

NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
LEGISLATIVE COMMITTEE MEETING

February 14, 2017

This meeting of the Public Employees Retirement Board Legislative Committee was called to order by Chair Cathy Townes at approximately 10:15 a.m. on the above-cited date in the PERA Building, Senator Fabian Chavez, Jr. Board Room, 33 Plaza La Prensa, Santa Fe, New Mexico.

Roll was called by Executive Director Wayne Propst and a quorum was established as follows:

Members Present:

Cathy Townes, Chair
Dan Mayfield, Vice Chair
James Maxon
Loretta Naranjo Lopez

Member(s) Absent:

Maggie Toulouse Oliver
Patty French [excused]

Other Member(s) Present:

John Melia
Jackie Kohlasch
Claudia Armijo

Staff Members Present:

Wayne Propst, Executive Director
Susan Pittard, Chief of Staff-General Counsel
Jonathan Grabel, Chief Investment Officer
Greg Trujillo, Deputy Director
Karen Risku, Deputy General Counsel
Renada Peery-Galon, ASD Director
Dana David, Assistant General Counsel
Jude Pérez, Deputy CIO
Karyn Lujan, Smart Save Plan Manager
LeAnne Larrañaga-Ruffy, Director of Equity
Anna Williams, Chief Financial Officer
Kristin Varela, Portfolio Manager
Emily Lopez, Financial Specialist
Christine Ortega, Portfolio Manager

2. APPROVAL OF AGENDA

Mr. Mayfield moved approval. His motion was seconded by Ms. Naranjo Lopez and passed by unanimous voice vote.

3. APPROVAL OF CONSENT AGENDA

Ms. Naranjo Lopez requested that the word “better” be removed in the following sentence on page 3: “Ms. Naranjo Lopez requested that PERA better-utilize their lobbyist and requested that ...”

Ms. Naranjo Lopez’ motion to amend the minutes failed for lack of a second.

Following discussion, Ms. Naranjo Lopez moved to defer action on the consent and Mr. Maxon seconded. That motion passed without opposition.

4. CURRENT BUSINESS

A. 2017 Legislative Session Pre-filed Legislation

Mr. Propst reminded the Committee that an update on legislative action was forwarded to them last night. The bill that the PERA Board has endorsed, SB 75 and its companion bill HB 33 regarding deferred compensation changes, HB 34 payment of state retirement benefit and SB 2 additional agency information to the State Auditor are making their way through the process. He offered a schedule of hearings for those bills.

Mr. Propst said staff is tracking SJM 2 which calls for the State Treasurer to create a task force to study a report on state and private sector retirement in New Mexico. PERA’s executive director or designee will serve on that task force if it passes.

HB 251 clarifies that PERA may participate in the Local Government Investment Pool administered by the Office of the State Treasurer. Currently, stated Mr. Propst, PERA does not invest in that pool, however, he understood ERB does.

HB 304 requires PERA to submit a copy of its annual financial audit to the State Board of Finance for their review. PERA has no concern with this bill and the audit is available on PERA’s website as well as the State Auditor’s website. PERA is proactive in making sure its CAFR, annual audit reports, and actuarial valuations are all available following Board presentation.

HB 278 would make changes to the exempt procurement process for every state agency that has any exemptions from the procurement process. The bill came about from a performance audit conducted by the LFC where they found a significant amount of state purchasing is exempt from the policy. Mr. Propst said staff is still gathering information on the bill but it could greatly impact PERA because a significant number of PERA’s liquid investments are exempt from the policy.

Regarding HB 278, PERA CIO Grabel said PERA procures investments in

traditional assets/liquids through an RFP which is defined through PERA's Procurement for Investment Related Services Policy which differs from the State's policy. In the case of illiquid or private assets PERA gains access through managers rather than through an RFP process. These private assets have a greater demand for their services than there is supply and it is unlikely that any of those managers would respond to an RFP. Requiring PERA to follow the state's process would have a material impact on the return prospects of the fund as a whole.

Mr. Propst said PERA's inclusion in HB 278 may be because of PERA's exemption and he felt that could be discussed with the bill sponsors, Senator Ivey-Soto and Representative Smith.

As of yesterday, there were 406 bills introduced in the House and 393 in the Senate and none were return-to-work, stated Mr. Propst. He noted there has not been any further discussion on the pension-swap legislation.

Ms. Armijo asked whether PERA was asked to prepare an FIR (fiscal impact report) on HB 278. Mr. Propst said they were not and he said Renada Peery-Galon, PERA ASD Director, flagged the bill. Staff will prepare an FIR.


5. **OTHER BUSINESS**

None was presented.

6. **ADJOURNMENT**

Chair Townes declared the meeting adjourned at approximately 10:35 a.m.

Approved by:



Cathy Townes, Chair
Legislative Committee

ATTEST:



Wayne Propst, Executive Director