

NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
BOARD MEETING

June 25, 2015

This meeting of the Public Employees Retirement Board was called to order by Patricia French, Chair, at approximately 11:35 a.m. on the above-cited date at the PERA Building, Fabian Chavez Jr, Board Room, 33 Plaza La Prensa, Santa Fe, New Mexico.

1. ROLL CALL

Executive Director Wayne Propst called roll and a quorum was established with the following members present:

Members Present:

Patricia French, Chair – Municipal
Stewart Logan, Vice Chair - County
Dan Mayfield - Retiree
Paula Fisher - State
Roman Jimenez - State
Jackie Kohlasch - State
Louis Martinez - Municipal
Loretta Naranjo Lopez - Retiree
John Reynolds - State

Member(s) Absent:

Dan Esquibel – Municipal [excused]
Dianna Duran - *Ex-officio*
Tim Eichenberg - *Ex-officio*

Staff Members Present:

Wayne Propst, Executive Director
Jonathan Gabel, Chief Investment Officer
Claudia Armijo, Assistant General Counsel
Greg Trujillo, Deputy Director
Renada Peery-Galon, ASD Director
Julian Baca, Deputy CIO
Judy Olson, Executive Assistant
LeAnne Larrañaga-Ruffy, Portfolio Manager
Joaquin Lujan, Portfolio Manager
Christina Keyes, Portfolio Manager
Jude Perez, Portfolio Manager
Mark Montoya, Financial Analyst
Kristen Varela, Financial Analyst
Karyn Lujan, Deferred Compensation Administrator

Others Present:

Gabriella Zadra, Cliffwater
Tom Toth, Wilshire
Paul Lium, Nationwide
J. Arnell, Charterhouse
Christian Fehling, Charterhouse
Lynsey Register, Charterhouse
Ivan Zinn, Atalaya Partners

2. APPROVAL OF AGENDA

Mr. Mayfield introduced the following motion:

“RESOLVED, that the PERA Board approve the agenda as presented.”

Mr. Fisher seconded and the motion passed by unanimous [8-0] voice vote. [Mr. Martinez was not present for this action.]

3. APPROVAL OF CONSENT AGENDA

[Exhibit 1: Consent Agenda]

Chair French said she reviewed the minutes and found them to be accurate and complete.

Mr. Logan introduced the following motion:

“RESOLVED, that the PERA Board approve the consent agenda as published.”

Ms. Fisher seconded and the motion passed by majority [7-1] voice vote with Ms. Naranjo Lopez voting against approval of the minutes contained in the consent agenda. [Mr. Martinez was not present for this action.]

Mr. Propst noted that Gregg Benner’s duty death determination was approved under the consent agenda. Speaking for the agency and the Board, Mr. Propst expressed condolences to the Benner family and the City of Rio Rancho.

On behalf of the law enforcement community, Captain Jimenez thanked PERA for their prompt attention to this matter.

5. CURRENT BUSINESS

A. Presentation of 15 Year Service Pin

1. Rose Rael

Mr. Propst noted that Julian Baca was recognized during the IC meeting and will be resigning from PERA this week. He invited the Board to join staff for cake in celebration of Mr. Baca’s new opportunities.

Mr. Propst said Rose Rael started at PERA 15 years ago as the front desk receptionist and for the past six years has been the manager of the customer service unit in the Santa Fe office. Ms. Rael will be relocating to the Albuquerque's PERA office and aid in developing that office to a full service center. He provided personal as well as employment history about Ms. Rael and said while he was saddened for her to leave Santa Fe he was very pleased she would be in Albuquerque. The fact that this meeting was filled with Ms. Rael's colleagues, Mr. Propst observed, spoke volumes to her contributions.

Ms. Rael was awarded a certificate and PERA service pin and received a round of applause.

Mr. Baca was also awarded a certificate.

B. Action Item: Alternative Asset Recommendation for Approval, to be Funded According to the Cash Plan and Subject to Legal Review by General Counsel

1. Recommendation to Commit up to \$50 Million to Atalaya Special Opportunities Fund VI, LP, in the Private Equity-Credit Portfolio

Ms. Naranjo Lopez asked whether staff had any concerns regarding this relatively young firm, and if there were any questions the Board should ask that were not asked. Jonathan Grabel, Chief Investment Officer, said Atalaya is not considered a young firm. They have been raising institutional funds for over a decade. He noted that, while the Board may interact with a prospective manager for 30 minutes, staff and Cliffwater has spent a great deal of time analyzing the manager.

Mr. Mayfield, chair of the Investment Committee, said this item was discussed earlier with a positive recommendation from the committee. He introduced the following motion:

“RESOLVED, that the PERA Board approve a commitment of up to \$50 million to Atalaya Special Opportunities Fund VI, LP, in the private Equity-Credit Portfolio, subject to review by legal counsel.”

Mr. Jimenez seconded and the motion passed by [8-0] voice vote. [Mr. Martinez was not present for this action and arrived shortly thereafter.]

2. Recommendation to Commit up to \$70 million to Charterhouse Capital Partners X, LP, in the Private Equity Portfolio

Also discussed during this morning's IC meeting, Mr. Mayfield introduced the following motion:

“RESOLVED, that the PERA Board approve a commitment of up to \$70 million to Charterhouse Capital Partners X, LP in the Private Equity Portfolio, subject to review by legal counsel.”

Mr. Jimenez seconded and the motion passed by unanimous [9-0] voice vote.

Mr. Jimenez said he appreciates the efficiency of the Investment Committee occurring on the same day and prior to the Board meeting.

C. Board Trustee Educational Conference Reports

Chair French advised the Board that they have options in terms of conference reports from written, supplied materials, or oral.

1. Patricia French, 26th Annual Pension and Financial Services Conference (NASP: June 15-17, 2015)

Chair French said she served as a monitor of one of the conference panels on smart beta and she thanked Mr. Grabel for his guidance in that respect.

2. Jacquelin Kohlasch, 2015 Certificate of Achievement in Public Plan Policy (CAPP) in Employee Pensions, Part I (June 9-10, 2015)

Ms. Kohlasch said the conference highlighted governance, and that every board member should purchase waiver of liability recourse insurance. In terms of governance, the conference stressed that once a board has reached a decision, all board members should show a united front about the issue.

3. Daniel Mayfield, 2015 Certificate of Achievement in Public Plan Policy (CAPP) in Employee Pensions, Parts I and II (June 9-10, 2015)

Mr. Mayfield said he was impressed with the National Foundation because they are such a strong advocate for defined benefit programs. He said the fiduciary responsibilities of boards were emphasized during the conference. He mentioned the difficult times pension programs are enduring and reduced retiree benefits. If this situation is not carefully monitored, there may be a very poor segment of the population in their retirement years, and public assistance will have to increase. California is considering legislation to establish a statewide pension plan.

Regarding the liability insurance, Chair French said the NM PERA Board is covered by the Attorney General's Office.

E. Executive Director's Report

Mr. Propst acknowledged Greg Trujillo's work in putting the report together. He said the Albuquerque office expansion is on track with the GSD approval to enter into a lease. He hoped PERA would occupy the new space in September, and perhaps hold a Board meeting there in October.

The Retiree Health Care Authority (RHCA) received General Services Department approval to enter into a lease with PERA to occupy space and that relocation will happen September 1st. He looked forward to hosting a welcome to RHCA with the Board.

Mr. Propst highlighted that the RHCA Board will be meeting in Taos for its annual meeting. The Authority's solvency has been extended out to 2033 which is a strong success story. He outlined proposed plan changes and premium increases that the RHCA Board will be considering during its retreat.

Mr. Mayfield said it may be interesting to recognize that PERA's pension payroll has a positive boost on New Mexico's economy. Mr. Propst said there are good state-by-state surveys nationwide on the economic benefit of public pension plans. He agreed that it would be valuable to see the impact on New Mexico's economy.

Ms. Kohlasch commented on the value of yesterday's open house with the Investment Division.

Chair French asked whether RHCA was able to provide a better price on health insurance than a retiree could find through ACA. Mr. Propst said RHCA conducts comparisons in the private market and continues to provide significantly lower deductibles, out-of-pocket maximums and premiums. However, young retirees with dependents may find better coverage through the private market or exchange.

Ms. Naranjo Lopez noted that the Supreme Court upheld the Affordable Care Act. She thanked Executive Assistant Judy Olson for forwarding pension-related news clips, and noted a recent article citing legislation in Oregon to sponsor a non-public workforce retirement plan.

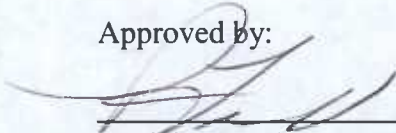
6. OTHER BUSINESS

Ms. Naranjo Lopez said she sent a letter to the Board members on June 1st and understands that they did not receive it. She asked that she be assigned to committee(s) as soon as possible and that her letter be forwarded to the Board members.

7. ADJOURNMENT

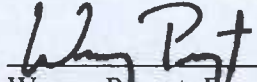
Having completed the agenda and with no further business to come before the Board, Chair French declared this meeting adjourned at 12:15 p.m.

Approved by:



Patricia French
Chair, PERA Board

ATTEST:



Wayne Propst, Executive Director