

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

**March 14, 2017**

This meeting of the Public Employees Retirement Board Smart Save Committee was called to order by Chair John Reynolds at approximately 9:00 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 and a quorum established as follows:

**Members Present:**

John Reynolds, Chair  
Jackie Kohlasch, Vice Chair  
Loretta Naranjo Lopez  
Patty French

**Member(s) Absent:**

Tim Eichenberg  
Maggie Toulouse Oliver

**Other Member(s) Present:**

Claudia Armijo  
Dan Esquibel  
Dan Mayfield  
James Maxon  
John Melia  
Cathy Townes

**Staff Members Present:**

Wayne Propst, Executive Director  
Susan Pittard, Chief of Staff-General Counsel  
Greg Trujillo, Deputy Director/Chief Information Officer  
Karen Risku, Deputy General Counsel  
Renada Peery-Galon, ASD Director  
Dana David, Assistant General Counsel

Jude Pérez, Deputy CIO  
Trish Winter, Executive Assistant  
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  
Mark Montoya, Investments Division

**Others Present:**

Paul Lium, Nationwide

**2. APPROVAL OF AGENDA**

Ms. Naranjo Lopez moved to approve the agenda as presented. Her motion was seconded by Ms. Kohlasch and passed by unanimous [4-0] voice vote.

**3. APPROVAL OF CONSENT AGENDA**

Ms. Naranjo Lopez moved approval. Ms. Naranjo Lopez seconded and that motion passed by unanimous [4-0] voice vote.

**4. CURRENT BUSINESS**

**A. Private Core Real Estate Strategy Search – Minimum Qualifications**  
*[Exhibit 1: Staff memo]*

Karyn Lujan, Smart Save Plan Manager, said this serves as a follow-up to Meketa's previous presentation on a private core real estate strategy into the LifeCycle Portfolio/custom target date funds. The private core real estate strategy will provide the LifeCycle Portfolio participants a less volatile real estate option than REITs while REITs will continue to be offered.

Ms. Lujan reviewed the search criteria Meketa and staff will use to be followed by a recommendation expected before the Smart Save Committee in May.

Ms. Lujan explained that an RFP is not required for this process and an industry search will suffice. She stated that there are four fund managers that offer this strategy for a defined contribution plan and staff and Meketa will review those four.

Jude Pérez, Deputy CIO, pointed out that the private core real estate fund has liquidity but not at 100 percent and will not be offered as a standalone option.

**B. Smart Save Self Directed Option – Review**  
*[Exhibit 2: Staff memo]*

Chair Reynolds said he asked staff to review this plan element. Ms. Lujan said through Schwab, the Smart Save plan offers what is referred to as the “self-directed brokerage window.” This provides the participant the opportunity to invest outside of the Smart Save fund. A participant must have a minimum of \$12,500 of which \$10,000 must remain within the core Smart Save account. The initial minimum trade amount is \$2,500 and all subsequent trade amounts are no less than \$500. There is an annual \$50 fee along with the retail share class fee(s), commission and various transactions fees.

At this point, out of the Smart Save’s 20,253 participants, 50 take part in the self-directed option equating to \$4.5 million in assets. She reviewed the popular investments within that group of investors and noted that some of their choices are comparable to Smart Save funds.

Observing that the participants are not receiving anything special, Ms. Naranjo Lopez asked why the option was being offered. Mr. Pérez said it is seen as a bonus to participants. Smart Save as a supplemental retirement plan offers what is necessary to achieve that goal; however, there are PERA members who want make single stock picks or consider it their “mad money.”

Ms. Lujan said ERB members and other public entities are permitted to participate in the 457(b) retirement program and Smart Save is offered. PERA is working to expand the program to more schools. She confirmed that a charter school can opt into the program. Last year, she wrote an article for the ERB newsletter outlining the 457B program.

Chair Reynolds said the Smart Save website is not clear on the self-directed option and Ms. Lujan agreed. She said the 457 website has terrific information but is hard to navigate through. She offered to work with Nationwide to improve it.

Chair Reynolds asked about the relationship Schwab and Nationwide have regarding the self-directed option and Mr. Pérez offered to review the contract and report back to the Committee.

Mr. Esquibel asked if individual self-directed portfolio losses impact PERA’s performance. Mr. Pérez said from a market value standpoint, yes. However, it is not part of PERA’s performance calculation. It would be considered under the AUM of the total Smart Save plan. Ms. Lujan offered to provide additional information on that.

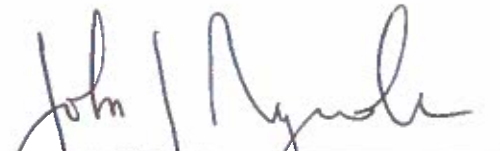
## **5. OTHER BUSINESS**

None was presented.

6. ADJOURNMENT

Upon motion by Ms. Naranjo Lopez and second by Ms. French, Chair Reynolds adjourned this meeting at approximately 9:35 a.m.

Approved by:



John Reynolds, Chair  
Smart Save Committee

ATTEST:



Wayne Propst, Executive Director

Attached Exhibits:

*Exhibit 1: Staff memo*

*Exhibit 2: Staff memo*