never the acting deputy director.

Acting Chair Page agreed with the members' decision on not performing the evaluation now. Ms. Naranjo Lopez Lopez however felt that the evaluation should be done. Acting Chair stated it would be up to the next Board Chair to develop the anniversary dates for the evaluation.

#### **D. Board Member Education Conference Reports**

1. **Francis Page** - Market Groups, 6th Annual Southwest Institutional Forum; Santa Fe, NM; September 23, 2021

Acting Chair Page reported that he attended the 6<sup>th</sup> Annual Southwest Institutional Forum of Market Groups at Santa Fe. He stated that a lot of people attended including members from ERB, the State Executive Counsel, State Attorney's Office, and Albuquerque County Attorney's Office.

Most of the discussion revolved around investments, how various entities are dealing with the COVID issue, how they are being impacted by inflation, and how the economy is going.

They had also talked about the Chinese market and how the future may entail investing in China. Acting Chair Page stated that the current problem with China is that the communist government is shutting down investment opportunities, for example, the recent shutdowns in real estate investments. He added that China could, however, be an area of interest to invest in.

#### **2. Loretta Naranjo Lopez**

- a. Market Groups, 6th Annual Southwest Institutional Forum; Santa Fe, NM; September 23, 2021
- b. Pension Bridge Alternative 2021 Virtual Conference; November 1-3, 2021

Ms. Naranjo Lopez stated that she'd learned a lot about other Boards and found that New Mexico PERA Board may be the most corrupt in U.S. history since more than 1000 crimes and other violations had been disclosed and documented.

She further stated that she is the only Board member willing to address the misconducts and believed that if the misconducts are not addressed, the fund might lose millions or billions in assets.

Mr. Davis requested Ms. Naranjo Lopez to forward him copies of the documented accusations. Ms. Naranjo Lopez stated that they were all in the minutes. Acting Chair Page stated that he would also like to get copies of the documents.

3. **Paula Fisher** - Pension Bridge Alternative 2021 Virtual Conference; November 1-3, 2021; Ms. Fisher was absent. Her report was moved to the next meeting.

### **5.C. CIO Report** [Exhibit 5]

Acting CIO, Kristin Varela reported in October, the fund grew to \$294 million. September was one of the first down months in a while. October was a bump where the risk assets rallied strongly.

For the fiscal year to date, the fund's market value increased by \$533 million. \$61 million was transferred out from investment activity to pay for operating expenses and beneficiary payments for October. For the fiscal year, total benefit payments equaled \$454 million of which 52% of that was funded from investment activity.

Implementation updates performed since the update provided at the November Investment Committee meeting are as follows;

- a. PRISM met on November 9, 2021, while the Portfolio Fit and Process Review Team met on November 11<sup>th</sup> to agree on a full redemption of PERA's alternative liquid credit manager, Anchorage Capital. The proceeds will be reallocated to PineBridge High Yield, PERA's liquid credit manager. The aim is to decrease tracking error and shore up liquidity within the credit portfolio.
- b. There was another PRISM on November 17, 2021, while the Portfolio Fit and Process Review Team met on December 1. The proposal was to terminate engagement with PERA's MLP manager, Harvest Capital. Harvest has been in the portfolio since 2014 and has driven the largest amount of volatility across all managers within the fund.

With regards to performance, October was strong with an increase of 2% in the fund. This slightly undertracked the policy benchmark, but for the fiscal year-to-date, performances were ahead of expectations. November saw some volatility creeping into the market as fears of inflation persistence continued to be major focus of investors. The Fed also provided indications of faster tapering and rising interest rates. This prompted public markets to react negatively.

With regards to staffing, Ms. Varela reported that there are still two vacancies that they are actively recruiting for.

Overall, December has been a relatively flat month in the first 14 days with market value at about \$18.2 billion, though this is a bit higher. Ms. Varela anticipated that the results would further dip after the FOMC announcement tomorrow.

Mr. Eichenberg asked if there are tools that the Board should provide Ms. Varela with to help her do her job better. Ms. Varela stated that the Board had made great progress in allowing the investment team to do their job better and the flexibility and the tools associated with that. She further stated that she had been involved in several industry conferences and what she found was that PERA's governance model is progressive since it allows staff to make flexible decisions and manage the portfolio.

Ms. Varela pointed out that the main focus had been transparency and understanding. Now the focus is on closing the feedback loop to ensure that the entire Board understands the strategies being deployed during implementation.



Mr. Trujillo stated that there are several ways to support the investment team leverage technology to help in their decision-making. He had had numerous talks with Ms. Varela on how to tackle that issue and will be presenting the Board with an initiative soon. Ms. Varela agreed and added that leveraging technology for more dynamic decision-making would be a powerful tool to have.

**5.D. Executive Director's Report** [Exhibit 6]

Mr. Trujillo reported that the lawsuit pending appeal from RPENM is being dropped. That would be the final piece of litigation out there.

The Board had voted to withhold RPENM dues as well as charge them an administrative fee. The fund received payment of \$2,888.25, approximately 2.5% of the dues withheld. That comes back into the fund and compensates PERA for the administrative duties associated with withholding the dues.

**8. Public Comment**

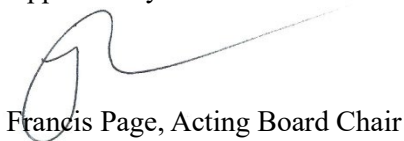
There were no comments from the public.

Mr. Davis thanked PERA staff and Board members for all their hard work and wished everyone a happy holiday. The other Board members and Mr. Trujillo echoed Mr. Davis' comments.

**9. Adjournment**

With no further business to discuss, Acting Chair Page adjourned the meeting at approximately 12:55 PM.

Approved by:



Francis Page, Acting Board Chair

ATTEST:



Greg Trujillo, Executive Director

*Exhibit(s)*

*Exhibit 1: Agenda*

*Exhibit 2: Consent Agenda*

*Exhibit 3: Rules & Administration Committee Report*

*Exhibit 4: Investment Policy*

*Exhibit 5: CIO Report*

*Exhibit 6: ED Report*