

**NEW MEXICO**  
**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**  
**SMART SAVE COMMITTEE MEETING**

**January 10, 2017**

This meeting of the Public Employees Retirement Board Smart Save Committee was called to order by Chair John Reynolds at approximately 9:30 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.

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

**Members Present:**

John Reynolds, Chair  
Jackie Kohlasch, Vice Chair  
Loretta Naranjo Lopez  
Dan Mayfield

**Member(s) Excused:**

Tim Eichenberg

**Other Member(s) Present:**

Claudia Armijo  
Patty French  
James Maxon  
John Melia  
Cathy Townes  
Dan Esquibel

**Staff Present:**

Wayne Propst, Executive Director  
Susan Pittard, Chief of Staff/General Counsel  
Jon Grabel, Chief Investment Officer  
Greg Trujillo, Deputy Director  
Karen Risku, Deputy General Counsel  
Trish Winter, Executive Assistant  
Dana David, Assistant General Counsel  
Misty Braswell, Assistant General Counsel  
Jude Pérez, Deputy CIO  
Renada Peery-Galon, ASD Director  
Joaquin Lujan, Director of Rates and Credit  
Lalleh Dayeny, Investments Division  
Karyn Lujan, Deferred Compensation Plan Manager  
Emily Lopez, Financial Specialist  
LeAnne Larrañaga-Ruffy, Director of Equity  
Christine Ortega, Portfolio Manager

**Others Present:**

Ted Benedict, Meketa  
John Archer, Nationwide  
Paul Lium, Nationwide  
Lou Moreno, Nationwide

**2. APPROVAL OF AGENDA**

Ms. Naranjo Lopez moved to approve the agenda as presented. Her motion was seconded by Mr. Mayfield and passed by unanimous voice vote. [Ms. Kohlasch was not present for this action.]

**3. APPROVAL OF CONSENT AGENDA**

Ms. Naranjo Lopez moved approval. Mr. Mayfield seconded and that motion passed by unanimous voice vote. [Ms. Kohlasch was not present for this action.]

**4. CURRENT BUSINESS**

**A. Smart Save Plan and Administrative Fee Restructure [*Exhibit 1: PERA Staff Memo*]**

Jon Grabel, PERA CFO, said this is a follow-up to the November discussion regarding fees. He outlined the process that led up to the recommendation noting it was a collaboration and is presented as a joint recommendation from staff, Nationwide and Meketa. The process has been rigorous and very thoughtful and the recommendation to adjust the administrative fee is in the best interest of the membership.

The recommendation is to adopt a hybrid administrative fee structure which would consist of a flat rate of \$30 per participant/per year plus 0.135 percent of the participant's assets. This would be assessed on a quarterly basis. The recommendation is fee neutral to Nationwide and does not affect the professional services agreement that is in effect through September 2019.

Mr. Grabel reviewed PERA's direct costs, the costs for the investment consulting contract as well as the third-party administrator contract. He reminded the Committee that currently the participant pays a flat \$52 a year and there is a fee holiday for two quarters or when the account balance reaches \$1,000, whichever occurs first. There are over 20,000 participants with an average balance of \$25,000; however, the median balance is \$6,259. The \$52 annual fee for the participant with a median balance equates to 83 basis points – compared to the national best practice of 21 basis points.

Mr. Grabel remarked on the difficulty of comparing service offerings and noted that PERA Smart Save has a high service level. Three scenarios were presented with comparisons of different balances with each of the scenarios.

Staff, the TPA and the investment consultant recommend scenario two which provides:

- Fixed fee of \$30
- Variable asset of 0.135 percent
- Capped at \$104 for larger accounts
- Lower costs for 2/3 of participants and every new member allowing for more equitable cost sharing

- Allows PERA Smart Save to become more competitive with the other 457b plan options
- Does not significantly penalize large accounts; the fee remains very low

Mr. Grabel reviewed the implementation timeline and communication plan.

Ted Benedict, Meketa, said they strive to conduct an adequate due diligence on all of the investment strategies and provide the appropriate information for the Board to make educated and prudent decisions.

Mr. Melia said he was appreciative of the presentation and the recommendation.

Chair Reynolds said he too was appreciative of the fact that the cost will be spread more fairly than in the past.

Ms. Kohlasch moved to accept the recommendation of Scenario Two. Her motion was seconded by Mr. Mayfield and passed by unanimous voice vote.


**5. OTHER BUSINESS**

Chair Reynolds expressed his gratitude for the opportunity to chair this committee and recognized former Chair French's foresight in creating the committee. He thanked the consultants for being present and Mr. Grabel and Ms. Lujan for their guidance.

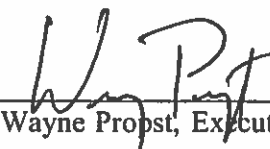
**6. ADJOURNMENT**

Upon motion by Ms. Naranjo Lopez and second by Mr. Kohlasch, Chair Reynolds adjourned this meeting at approximately 10:00 a.m.

Approved by:

  
Jackie Kohlasch, Chair  
Smart Save Committee

ATTEST:

  
Wayne Propst, Executive Director

Attached Exhibits:

*Exhibit 1: PERA Staff Memo*