NEW MEXICO

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

BOARD MEETING

May 29, 2014

This meeting of the Public Employees Retirement Board was called to order by Patricia French, Chair, at approximately 9:00 a.m. on the above-cited date at the PERA Building, Fabian Chavez Board Room, 33 Plaza La Prensa, Santa Fe, New Mexico.

2. ROLL CALL

Following the Pledge of Allegiance, roll was called by Executive Director Wayne Propst and a quorum was established with the following members present:

Members Present:
Patricia French, Chair - Municipal
Danny Mayfield, Vice Chair - Retiree
Dan Esquibel - Municipal
Paula Fisher - State
Roman Jimenez - State
Jackie Kohlasch - State
James Lewis - *Ex-officio*
Stewart Logan - County
Louis Martinez - Municipal
Loretta Naranjo-Lopez – Retiree
John Reynolds - State

Member(s) Excused:
Dianna Duran - *Ex-officio*

Staff Members Present:
Wayne Propst, Executive Director
Susan Pittard, General Counsel
Jonathan Grabel, Chief Investment Officer
Sylvia Barela, Administrative Services Director
Karen Risku, Assistant General Counsel
Greg Trujillo, Deputy Director
Julian Baca, Deputy CIO
Judy Olson, Executive Assistant
JoAnn Garcia, Deferred Compensation Manager
Joaquin Lujan, Portfolio Manager
LeAnne Larrañaga-Ruffy, Portfolio Manager

Others Present:

Jamie Feidler, Cliffwater
Michael Schlachter, Wilshire Associates
Paul Lium, Nationwide
Anne Haneka-Ortiz, LFC
Jocelyn Hodes, Nationwide
Terence Welch, MFS
Lynette Paulman-Rodriguez, AOC
Donald Aone, CWA
Rudy Gonzalez, DOH
C. Waldron, NMED
Karthleen Primm, NMED
Norma Perez, NMED
Ben Lazarus, Parametric
Tom Lee, Parametric
Charlie Kraft, NM AGO
Olivia Mitchell, NM AGO
Padraig Sheehy, KBI
Camille Humphries Lee, MFS
Artie Pepin, AOC
Jean Smith, DOH
Jenny Smith, DOH/EPI
Pam Palerino, DOH
Jayne Wolfe, DOH/ERD

3. APPROVAL OF AGENDA

Mr. Lewis introduced the following motion:

"RESOLVED, that the PERA Board approve the agenda."

Ms. Fisher seconded and the motion carried by unanimous [10-0] voice vote. [Mr. Jimenez was not present for this action.]

4. APPROVAL OF CONSENT AGENDA

[Exhibit 1: Consent Agenda]

Mr. Logan introduced the following motion:

"RESOLVED, that the PERA Board approve the consent agenda."

Mr. Mayfield seconded and the motion carried by unanimous [10-0] voice vote. [Mr. Jimenez was not present for this item.]

5. CURRENT BUSINESS

A. Executive Session

1. Attorney Report

Administrative Appeal – The Board will meet in Executive Session under NMSA 1978, Section 10-15-1(H)(3) to discuss this item

Mr. Lewis introduced a motion to go into Executive Session pursuant to NMSA 1978, Section 10-15-1(H)(3). Ms. French seconded and upon roll call vote with Members French, Mayfield, Esquibel, Fisher, Kohlasch, Lewis, Logan, Martinez, Naranjo-Lopez and Reynolds all voting in the affirmative the Board met in Executive Session from 9:10 – 9:35 a.m.

Charles Kraft, Assistant Attorney General, met with the Board in Executive Session.

Mr. Lewis moved to come out of Executive Session announcing the only item discussed was that listed in the agenda. His motion was seconded by Mr. Martinez and upon roll call vote with Members French, Mayfield, Esquibel, Fisher, Kohlasch, Lewis, Logan, Martinez, Naranjo-Lopez and Reynolds all voting in the affirmative.

a. Daniela K. Bowman
Action Item: Regarding Attorney Report

Mr. Logan introduced the following motion:

"RESOLVED that the PERA Board accept the Attorney General's recommendation and decision that the Board deny the appeal of Daniela K. Bowman." [*Exhibit 2: Board Order*]

Mr. Lewis seconded and the motion passed by unanimous voice vote. [Mr. Jimenez was not present for this action and arrived shortly thereafter.]

B. Action Item: Approval of Cavanaugh Macdonald Consulting Experience Study Recommendations [*Exhibit 3: Cavanaugh Macdonald: 2008-2013 PERA Experience Study*]

Audit & Budget Committee Chair Logan said this item was discussed in detail at the last committee meeting. Cavanaugh Macdonald (CM) was present to provide highlights of that discussion. He asked for a motion and a second to be followed by discussion.

Chair French introduced the following motion:

"RESOLVED, that the PERA Board accept the Cavanaugh Macdonald experience study."

Mr. Lewis seconded.

Cavanaugh Macdonald (CM) Principal and Consulting Actuary John Garrett, said the report before the Board has been revised to focus on the economic assumptions in an attempt to address the discussion that occurred at the Audit & Budget Committee meeting. The study reviews the experience that occurred over a five-year period of time, the available research regarding trends, and from that information assumptions are developed. Those assumptions include the investment rate of return, rates of salary increases, rates of mortality, post retirement rates of mortality, rates at which employees will retire, etc. As part of CM's contract with PERA they will provide an experience study every five years. He suggested the economic assumptions be reviewed more frequently than the experience study.

Mr. Garrett explained the purpose of the assumptions is to anticipate future occurrences so the measured liabilities in the annual valuations represent the most stable calculations and measurements of the liabilities of the system.

Mr. Garrett offered that the American Academy of Actuaries publishes the actuarial standards of practice and actuaries are given guidance not to reflect current expectations too highly in the setting of assumptions. "What was just experienced is not necessarily the best estimate of what will be experienced."

The investment rate of return component is comprised of two different aspects – an inflation component and the real rate of return, stated, Mr. Garret.

Jonathan Craven, CM Senior Actuary, said the rate of price inflation is basically the depreciation of the dollar's purchasing power and the real rate of investment return above and beyond the inflation rate and the real rate of wage increase above and beyond the inflation rate. Embedded in all of the assumptions is the rate of inflation as the baseline. The payroll growth assumption is used in the amortization of the unfunded liability and it too is based on wage inflation.

Mr. Craven reviewed the current assumption of 3.5 percent, the real rate of return assumption is 4.25 percent and the investment rate of concern is 7.75 percent. The real rate of wage inflation is 50 basis points – half of percent above CPI – or 4 percent.

The recommendation is to lower the assumed rate of inflation by 50 basis points, increase the real rate of return by 50 basis points, and maintain the real rate of inflation with the investment return to remain at 7.75 percent. The rate of wage inflation and payroll growth are at 3.5 percent.

Mr. Craven illustrated how the recommendations are created by reviewing rates and standard deviations of the CPI, US Government Bond market, public funds survey, investment rates of return, expected return distribution, etc.

Mr. Garrett pointed out that what's important is that the gains and losses offset each other and the annual predictions of the liability are the most stable and accurate.

Mr. Reynolds asked about the expected returns at 7.75 percent. Mr. Garrett said Wilshire's information produces a 5 percent expected real rate of return. Wilshire used more of the bond market related 10-year expectation which is 2.25 percent. Wilshire presents a 7.25 percent return of the portfolio. He said CM used the same analysis for real rate of return and came up with 5 percent as the median and added a 3 percent inflation assumption which is a longer period of time than the 10 years Wilshire uses.

Mr. Craven referred to page 12 of CM's report outlining statistical analysis of expected real return distribution. Mr. Garrett pointed out that the recent asset allocation study represented a real rate of return of 5 percent; CM is recommending 4.75 percent which has less risk. CM is taking a higher inflation recommendation which is embedded in salary increases, payroll growth, etc. There is an offset to the liability. CM sees a trend in inflation lowering and recommends moving it from 3.5 percent to 3 percent.

Michael Schlachter, Wilshire, said his firm provides projections for 10 years out. He estimated that PERA would conduct an asset allocation study at least twice during that 10-year period and the projections may change. CM looks at the workforce and the cost of benefits for those individuals during a much longer period of time. Actuaries prefer to err on the side of conservatism.

In response to questions asked by the Board, Mr. Garrett offered that in 2018 another full experience study would occur. In the general divisions of the State and Municipal there is a high rate of withdrawal during the first few years of employment, and beyond 5 years of employment the retention rate rises substantially.

Mr. Garrett reviewed the demographic assumptions and how those affected the liability of the plan. There were more withdrawals than expected during a five-year period. The disability component was adjusted to show a percent of duty disability and adjusted to meet the current trends. Younger retirees raise the liability measure. Mortality was also adjusted.

Mr. Garrett discussed the conservatism on the rate of return side of the assumptions. CM recommends a modification to the form of payment elections made by members.

The recommendation has a net result of a slight lowering of the measure of the unfunded liability and a slight improvement to the funded ratio.

Mr. Mayfield asked if there were a measurable change to an assumption could the experience study/recommendation be modified. Mr. Garrett said their contract calls for each valuation to be followed by projections for a 30-year review and a model allowing for changing of investment rates of return for a 10-year period of time. He pointed out that the engine of the pension system is the contributions received.

Mr. Reynolds said the inflation assumption and the differential between Wilshire and CM's returns concern him. He recalled the written report CM provided the Audit & Budget committee contained an alternative to the real investment return of 4.5 percent and he favored that assumption over the 4.75 presented today.

Mr. Reynolds introduced a substitute motion to accept the report with the alternative real rate of return at 4.5 percent.

Responding to Mr. Lewis' question regarding methodologies in determining solvency as well as basic accounting, Mr. Garrett pointed out that there are professions dealing with actuarial liabilities and issues. GASB looks at accounting which has nothing to do with financing the plan and bond/credit raters measure liabilities to assess the credit worthiness of the employers. The question is what's the purpose of the different measurements? PERA should be focused on the financing of the benefits and ensuring there are sufficient assets.

Mr. Garrett noted that the pension plans that have best weathered storms are those that maintain the highest degree of stability in funding policy and in investment policies.

Mr. Craven pointed out that CM's projections assume a stable active population. If the population increases there would be more money to pay off the unfunded liability.

Ms. Kohlasch asked if 100 percent solvency relates to all the plans within PERA. Mr. Garrett said PERA's funded ratio is an amalgamation of the five PERA divisions and as a cost sharing plan, each division separately is better or worse than the 100 percent.

Ms. Naranjo-Lopez offered a second to Mr. Reynolds' motion.

Mr. Garrett said the .25-point change is a $500 million increase to the unfunded actual accrued liability in the investment rate of return assumption. It's a matter of opinion, he stated, and offered that CM was comfortable with 4.5 percent. Mr. Craven cautioned that that leaves the inflation assumption at 3 percent and if that were lowered it would bring the investment return down.

Mr. Reynolds said the recommended assumptions would result in a funded ratio of 73.14 percent, slightly better than the last fiscal year result at 72.92 percent. The alternative that he supports would result in a funding ratio of 71.07 percent. He said the alternative provides a more realistic estimate of the future obligations of the fund. He expressed his concern that PERA should be more conservative regarding its obligations and the fund's overall health.

PERA CIO Grabel noted that inception to-date return for the PERA plans is 9.47 percent. Compared to a decade ago, the current asset allocation has many more tools with a broader array of investment instruments such that he has more confidence in return assumptions. He said he was comfortable with the assumptions recommended by the actuaries.

The motion to amend the motion and accept the real rate of return at 4.5 percent failed by majority [2-9] voice vote with Members Reynolds and Naranjo-Lopez voting in the affirmative.

The motion to accept the experience study and the recommendations passed by majority [9-2] voice vote with Members Reynolds and Naranjo-Lopez voting nay.

C. <u>Investments Division</u>
Chief Investment Officer's Performance Report

Mr. Grabel the March results and April's returns are uncanny in similarities. April saw a net increase of $12 million and in both months the plan was up 37 basis points. The plan closed at $14.26 billion and for current month the plan is above that number. The plan is up 13.22 percent fiscal year to date.

In terms of asset categories, Mr. Grabel stated domestic equities were down 79 basis points, large cap domestic equities were up 46 basis points, small- and mid-cap domestic equities were down 3.18 percent for the month. He noted that JP Morgan small-cap, while up 21.84 percent for the one-year period had a loss of 8.32 percent during April a difficult month for growth-like investors. He noted that safe bond US Treasuries, have been outperforming recently which he attributed to the uncertainty in growth. Alternatives demonstrated a strong performance in April, up 92 basis points as a group.

In regard to rebalancing, Mr. Grabel said there was a net transfer of $43 million to the State Treasurer's office and the source of those funds was a drawdown of the US equity index funds. At the end of April the fund was within its prior policy bands for the pre-existing asset allocation for all asset categories.

Mr. Grabel announced that Julian Baca was one of the four national recipients named by *Institutional Investors* as a public fund "rising star." He congratulated Mr. Baca as well as the other members of his staff for their tremendous accomplishments.

In terms of updates Mr. Grabel offered that the initial funding of MLPs begins May 30th .
Implementation of the recently approved strategic asset allocation will occur following incorporation into the Investment Policy. Staff is working on that process.

2. <u>Action Item</u>: Cash Equitization Presentation and Recommendation
(Requires Super Majority) [*Exhibit 4: Parametric Clifton Presentation*]

Mr. Grabel informed the Board that at the May IC meeting a successful motion was introduced to advance a recommendation to retain Parametric Clifton to implement a cash equitization program. In consultation with the Board and IC chair it was determined to be prudent to have Parametric Clifton come before the Board.

Ben Lazarus, Director of Institutional Relationships for Parametric Clifton stated they currently run an emerging market strategy for PERA and appreciate the opportunity to manage the cash equitization/overlay business. He reviewed the company noting they were a division of Eaton Vance, a large, publicly traded money management firm. Parametric Clifton has been running cash equitization/overlay programs since 1986 and represents a number of public funds. He referred to their client representative list. There is $48.7 billion in this program with over $20 billion from public plans.

Mr. Lazarus said in an overlay strategy the rules are the clients. The firm implements PERA's strategic allocation in order to get a better expected long-term return, reduce performance risk and provide operational efficiency. PERA will still hold cash but that cash will earn a market return.

Mr. Lazarus said the program provides a low cost method to reduce performance risk.

Mr. Mayfield asked about the average cash balance PERA would have invested. Mr. Grabel responded that keeping it razor thin it would range between $150 million and $200 million.

Tom Lee, Parametric, discussed the daily tracking process used to check the overlay account. Parametric would use a small fraction of the actual cash to maintain positions and the remainder would remain where it is earning a cash-like result. The firm uses listed exchange rated futures to earn the excess return that the market returns: positive or negative on any day. Mr. Lee said they have a seamless handshake with every major custodian bank and on a daily basis they link in, process it and verify it for accuracy. The analyst produces an electronic report which is reviewed by Parametric's portfolio management team who confirm the positions line up with the specific requirements of the client's account. Parametric works to allow all of the client's assets to earn the excess return available in the market every day. Mr. Lee said cash effectively is earning zero interest.

If there is a negative environment, Parametric works with staff and the consultant to provide additional liquidity which can be adjusted on a daily basis, stated Mr. Lee. He said summary reports are filed electronically to staff and consultants.

Mr. Lee said the same process is conducted every day.

Mr. Lee reviewed the characteristics of exchange traded futures, which have been in existence since the 1880s, and noted that during the financial crisis futures did not have issues. The contracts are standardized and highly regulated. An initial margin is identified. He reviewed the exposure and that the positions are mark-to-market on a daily basis.

Mr. Lee identified the "very, very liquid" contract trades among existing clients which equates to over $643 billion in open interest and $292 billion in estimated average daily volume as of May 22, 2014. The overlay will allow PERA to achieve their risk return objectives without surrendering liquidity. He emphasized that only a fraction of the cash is required while the rest stays invested in the money market as it currently does.

In the last decade, Mr. Lee said this type of program has increased enormously as institutional investors recognize that their assets have to work harder and ineffiencies are eliminated. Stating transparency was important, he noted there are tracking errors in the overlay. Mr. Lee summarized the overlay program as providing an ability to have:

- Access to greater liquidity
- Reduced cash drag
- Control risk
- Low fee exposure
- Invested cash that remains as cash

In the event of a market loss, Mr. Esquibel asked how that would affect the cash fund. Mr. Grabel said the cash would be reduced by the percentage decline in the market. He pointed out that the program can be terminated/shut down at any time by phone call or email. The futures' exposures can be converted into cash at any time.

Responding to Mr. Mayfield, Mr. Grabel said at his previous employer a program similar to this was implemented and earned over 16 percent during his tenure.

Mr. Reynolds highlighted that in the event of a margin call PERA would be required to provide additional capital to the account. Mr. Lee confirmed that was accurate. Mr. Grabel noted that PERA currently does that with its portable alpha account.

Thanking staff for their forward thinking, Chair French congratulated Mr. Baca for his recent recognition. Mr. Baca reiterated that staff is very talented and works well as a team.

Mr. Lewis asked whether there was any pending litigation that Parametric was involved in and Mr. Lazarus responded no and he couldn't recall any in the past 10 years.

Based on the advice of staff, Mr. Mayfield introduced the following motion:

"RESOLVED, that the PERA Board enter into contract with Parametric Clifton for cash management."

Mr. Jimenez seconded.

Ms. Naranjo-Lopez commented on the program's criticism regarding tail risk and large notional value. She quoted Warren Buffet who referred to the program as, "the financial weapons of mass destruction," and asked for comment.

Mr. Grabel recalled the comment was made by Mr. Buffet at the time of the great financial crisis regarding credit default swaps and over-the-counter derivatives. The futures proposed by Parametric eliminate the counter party risk that was prevalent during the GFC. He added that Mr. Buffet has billions of dollars in future exposures in his insurance portfolio.

Mr. Lewis asked about liquidity safety and yield and Mr. Grabel said the ultimate priority in this program is not to turbo-charge returns but rather track the returns based upon the strategic asset allocation. The ultimate priority is insure sufficient liquidity is available to pay benefits.

The motion passed by unanimous [11-0] voice vote.

3. <u>Action Item</u>: JPMorganChase Securities Lending Contract Extension by up to Two Years through June 30, 2016

Mr. Mayfield said this item had been discussed in the IC meeting and he introduced the following motion:

"RESOLVED, that the PERA Board approve the extension of the JP Morgan Securities Lending Contract for up to two years."

Mr. Jimenez seconded.

Mr. Lewis asked what PERA will gain by the two-year extension. Mr. Grabel answered that JP Morgan also serves as PERA's custody bank adding two years to the JP Morgan Chase securities lending contract makes the contract coterminous with the custody bank relationship. The ultimate goal, stated Mr. Grabel, is to have a sufficient window for thorough RFP process.

The motion passed by majority 10-1 voice vote with Ms. Kohlasch casting the nay vote.

4. Action Item: Approval of Eide Bailly, LLP to Conduct FY 2014 Annual Audit of Deferred Compensation Plan

Mr. Mayfield said this item was discussed at the IC meeting and the recommendation to the Board is approval of Eide Bailly to conduct the FY 2014 annual audit.

JoAnn Garcia, Deferred Compensation Manager, said the IC acted to engage Eide Bailly to conduct the independent audit for FY 14 for the deferred compensation plan. The previous auditor performed the audit for eight years and to meet best practice, staff recommends Eide Bailly, LLP, a different firm. She indicated that she contacted Eide Bailly clients and received positive comments about the services performed by the firm.

Mr. Mayfield introduced the following motion:

"RESOLVED, that the PERA Board approve Eide Bailly, LLP to conduct the FY2014 annual audit of the deferred compensation plan."

Ms. Naranjo-Lopez seconded and the motion passed by unanimous [10-0] voice vote. [Mr. Esquibel was not present for this action.]

5. Presentations – International Equity Value Managers

LeAnne Larrañaga-Ruffy, Portfolio Manager, informed the Board that the fund contains eight international equity managers. Two are passive, two small cap, two emerging markets and two active value managers. The total international equity portfolio is 23.37 percent of the total fund.

The two active value managers appearing today were hired March 2010.

MFS Investment Management
[Exhibit 5: MFS Presentation; Exhibit 6: Wilshire report re: MFS]

Ms. Larrañaga-Ruffy said MFS currently manages $237 million or 7 percent of the international equity composite and 2 percent of the total fund.

Terence M. Welch, MFS, introduced himself as the relationship manager and said MFS recently celebrated its 90th year in business focused solely on investment management. He mentioned the collaboration between investment teams. The firm manages a variety of equity and fixed income asset classes and currently has over $400 billion under management.

He spoke of their commitment to safeguard their clients by limiting exposure.

Mr. Welch noted that since inception of the strategy MFS has added 5 percent per year. He reviewed the year's performance noting that an underweight position and stock selection in financial services added value to the portfolio. Detractors were an overweight position and stock selection in consumer staples and an underweight position and stock selection in energy.

Camille Lee, MFS portfolio manager, reviewed the portfolio management team and noted a transition in the team with Barnaby Wiener stepping down to manage a smaller product at MFS. Pablo de la Mata will be portfolio manager along with Benjamin Stone. She said the transition is natural and evolutionary.

MFS's investment goal is to outperform the MSCI EAFE Value Index over full market cycles with below average volatility. The firm's strategy is to invest rather than speculate, analyze rather than forecast and focus on downside risk. The turnover of stocks this last year has been 16 percent and the average duration of stocks is over five years.

Ms. Lee reviewed the sector weights and region and country exposures. She emphasized the firm's cautious, conservative approach to investing. The top 10 portfolio holdings are in consumer staples and health care. There is also exposure to utilities and communications and special products and services. She highlighted the company's outlook and mentioned their distinguishing characteristics to include integrated global research platforms, disciplined, consistent strategy and rigorous valuation discipline.

Kleinwort Benson Investors
[Exhibit 7: KBI presentation; Exhibit 8: Wilshire report re: KBI]

Ms. Larrañaga-Ruffy informed the Board that KBI currently manages $135 million or 4.1 percent of the international equity composite and 1.2 percent of the total fund.

Padraig Sheehy, KBI, said the firm is based in Dublin, Ireland and been in existence since 1980. As of the end of December 2013, the firm managed $7.5 billion in assets reflecting significant growth from the previous year-end of $5 billion. Currently, the firm manages over $10 billion in terms of assets.

There have been no changes to the investment team since the inception of PERA's portfolio. The team is dedicated to the strategy with an average 16-year tenure with the firm.

Acknowledging that all managers chase total return, Mr. Sheehy stated KBI focuses on companies that pay more dividends and have more dividend growth. Those types of companies are targeted in every sector and every region. KBI strategy provides consistent performance, downside protection, lower risk/lower volatility and transparency.

Mr. Sheehy noted that last year was strong and they were up over 15 percent – year to date, up 5.3 percent and since inception 9.2 percent. He noted that the portfolio is regional and sector neutral. They invest in the best dividend payers. The one position area in the portfolio is an off-index position in emerging markets which is running over 7 percent. There were significant withdrawals from investments in the emerging markets, significant more than any other economies. Currently, emerging markets are 200 basis points below its neutral weighting and that is where KBI sees opportunity.

Most of the equity markets are at global highs, stated Mr. Sheehy and most investors are questioning if this will continue and are cynical about equities. He quotes his fellow countryman, Oscar Wilde's definition of a cynic, "somebody that knows the price of everything and the value of nothing."

In response to a question posed by Mr. Logan, Mr. Sheehy said KBI's fundamental process is quantitative and driven by the financial data that comes through in relation to the balance sheets of the company. Dividend yield, dividend growth and free cash flow is the focus and the "noise" around economic conditions is ignored.

Mr. Jimenez asked what KBI was doing to insure the alpha generating capabilities of the investments/products are not eroded over time. Mr. Sheehy said the firm has been successfully managing this process for 11 years on a global basis consistently adding value.

D. Rules & Regulations Committee:

1. <u>Action Item</u>: Recommendation to Consider a Motion to Issue an Emergency Order Suspending Part-Time Service Credit Rule [*Exhibit 9: Board Order*]

Ms. Fisher introduced the following motion:

"RESOLVED, that the PERA issue an order to immediately suspend the December 30, 2013 amendments to the provisions of 2,80.600.10, NMAC, regarding the accrual of service credit by PERA members who are part-time employees in the form of an Emergency Order as proposed by staff."

Mr. Logan seconded. The motion passed by unanimous [11-0] voice vote.

[See below for additional comments on this item.]

2. <u>Action Item</u>: Recommendation to Incorporate new language Regarding Board Meeting Minutes to Section 2, Board Role and Duties of PERA Board Policies and Procedures [*Exhibit 10: Board Minutes language*]

Ms. Fisher said this item was discussed at the Rules & Administration Committee and she introduced the following motion:

"RESOLVED, that the PERA Board approve the new language regarding Board Meeting Minutes to be incorporated into the Board Policies and Procedures as a new Section II.F."

Mr. Martinez seconded.

Mr. Reynolds introduced an amendment to the motion to insert between items 6 and 7: Upon approval of the minutes by the Committee/Board the minutes are to be posted on the website of PERA subject to any technological limitations for the benefit of members.

The amendment failed for lack of a second.

The motion passed by majority [9-2] voice vote with Members Logan and Reynolds voting nay.

Chair French thanked the PERA members that were present in support of the Emergency Order.

Mr. Jimenez said he was pleased the Board was able to revisit this issue and correct it. He thanked the membership for bringing this issue to the Board's attention.

Jennie Smith thanked the Board for their attention to the matter and asked when the next step in this process would occur. Chair French said that information would be posted on the website and she hoped to have the issue finalized by the end of July.

Mr. Reynolds invited the audience to check the website for the agenda as well as minutes.

Mr. Esquibel supported posting minutes on the website but understood at this point, the state controls the website. Chair French said that was true and she then advised the public that the minutes are on the website.

Mr. Reynolds said he felt including minutes on the website was an important component to transparency and the Board's policy.

E. Executive Director's Report

Mr. Propst introduced Claudia Armijo who has recently joined PERA's legal department. Ms. Armijo comes to PERA from the Legislative Council Service where she drafted all pension reform bills over the past four years.

6. OTHER BUSINESS

Ms. Kohlasch asked to have the Board policy regarding attending conferences and seminars clarified.

7. ADJOURNMENT

Upon motion and second, and with no further business to come before the Board, Chair French declared this meeting adjourned at 1:00 p.m.

Approved by:

Patricia French
Chair, PERA Board

ATTEST:

Wayne Propst, Executive Director

Attached Exhibits:
Exhibit 1: Consent Agenda
Exhibit 2: Board Order
Exhibit 3: Cavanaugh Macdonald: 2008-2013 PERA Experience Study
Exhibit 4: Parametric Clifton Presentation
Exhibit 5: MFS Presentation
Exhibit 6: Wilshire report re: MFS
Exhibit 7: KBI presentation
Exhibit 8: Wilshire report re: KBI
Exhibit 9: Order of the Board Adopting Emergency Rule Suspension
Exhibit 10: Board Policy and Procedure language re: Board Minutes