

**New Mexico
Public Employees Retirement Association
Board Meeting
December 13, 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 10:34am.

2. Roll call

The meeting attendance met quorum with the following members present;

Board Members Present

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

Board Members Absent

Maggie Toulouse Oliver

Staff

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

Others present

3. Approval of Agenda

Paula Fisher moved to approve the agenda. Roberto Ramirez seconded. The motion passed with a unanimous roll call vote as follows;

Tim Eichenberg	Yes
Shirley Ragin	Yes

Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	Yes
Paula Fisher	Yes
Valerie Balera	Yes
Diana Rosales Ortiz	Yes
Claudia Armijo	Yes

4. Approval of Meeting Minutes

A. Approval of October 27, 2022, Board Meeting Minutes

Paula Fisher moved to approve October 27, 2022, Board meeting minutes. Francis Page seconded. The motion passed with a roll call vote of 9 to 1 as follows;

Tim Eichenberg	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	No
Steve Neel	Yes
Paula Fisher	Yes
Valerie Balera	Yes
Diana Rosales Ortiz	Yes
Claudia Armijo	Yes

5. Approval of Consent Agenda

Paula Fisher moved to approve the Consent Agenda. Roberto Ramirez seconded. The motion passed with a unanimous roll call vote as follows;

Tim Eichenberg	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Paula Fisher	Yes
Valerie Balera	Yes
Diana Rosales Ortiz	Yes
Claudia Armijo	Yes

6. Reports of Committees

A. Audit and Budget Committee

1. Approval of Committee Recommendation on Internal Audit Risk Assessment and Internal Audit Plan (Action)

Audit and Budget Committee Chair, Diana Rosales Ortiz, presented the report. She stated during today's Committee meeting, PERA's internal auditors presented the results of the internal audit risk assessment and the outline of the internal audit plan.

Mr. Davis has given some recommendations, and the internal audit plan will be modified accordingly.

Ms. Rosales Ortiz also reported a presentation on the update of the Committee charter, the budget and actuals, and the memo of continuity.

Diana Rosales Ortiz moved to approve the Committee recommendation on internal audit risk assessment and internal audit plan. Valerie Barela seconded. The motion passed with a roll call vote of 9 to 1 as follows;

Tim Eichenberg	Yes	
Shirley Ragin	Yes	
Roberto Ramirez	Yes	
Francis Page	Yes	
Loretta Naranjo Lopez		No
Steve Neel	Yes	
Paula Fisher	Yes	
Valerie Balera	Yes	
Diana Rosales Ortiz	Yes	
Claudia Armijo	Yes	

Chair Armijo thanked the Audit and Budget Committee for their work throughout the year. She also thanked the PERA staff and Ms. Williams in particular.

B. Legislative Committee

Chair of the Legislative Committee, Roberto Ramirez, kicked off his report by thanking Deputy Chief Weisler for his presentation on the House Memorial Task Force.

Mr. Ramire stated that many legislative pieces are expected to come out of the next legislative session, starting on January 17. The one bill sure to go in is Representative Greene's return to work bill, which will be presented at the next meeting scheduled for the January.

7. Unfinished Business

A. Items removed from Consent Agenda if necessary

No items were removed from the Consent Agenda.

Board recessed to Executive Session to discuss;

**NMSA 1978, §10-15-1 (H) (3)
Administrative Appeal**

1. Tom Roelfs

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

Tim Eichenberg	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Paula Fisher	Yes
Valerie Balera	Yes
Diana Rosales Ortiz	Yes
Claudia Armijo	Yes

The Board convened in Regular Session.

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

Board Members Present

Tim Eichenberg
Shirley Ragin
Roberto Ramirez
Francis Page
Loretta Naranjo Lopez
Steve Neel
Paula Fisher
Valerie Balera
Diana Rosales Ortiz
Claudia Armijo

8. New Business

A. Final decision on Administrative Appeal

1. Tom Roelfs (PID # 495954)

Valerie Barela moved to accept the hearing officer's recommended findings of fact and conclusions of law, approve the hearing officer's recommended decision and grant the claimant PERA non-duty disability retirement benefits.

Francis Page seconded the motion. Motion passed with a unanimous roll call vote as follows;

Tim Eichenberg	Yes
Shirley Ragin	Yes
Roberto Ramirez	Yes
Francis Page	Yes
Loretta Naranjo Lopez	Yes
Steve Neel	Yes
Paula Fisher	Yes

Valerie Balera	Yes
Diana Rosales Ortiz	Yes
Claudia Armijo	Yes

B. CIO Report

CIO Michael Shackelford reported in October, the portfolio market value increased by \$189 million over the prior month. However, fiscal year to date, it was still underwater by \$713 million.

About a third of that, which is approximately \$233 million, is for benefit payments. The other \$479 million loss is from market value depreciation. Also, in the month, \$73 million was transferred from the investment portfolio to make benefit payments.

Mr. Shackelford reported that on June 30, 2023, PERA's custodian services with BNY Mellon would expire. According to that, PERA will issue an RFP following the investment procurement policy. The RFP process will begin early since it usually takes several months.

In terms of the market, Mr. Shackelford reported that the portfolio saw a market decline in the last several months, particularly in the stock market, through the last part of the third quarter from August to September. A recent rally in October and November indicated that the stock market is up.

There was also a rally in the bond market on the long end. It gives an inverted curve. At the short end of the bond curve on the 3-month, 6-month, 1-year, and 2-year, the yields exceeded the long end. Bonds and notes at the 7, 10, and 30-year periods had lower results than the short end of the curve, indicating that the bond market thinks there's likely to be a recession.

Mr. Shackelford mentioned that tomorrow the Federal Reserve would decide whether to raise rates. Most people expect the Fed to raise rates by 50 basis points. However, the rally in the stock market indicated that the stock market participants believed that the Fed would engineer a soft landing.

Regarding performance, October was up 170 basis points, slightly underperforming the index. In the quarter, the portfolio was under 5.6%, outperforming the policy index by about 230 basis points. Mr. Shackelford mentioned that this mainly represented the liquid portfolio since the illiquid assets were not in yet. The illiquid assets represent about a third of the portfolio. During the fiscal year, the portfolio is underwater at about 3%, about the same as the policy index currently.

Mr. Shackelford reported that there are currently several vacancies in the investment team. The team made an offer on the investment associate vacancies and hopes to hear back either later this week or early next week. Another vacancy came up when Ms. Kristin Varela left. LeAnne Larranga-Ruffly is the acting interim deputy CIO. The team hopes to fill senior positions in the next couple of months.

Chair Armijo appreciated Ms. Larranga-Ruffly for stepping in, in Ms. Varela's absence. She also thanked Mr. Shackelford for the report.

C. Board Policies and Procedures 10.22 Hiring Exempt Employees:

1. Anthony Montoya – General Counsel.

Mr. Trujillo reported PERA finally has a General Counsel after being without one since last September. He noted that it had been tough recruitment since all employers are generally having difficulty recruiting staff. Mr. Anthony Montoya joined PERA on Monday.

Mr. Montoya was previously with the Legislative Council. As part of his duties, he was the lead staffer on the Investment and Pensions Oversight Committee. Therefore, he is very familiar with PERA and a public pension in New Mexico.

Mr. Montoya was invited to address the Board. He thanked the Board and Mr. Trujillo for the opportunity to serve as general counsel. He stated that he's been focusing on New Mexico pensions for several years and PERA. He was happy to be part of PERA.

Mr. Eichenberg welcomed Mr. Montoya. He mentioned that he had had the opportunity to work with Mr. Montoya severally and felt that Mr. Montoya would bring experience and integrity to the position. Chair Armijo concurred.

D. Executive Director's Report

Executive Director Greg Trujillo kicked off his report by stating that the contributions and member payroll continue to grow.

Regarding vacancies, Mr. Trujillo reported that at the end of October, PERA was down to five vacancies. Several vacancies occurred due to some internal promotions. Recruitment is actively ongoing. The plan is to reduce the vacancy rate as much as possible before the budget hearing sessions.

Mr. Page asked about the PERA staff returning to work full time. Mr. Trujillo stated that there had been some talk at the executive agency level about calling employees back full-time as of January 1. He pointed out that both PERA offices are fully open, and members can walk in, so the return to work does not impact them. He further mentioned that staff would continue monitoring the talks and inform the Board of any changes.

Mr. Page inquired if any employees had indicated they would leave if people returned to work in offices. Mr. Trujillo stated that employees have been more open to coming into the office. He also acknowledged much competition with other state agencies poaching PERA employees. PERA had also lost at least two people to the private sector. Mr. Trujillo added that giving people more flexibility and more promotions internally will provide a better outlook for retaining them.

Mr. Eichenberg commended the PERA staff for the services he recently received at the Santa Fe office. He stated that he was served immediately and by well-qualified people. The service was quick and easy.

Chair Armijo echoed Mr. Eichenberg's sentiments, adding that she always gets compliments concerning the services members get when they prepare to retire, indicating that Mr. Trujillo has a good team.

E. Recognition of Outgoing Board Members

Chair Armijo stated that three members would be leaving the Board; Tim Eichenberg, State Treasurer and Ex-officio member; Steve Neel, State member; and Lawrence Davis, Municipal member. This will be their last meeting PERA Trustee Board Meeting.

Mr. Neel and Mr. Davis have served honorably on the Board for the past four years. Mr. Eichenberg has served honorably for eight consecutive years. This may entitle him to a hazardous duty recognition because, according to Chair Armijo, serving as a trustee on the PERA Board is not for the weak. It requires many hours of meeting attendance, reading committee, and Board related materials, and finding ways to educate oneself in the various aspects of the trust fund. Chair Armijo thanked each of the three gentlemen for their efforts, contributions, and dedication to the PERA trust and members and beneficiaries.

Mr. Eichenberg thanked Mr. Neel and Mr. Davis, stating that the two brought a unique experience to the Board and helped PERA through some very troubled times. He also appreciated Mr. Page, who provided great leadership to the Board. He also recognized the efforts of Chair Armijo, adding that she took the Board to the next level. He also thanked the new Board members who came on after him, noting that they have much growth and challenging issues to deal with.

Mr. Neel thanked Chair Armijo and Mr. Eichenberg for their kind words. He agreed that the PERA Board is not for the faint-hearted. He mentioned that there were several difficult issues that the Board had to address, and the members did not always agree, but they all had the best interests of the trust at heart. He acknowledged some of the staff members, including Mr. Trujillo and Mr. Shackelford, and added that the organization is in a great spot with such a great team.

Ms. Fisher thanked Mr. Eichenberg for his service on the PERA Board, highlighting that he served with integrity and foresight. She also thanked Mr. Neel for his leadership on the Investment Committee and wished him the best in his endeavors.

Mr. Page appreciated Mr. Davis and Mr. Neel for their expertise. He also thanked Mr. Eichenberg for his service to PERA and the State of New Mexico as treasurer.

Ms. Ragin followed suit and thanked the three outgoing members. She appreciated all the insights and experience they brought to the Board. She indicated that she has learned much from them and respected their perspectives.

Chair Armijo took the opportunity to thank the PERA staff, particularly Mr. Trujillo and Ms. Williams. She also appreciated Ms. Winter for all her work for the Board, especially during meetings.

9. Public Comment

Former Board member Ms. French said she could not miss this opportunity to thank the outgoing Board members, particularly Mr. Eichenberg. She mentioned that she had enjoyed serving with him on the Board and had learned much from him. She also thanked Mr. Neel and the Board members in general for their dedication and time in being informed Board members.

Ms. Naranjo Lopez recommended two things for the upcoming legislative session as follows;

- i. That the Board requests the legislatures to put money into the unfunded liability.
- ii. That the legislatures investigate repealing SB 72.

Chair Armijo requested Ms. Naranjo Lopez to direct her comments to Mr. Roberto Ramirez, the Chair of the Legislative Committee.

10. Adjournment

With no other business to discuss, Chair Armijo adjourned the meeting at approximately 11:40am.

Approved by:



Claudia Armijo, Board Chair

ATTEST:



Greg Trujillo, Executive Director