

NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
BOARD MEETING
May 30, 2019

This annual and monthly meeting of the Public Employees Retirement Board was called to order by Jackie Kohlasch, Chair, at approximately 9:05 a.m. on the above-cited date at the PERA Building, 33 Plaza la Prensa, Senator Fabian Chavez, Jr. Board Room, Santa Fe, New Mexico.

1. Roll Call

The Pledge of Allegiance occurred directly following roll call which indicated a quorum with the following members present:

Members Present:

Jackie Kohlasch - State, Chair
Claudia Armijo - State
Lawrence Davis - Municipal
Tim Eichenberg - *Ex-officio*
James Maxon - County [vacated position @ 12:05]
Dan Mayfield - Retiree
Loretta Naranjo Lopez - Retiree
Steve Neel - State
David Roybal - State
Shirley Ragin - County [inaugurated @ 12:05]

Member(s) Absent:

Patricia French – Municipal [unexcused]
John Melia - Municipal
Maggie Toulouse Oliver - *Ex-officio*

Staff Members Present:

Wayne Propst, Executive Director
Susan Pittard, Chief of Staff/General Counsel
Dominic Garcia, Chief Investment Officer
Greg Trujillo, Deputy Executive Director
Renada Peery-Galon, ASD Director
Misty Schoeppner, Deputy General Counsel
Kristin Varela, Deputy CIO
LeAnne Larrañaga-Ruffy, Director of Equity
Anna Williams, Chief Financial Officer
Joaquin Lujan, Co-Head Alpha & Director of Rates & Credit
Karyn Lujan, Deferred Compensation Plan Manager
Trish Winter, Executive Assistant
Emily Garcia, Financial Specialist

Others Present:

Harvey Leiderman, Reed Smith, Fiduciary Counsel
Hugh Lawson, Goldman Sachs

Katie Koch, Goldman Sachs
Andrew Hayward, Albourne
James Walsh, Albourne
Tom Toth, Wilshire
Adam Hathaway, Parliamentarian
Lenora Chavez, Retiree
Shirley Ragin
Kerry Horton, AFDRA
Sam Trujillo, NM PFF
Gail Rogers-Tripp, SCEM
Matt Bone, CLA
Stewart Logan
Jake Salazar
Joseph E. Montoya, Retired
Paul Lium, Nationwide
Norman Alires, RPE
Aysun Kilic, Rothschild & Co.

2. Approval of Agenda

Mr. Davis introduced and Mr. Neel seconded a motion to approve the agenda as published.

Ms. Naranjo Lopez questioned Item C and referred it to Ms. Armijo. Ms. Armijo stated that she had questioned the Chair and had been informed that there were 4 Board members that requested that item. She then requested to know who they were, Chair Kohlasch stated that it was Members Davis, Mayfield, Neel and Melia.

The motion passed by majority voice vote with Ms. Naranjo Lopez casting the sole nay vote.

3. Approval of Consent Agenda *[Exhibit 1: Consent Agenda]*

Mr. Davis introduced and Mr. Neel seconded a motion to approve the consent agenda as published.

Mr. Eichenberg asked why the Governor's Task Force meeting was not included with the meetings for June. Chair Kohlasch stated that it was not PERA's meeting, it was the Governor's and therefore not on this agenda. She also stated that the schedule of the Governor's Task Force meetings was posted on the PERA website and the portal, for convenience sake.

Mr. Eichenberg and Ms. Armijo went on to question the representation from PERA on the Task Force and what ideas they are presenting. Director Propst stated that he, Chair Kohlasch and CIO Garcia were appointed by the Governor to serve on the task force and it is in an information gathering period. If and when they ask for specific recommendations that is something that would be brought back to the Board.

Ms. Naranjo Lopez made the statement that the members here have adamantly opposed the recommendations for HB 338, that this task force is not representative of the retirees and questioned why staff would be on the solvency committee.

Ms. Naranjo Lopez went on to question where the February 12th minutes were, why they were

not on the consent. Chair Kohlasch noted that the February 12th minutes were listed for approval on the regular agenda because Ms. Naranjo Lopez had requested they be taken off the consent agenda at the March meeting, but they lost a quorum before action on that item could be taken.

The motion passed without opposition.

4. Old Business

Board will recess to Executive Session NMSA 1978 Section 10-15-1(H)(2) Personnel Matters, 4 percent Compensation Increases for Executive Director and Other Exempt Staff

Mr. Eichenberg introduced the motion to go to Executive Session, Ms. Armijo seconded. Mr. Eichenberg asked for a roll call vote.

Mr. Roybal asked for verification that this item could be discussed in open session.

Board Fiduciary Counsel, Harvey Leiderman, stated that personnel matters may be discussed in closed session but compensation issues must be discussed in open session.

Mr. Davis said that he did not believe this was a personnel issue. This is the 4 percent that the governor and the legislature allocated. It wasn't based on performance. It's not a personnel issue and that is why he is voting not to go into executive session.

Mr. Eichenberg had more questions for Counsel Leiderman, saying that in his opinion the executive director has violated New Mexico law and the Open Meetings Act, New Mexico PERA's Act and the Open Meetings Act by taking compensation without approval from this Board. He reminded Mr. Leiderman that the Board had voted to take away all the exempt positions from Mr. Propst's authority until the Attorney General whether or not he violated the New Mexico PERA Act and the Open Meetings Act. Mr. Eichenberg then noted that the State Auditor had an investigation as to whether or not any of this was done and whether it was all done accordingly and based on past practice that was acceptable. Mr. Eichenberg questioned where the compensation would start, at his original salary or at his current salary. His question for Mr. Leiderman was about what kind of questions can be asked in closed session instead of in open session, Mr. Eichenberg considers this to be a personnel matter.

Mr. Davis said he was looking at the State Auditor's memo, and did not see where it was specifically stated that violation of the law was committed. Mr. Eichenberg said it was at the end of report but that is why we are waiting for Attorney General's report to see what the law says. He notes that thought the State Auditor is a wonderful man, why do we care what his opinion was.

Mr. Leiderman stated that as he understands the question posed right now it is whether under the agenda item as stated on the agenda it is appropriate to go into closed session. His response was that discussion about how much, whether to grant it or not needs to take place in

open session. Personnel evaluation and issues that relate to the performance of personnel that have nothing to do with whether to grant that additional compensation can take place as part of personnel evaluation and that conversation can be in closed session.

Mr. Eichenberg asked whether evaluations were in place and stated he would like to discuss the evaluations by Mr. Propst and our Chief of Staff for these exempt employees in closed session.

Mr. Neel noted that with regard to the 4 percent increase, the executive director should be asked if all the exempt employees are in good standing. He then said that he was under the impression that the board gave Mr. Propst a performance evaluation at last year's retreat and that based on that evaluation he was in good standing. Mr. Neel stated that with regard to the report from the Office of the State Auditor, it pointed the finger at the Board and exonerated the executive director. The report said that we, as a Board, are not being fiduciaries, are not focused on our rules and policies and not carrying out our mission. Mr. Neel continued in asking why any of them would want to go into executive session after what happened last time, in which at least one board member recorded the session and gave it to a reporter. He asked how they could have a candid dialogue after that. "We should have a discussion around the 4 percent for the exempt employees. Make a vote and move forward on the agenda."

Ms. Naranjo Lopez had several questions for the fiduciary counsel but was advised that this was not the time to discuss her topics. The motion on the floor for discussion was whether to go into executive session.

Mr. Roybal moved to take a vote to go into executive session and Mr. Eichenberg noted that there was already a motion on the floor. Mr. Eichenberg expressed disagreement regarding members walking out of a meeting and losing a quorum, then went on to add that Ms. Toulouse Oliver had introduced a motion that the Board would go into executive session before approving further compensation to exempt employees and that is why we didn't approve the budget. He again asked Mr. Leiderman about the Board's liability and responsibility to the trust.

Mr. Davis noted that he had not been present at that meeting but had watched it on the webcast. He did not recall the budget item being tabled, that it still remained an action item and a quorum was lost. He asked General Counsel for clarification.

Ms. Pittard, General Counsel said that at the February 28th Board meeting a quorum was lost.

Mr. Davis stated that the full budget was on the table when three members did break the quorum and walk.

Ms. Armijo disagreed and stated "I guess the point is, myself included, we should have our facts straight before we put things on the record here." She said that it seemed this discussion was probably going to happen in open session and she was fine with that.

Chair Kohlasch asked for a roll call vote on going into executive session to discuss the 4 percent increase.

Roll call vote indicated the motion failed by majority [3-6] vote as follows:

Jackie Kohlasch	No
Tim Eichenberg	Yes
Claudia Armijo	Yes
Steve Neel	No
David Roybal	No
James Maxon	No
Lawrence Davis	No
Loretta Naranjo Lopez	Yes
Dan Mayfield	No

4. A. Approval of 4 percent Compensation Increases for Executive Director and Other Exempt Staff

Mr Davis introduced the motion to approve the 4 percent increase in compensation for the Executive Director and other exempt staff for PERA. Mr Maxon gave the second.

Ms. Armijo said she would like to explain her vote. She went on to cite a list of cabinet secretaries in other state agencies who make less than Mr. Propst and have more FTE's. She said that she personally thinks that Wayne is already making a handsome salary and questions where Wayne in his actions has added value to the fund. She went on to list all exempt personnel, their salaries and her personal opinion as to why they were not deserved. She said she would be voting no for the exempt staff that are not Wayne, Susan or Dominic because they are already well compensated and the deal she believed we had was that we were going to look at how they improved the fund and she hasn't seen that evidence. The Board can hold a meeting and give these people raises and not have to wait for House Bill 2. She went on to say that that Wayne and Susan are already overpaid and are not adding value to the fund, they are "using the PERA trust fund to line their pockets and increase their pensions."

Mr. Neel pointed out a couple of clarifications, he pointed out that comparison of FTE of one agency vs another is overly simplistic. Comparing DOH or CYFD to PERA is comparing apples to oranges. When you look at the responsibilities of this office, they are onerous. The responsibility of a \$15 billion fund is huge and the salaries for that are warranted. He pointed out that Wayne's salary is very much in line with the executive director of ERB and the rest of the salaries are very peer-centric. Mr. Neel had one more point and asked the question about how we compare on the national level to fellow pension funds. He stated that weren't even at the 25th percentile and that the adjustments made today don't even get them to the 40th percentile. He stated that when you talk about adding to the value of the fund what has happened over the last year and a half is significant. Four years ago this fund was the worst performing in the nation and it is now in the top quartile. He stated that from his perspective that is a lot of progress and he is very proud of the investment and exempt staff. He gave them kudos for making such a huge amount of improvement.

Mr. Eichenberg introduce the motion to separate the question of the executive director from the other exempt staff for the salary approval. Ms. Armijo seconded.

Ms. Naranjo Lopez said she still had discussion on the previous motion.

Chair Kohlasch stated that this motion must be dealt with first.

The motion failed by majority [6-3] voice vote with Mr. Eichenberg, Ms. Armijo and Ms. Naranjo Lopez voting in favor.

Ms. Naranjo Lopez said that she will not approve anybody on the staff to get a 4 percent raise. She went on to list her reasons starting with Mr. Propst and why she believes he is not qualified. She then listed Ms. Pittard and Mr Garcia and what she believes makes them unqualified. Ms. Naranjo Lopez said she does not think that the Executive Director or the staff under him should get 4 percent and wanted to know what the accomplice liability to the Board consenting or condoning to this illegal activity?

Mr. Leiderman stated that he has an attorney client relationship with the Board. The Board has the privilege. He said "I cannot give you legal advice related to potential liability of this Board in public unless the entire Board votes to waive privilege. I am duty-bound not to violate your privilege and I will not do that in public, respectfully. I am happy to advise you on potential liability issues in closed executive session but I cannot violate your privilege by giving you advice on liability issues publicly. So I respectfully must decline unless the Board votes to waive their privilege, which I would not advise. Otherwise, I should be giving you advice on potential liability in closed session not in open public session."

Mr. Eichenberg said that since this discussion is in public, he moves that they waive their privilege and allow Mr. Leiderman to let them know what the board is setting themselves up for. Ms. Naranjo Lopez seconded.

Mr. Leiderman pointed out there was already a motion on the floor. Chair Kohlasch stated that this motion should be voted on to allow the board to get the answer to Ms. Naranjo Lopez's question. She requested a roll call vote.

Roll call vote indicated the motion failed by majority [2-6] vote with one abstention as follows:

Jackie Kohlasch	No
Tim Eichenberg	Yes
Claudia Armijo	Abstain
Steve Neel	No
David Roybal	No
James Maxon	No
Lawrence Davis	No
Loretta Naranjo Lopez	Yes
Dan Mayfield	No

Mr. Roybal said that he has been with the state for over 10 years and these compensation increases are reflected in the comp-ratios. Traditionally in state government, if you are making \$20 an hour and your comp-ratio is 1.0, you are doing 100 percent your job, nothing extra and nothing less. The pay-band structure moves along with you as well as the 4 percent increase, so you would still be at that 1.0 com-ratio. It will align us better within the market, and state government as Mr. Neel noted. Mr. Roybal said there has been a lot of discussion that we are

using more trust fund money but he noted that with a decrease in contractual services and the increase here, the actual budget coming out of the trust fund has an overall increase of \$233,000.

Mr. Davis said he had three comments and they might be lengthy. He stated that being an auditor by trade he doesn't like questioning the State Auditor's independence or drawing ill-advised conclusions and attacking his independence. He respectfully asked the Board to stop doing that. Secondly, he said that he had asked Mr. Propst and Deputy Director Trujillo to put together a compilation of accomplishments. He said that he has only heard negative comments from Board members about Wayne and his staff, he wondered if anyone had ever asked them what their accomplishments truly are. Mr. Davis then passed out handouts, categorized into four major sections. For investments, favorable performance versus peers on risk adjustment basis and they're in the top quartile, exceeded internal policy benchmarks for the past 10 years, nominated in 2018 by the Institutional Investor as Turnaround of the Year, and nominated in 2019 for public plan of the year by Institutional Investor. These nominations from an independent party recognizing us for our

performance. Staff is nationally recognized as rising stars, 40-under-40 investment professionals.

Next Mr. Davis cited the RIO Strategic Enhancement project, something that directly benefits our members. Implementation of workflow and CRM of member service and legal. New employer validation and ebill processes in contribution accounting. RIO permission, new user rules created to address internal controls, data cleansing. He congratulated executive staff for implementing a very difficult system and making it work.

The Administrative Services Department: Internal Audit, 2018 investment reconciliation and monitoring employer transmittal and related reconciliation and customer service audit. In 2018 investment performance reporting, information technology and organizational communication and efficiencies audit performance. 2017 procurement AP, 1099 reporting, credit audit performance. The big one here is our external audit, for a \$15.5 billion organization we have had no audit findings from fiscal year 15 to 19 and unmodified. He stated he works for the City of Albuquerque and they have 1 billion budget and they have findings. We've been awarded the GFOA Excellence in financial reporting for over 10 years for our comprehensive annual financial reports. Getting them in on time, having them complete, submitting them to the State Auditor's Office.

The Board: internal audit and board governance, address tracking of gift reporting, educational affidavits and training and financial disclosure statements. NMPERA.org email addresses for Board members subject to IPRA. Professional Board election process. Implementation of secure Board portal, the BoardEffect. Update Board room technology and Board fiduciary representation.

And there's many more accomplishments listed, Mr. Davis said, he wanted to give everybody an example of the positive that the executive staff is driving throughout PERA.

Lastly, Mr. Davis asked Mr. Propst a question as to whether all executive staff are in good standing.

Mr. Propst replied that yes, all executive staff are in good standing. He performs annual reviews and those reviews were also submitted to the State Auditor.

Mr. Davis thanked Mr. Propst. He then stated that he wanted to reiterate, in case the public was wondering, that we are discussing \$66,000 inclusive, fully loaded, reoccurring costs.

Ms. Naranjo Lopez said she remembers working for the City of Albuquerque and getting zero increases. She said we are trying to compare them to the private industry which is different. This is a public entity. She questioned the evaluation of 66,000 and said it would be almost 600,000. She then went on to question Wayne's and Dominic's qualifications for their jobs. She stated that the board isn't running the pension plan, staff is. She just went to a conference and talked about our responsibilities and reviewing everything and that she finds the reporting disturbing.

Mr. Eichenberg asked to explain the reason that he will be voting no is only because we couldn't separate the question.

Mr. Neel said it would be really illuminating for us as Board members to chat with some of the PERA employees. He said he had not spoken with one PERA employee who didn't think the world of Mr. Propst. That's a hallmark of a great leader, being willing to move an organization forward and actually look out for your employees and look out for the solvency of the pension.

Mr. Neel went on to say that with regard to the investment performance, he lives in that space, and Dominic and his team have done remarkable job.

Mr. Mayfield called for the question.

Chair Kohlasch asked for a roll call vote.

Roll call vote indicated the motion passed by majority [6-3] vote as follows:

Jackie Kohlasch	Yes
Tim Eichenberg	No
Claudia Armijo	No
Steve Neel	Yes
David Roybal	Yes
James Maxon	Yes
Lawrence Davis	Yes
Loretta Naranjo Lopez	No
Dan Mayfield	Yes

Mr. Davis asked general counsel if the board had to go to any extraordinary measures to allow the 4 percent to go to the executive director. Chair Kohlasch stated this will suffice.

Ms. Naranjo Lopez asked a question about the approval of the budget and if it had already been approved does it need to come back to the board. "How are we giving 4 percent now when we already submitted the budget or did we wait for this and not submit it?"

Chair Kohlasch asked Renada Peery-Galon, ASD director to respond.

Ms. Peery-Galon stated that at the May 7th board meeting the board approved the budget without the 4 percent increases and the operating budget was submitted without salary increases for exempt employees.

Ms. Naranjo Lopez said she didn't see it in the minutes.

Ms. Peery-Galon said that she would have to a revised budget based on the board's vote just now and provide it to LFC and DFA.

Ms. Naranjo asked if we would still be getting audited and she wanted a forensic audit.

C. Approval of Investment Procurement Procedures

Mr. Neel introduced approval of the investment procurement procedure and Mr. Mayfield seconded.

Mr. Neel said that the investment procurement procedures have been on the agenda over a couple of months, revisions have been submitted by two or three trustees. Mr. Leiderman has done a detailed analysis of the amendments that were recommended by one of the Board members. He asked to move for the question, Mr. Mayfield seconded.

Ms. Naranjo Lopez asked to speak.

Chair Kohlasch stated we are taking a vote from the previous question to end debate.

Lacking 2/3s of the quorum, the motion failed with a 5-4 vote.

Ms. Naranjo Lopez asked why the procurement procedures didn't go to the Rules Committee

and the investment committee. She said the Board did not authorize Mr. Leiderman or his law firm to review her recommendations for the procurement policy. She recommended the board hire two attorneys, one new attorney could represent the Board minority and the other could represent the Board majority. She said the procedure changes contain material weaknesses and impede the board in its fiduciary duty.

Mr. Leiderman noted that on March 28th, "Ms. Naranjo Lopez made a motion to have this matter put on the Board's agenda, not a committee agenda, for action at the next Board meeting. The next Board meeting was April 25th. It was on the agenda but it was never addressed because a quorum was no longer available. It was on that agenda based on Member Naranjo Lopez's previous motion. At that agenda, a motion was made and Member Naranjo Lopez seconded the motion, to defer to the Board, not to committee, but to the Board's May 30th agenda and that's why we are here today before the Board and not in committee because of the motions Member Naranjo Lopez made or seconded to have it brought to the Board for consideration. And those items are reflected in the approved minutes of those meetings."

Mr. Leiderman then made the point that he is under engagement as fiduciary counsel to this board, he is not counsel to staff. He is an advisor directly with reporting obligations and ethical obligations to this Board.

Ms. Naranjo Lopez stated that Mr. Leiderman was correct about her motion to move it to the next meeting but she did want to bring up procedures that we normally do and we are not following procedures. We should have good discussions on it before we make these major changes that impact the whole membership.

Chair Kohlasch asked for a roll call vote.

Roll call vote indicated the motion passed by majority [8-1] vote as follows:

Jackie Kohlasch	Yes
Tim Eichenberg	Yes
Claudia Armijo	Yes
Steve Neel	Yes
David Roybal	Yes
James Maxon	Yes
Lawrence Davis	Yes
Loretta Naranjo Lopez	No
Dan Mayfield	Yes

C. Restore the PERA Executive Director's Authority Regarding Exempt Staff Promotions, Reclassifications, Raises and Offers of Employment

Mr. Neel introduced the motion and Mr. Mayfield seconded.

Mr. Eichenberg asked Mr. Leiderman to walk them through his recommendations from February to this point today.

Mr. Leiderman said the action that the Board took previously was to suspend the authority referenced pending an investigation by the Attorney General's Office. The Board wanted that investigation to proceed rather than conducting its own internal investigation. It is his understanding

from communications with the Attorney General's Office that the investigation is proceeding. He said he could not give any information on the timing of it, but the OGA had made requests for information and documentation. He noted that the Board has the opportunity to reexamine its actions at any time. From a legal standpoint, this action has been noticed appropriately and if he sees any legal pitfalls he will advise the board. It is purely at the Board's discretion.

Mr. Eichenberg asked about the process of the documents requested by the Attorney General, did they go through Mr. Leiderman?

Mr. Leiderman stated that the request for documentation of certain periods of time came to him and he directed staff to assemble the materials and deliver them to the Attorney General's Office. He was then notified they wanted additional material and again, staff provided those materials, virtually overnight.

Mr. Eichenberg asked to amend the motion and add placing the executive director on administrative leave until such time as the AG's investigation is over.

The parliamentarian was asked his advice on this motion and he stated that he would leave to counsel the legality of whether that motion conflicts with the Open Meetings Act and make the parliamentarian opinion that to suspend would not be germane, would not be within the scope of notice. Restoring abilities or authority has nothing to do with whether or not to suspend. They are separate actions.

Mr. Leiderman understood the point to be that the proposed motion is not agenized appropriately for that action.

Mr. Eichenberg asked if it was premature to give back/restore the executive director's authority until such time we hear from the Attorney General.

Mr. Leiderman said that ordinarily a board reexamining its prior decisions would do so if circumstances have changed since the prior decision. The State Auditor's memo and analysis is a change of circumstance that may impact the board's decision on the item. He also expressed that it might be pertinent to hear from the executive director as to whether this action has impacted operations of PERA.

Mr. Neel said that he would very much like to hear from the executive director and also from Dominic on how this has impacted the organization. The 40 percent vacancy rate in the investment division when we are significant changes in asset allocation is concerning.

Ms. Armijo said she was not moved by the Auditor's memo because they had asked for the Attorney General's opinion. They are still in the process of investigation and we should wait for it. She did not feel that the board was holding up any of their hiring's, the board meets often enough that this could be brought before us anytime.

Mr. Propst addressed the board and stated that yes, this particular sword hanging over the head of the entire agency is affecting our operations. He said the level of dysfunction and uncertainty that staff has had to deal with now going on for more than six months, the publicity surrounding this will make it difficult to recruit people for these positions. Who would want to come to work in an environment where they are unsure whether or not they will receive merit-based promotion, merit-based pay increases? This will have an impact for a long time.

Mr. Garcia then addressed the board and reminded them that over the next 10 years we are in a struggle of our professional lifetime to meet the 7.25 percent investment return. It will be a very difficult environment and we need full staffing and all the resources to accomplish this.

Ms. Naranjo Lopez said we should wait for the Attorney General to do his job and get back to us.

Mr. Neel thank Wayne and Dominic for the very succinct overview of the hurdles that are in front of us. We are a really good training ground for our neighboring states, we need to retain talent here. They can go to work for Texas Teachers, they can go to work for endowments and get paid substantively better than what they're going to get paid here without being impugned, their professional integrity being impugned. He suggested that we move forward and give Wayne and Dominic the tools they need to move the portfolio forward.

Mr. Roybal said he wasn't sure about full restoration without hearing from the Attorney General but he also doesn't want to hinder the mission and vision of the agency. He wasn't sure if he could vote for full restoration.

Mr. Davis agreed with Mr. Eichenberg's comments at the last meeting when he said he wanted to move forward. He said moving forward entails restoring Executive Director's authority. He does not believe that the Board has time or the expertise to be part of every hire and perform the duties necessary. If the report from the Attorney General comes out and he states that illegal actions were taken, we can address that when the report is issued.

Ms. Armijo said she thinks this is a non-issue, it hasn't been that long, we should give the Attorney General a bit of time. She said the staff can do all the interviews and bring their selections to the Board and in executive session, the board could make decisions. This shouldn't stop everything at PERA.

Mr. Eichenberg explained that he won't vote for motion because of his faith in our fiduciary attorney. We pay Harvey a lot of money and it's a disservice to our trust and our trust to people we represent if we don't take his advice.

Chair Kohlasch asked for a roll call vote.

Roll call vote indicated the motion passed by majority [5-4] vote as follows:

Jackie Kohlasch	Yes
Tim Eichenberg	No
Claudia Armijo	No
Steve Neel	Yes
David Roybal	No
James Maxon	Yes
Lawrence Davis	Yes
Loretta Naranjo Lopez	No
Dan Mayfield	Yes

D. Items from March 28, 2019 Consent Agenda Requiring Extended Discussion

1. Approval of 2019 Rules & Administration Committee Workplan

Rules & Administration Committee Chair Davis said the plan outlines quarterly meetings where the committee charter and the Board's rules, policies and procedures will be reviewed. The plan is to review as many of PERA's policies throughout the year and propose necessary revisions.

Member Mayfield moved to approve the workplan and Member Roybal seconded. The motion passed by majority [8-1] voice vote with Member Naranjo Lopez voting against.

2. Approval of 2019 Investment Committee Workplan

Investment Committee Vice Chair Neel said the 2019 workplan was compiled in conjunction with the investment staff. Five meetings were proposed and the workplan itemizes what will be discussed.

Member Mayfield moved to approve the 2019 workplan and Member Davis seconded. The motion passed by majority [8-1] voice vote with Member Naranjo Lopez voting against.

3. Approval of 2019 Audit & Budget Committee Workplan

Audit & Budget Committee Chair Mayfield said the committee's workplan was reviewed in February and calls for six meetings throughout the year. The next meeting is June 11th when the fiscal year 2020 operating budget and audits by the internal auditor.

Member Davis moved to approve the 2019 workplan. Member Neel seconded and the motion passed by majority [8-1] voice vote with Member Naranjo Lopez voting against.

4. Approval of February 12, 2019 Board Meeting Minutes

Member Davis moved to approve and Member Neel seconded. The motion passed by majority [8-1] voice vote with Member Naranjo Lopez voting against.

5. New Business

A. Interview and Selection for the County Board Member Position

Chair Kohlasch outlined the procedure as follows:

- Each applicant will have five minutes to introduce themselves and make a statement
- Each Board member will be limited to one question which will be asked of each applicant

Chair Kohlasch requested that the applicants leave the board room and staff will call them in on at a time for their interviews. She explained that four candidates were listed rather than three because three Board members voting three times for one candidate.

The questions asked of the candidate(s) are as follows:

- What would be your top three priorities if you are selected
- What are the most important attributes you can bring to this Board
- Recognizing there is some acrimony within the Board, what would you do to make the Board more cohesive
- How do you see the Trustee's role in relation to that of the agency's Executive Director

- Do you know anyone on this Board and have you spoken to anyone on this Board or PERA staff in the last 60 days – other than notification of today's meeting
- How will you ensure you remain independent in discharging your duties as a Trustee
- Have you read the PERA Act and if you are appointed will you make a commitment to read and understand the Act
- If appointed, do you have commitments that would interfere with your duty to attend PERA Board and committee meetings

1. Stewart Logan

Stewart Logan provided his employment and board history as well as a statement on why he wanted to serve the PERA membership on the Board.

The questions listed above were asked of Mr. Logan.

2. Gail Rogers-Tripp

Gail Rogers-Tripp provided her employment history and education information as well as a statement outlining why she wanted to serve the PERA membership on the Board.

The questions listed above were asked of Ms. Rogers-Tripp.

3. Shirley M. Ragin

Shirley Ragin provided her employment history, skills, certificates of achievement, and a statement outlining why she wanted to serve on the PERA Board.

The questions listed above were asked of Ms. Ragin

4. John Denson

John Denson provided family information as well as his employment history, education and why he wanted to serve on the PERA Board.

The questions listed above were asked of Mr. Denson.

Selection

Chair Kohlasch asked for a show of hands for each of the candidates and Shirley M. Ragin was declared the winner.

The candidates returned to the Board room and were thanked for their interest in serving. Chair Kohlasch congratulated and declared Shirley M. Ragin the winner.

Chair Kohlasch administered the oath of office to Shirley M. Ragin.

James Maxon was thanked for his service and left the Board. Ms. Ragin took a seat at the dais.

Ms. Naranjo Lopez moved to hold a five-minute break and Member Roybal seconded. The motion passed.

B. Board will Recess to Executive Session NMSA 1978 Section 10-15-1(H)(6)

**Evaluation Committee Determination on Financial and Compliance Audit
RFP No. 36600-2019-00001:** Renada Peery-Galon

FY18 Schedule of Employer Allocation Exit Interview: Matt Bone, CliftonLarsonAllen

Chair Kohlasch called the meeting back to order and requested a roll call vote to meet in executive session.

Roll call vote:

Jackie Kohlasch	Yes
Tim Eichenberg	Yes
Claudia Armijo	Yes
Steve Neel	Yes
David Roybal	Yes
Shirley Ragin	Yes
Lawrence Davis	Yes
Loretta Naranjo Lopez	[Not present]
Dan Mayfield	Yes

[The Board met in Executive Session from 12:15 – 12:50]

Chair Kohlasch called the meeting back to order and announced the only items discussed during executive session were those listed on the agenda.

Roll call indicated the following:

Jackie Kohlasch	Present
Tim Eichenberg	Present
Claudia Armijo	Present
Steve Neel	Present
David Roybal	Present
Shirley Ragin	Present
Lawrence Davis	Present
Loretta Naranjo Lopez	Present
Dan Mayfield	Present

5. C. Trustee Reports on Board Educational Travel

- 1. Jackie Kohlasch – Forum for Institutional Investors**
- 2. Jackie Kohlasch – NCPERS Annual Conference**

Chair Kohlasch said the Forum included discussions on pension reform, reduction in benefits, and fiduciaries' responsibilities, The NCPERS conference provided some unusual training which

included combating elderly abuse and development of rules to ensure protection of their finances. She found a talk on artificial intelligence with a focus on China very interesting as well as information on board effectiveness.

3. Loretta Naranjo Lopez – NCPERS Annual Conference

Member Naranjo Lopez said when she arrived she was informed she would not be a delegate because PERA staff had failed to sign her up as such. She said “had she been assigned the status of delegate, PERA would have received a better return on its investment.”

Member Naranjo Lopez said she attended a number of sessions including the general session, five-year outlook, securities litigation and artificial intelligence. She noted the five-year outlook has not changed since she last attended the NCPERS in 2005. She went on to say that New Mexico PERA may aid and abet illegal activity when staff delegates investment and portfolio investment management decisions to consulting firms that do not have security licenses.

She too attended the session on understanding board effectiveness and the importance of good governance. By improving PERA’s governance, the Board can increase investment returns and decrease operating costs. She mentioned GASB and the artificial intelligence discussions.

Member Naranjo Lopez said that the Board needs to improve governance to improve investment results and the Investment Committee needs to assume responsibility for evaluating staff and service providers on their ability to consistently outperform capital markets. She thanked the membership for the opportunity to attend the conference.

Regarding appointment as a delegate, Chair Kohlasch said the delegate gets to vote and it was understood that Member Naranjo Lopez would have returned to New Mexico prior to the Wednesday evening voting. There was disagreement on when the voting occurred.

D. Chairwoman’s Report

Chair Kohlasch urged the Board to come together and work as a unit for the fiduciary good of every PERA member.

E. Executive Director’s Report

On behalf of PERA staff, Mr. Propst congratulated and welcomed Member Ragin to the Board.

Mr. Propst said IPOC would be meeting Wednesday, June 4th at 9 a.m. in room 321. Senator Muñoz will serve as the IPOC chair this year. The agenda has been posted on the Board portal. He will be presenting a general overview of PERA which will be on the portal and he welcomed Board input on that overview.

7. Other Business

With the NCPERS’ schedule in hand, Member Naranjo Lopez said the National Committee Executive Board election occurred on Tuesday.

Lenora Chavez, PERA retiree, addressed the Board and stated that PERA staff is a big portion of the dysfunction problem. These are a few of the points she offered:

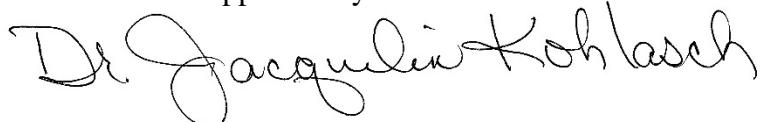
- Staff does not think beyond the Wisconsin plan
- PERA staff lack investment skill or experience
- PERA staff should not be on the Solvency Task Force
- The proposal promoted by executive staff eliminates the need for a board or legislators and opens the door for more unqualified raises
- Fiduciary responsibilities fall on PERA Board members

Ms. Chavez provided a letter [*Exhibit 2*] that she sent to the Governor Lujan Grisham and Attorney General Balderas.

8. Adjournment

Having completed the agenda and upon motion by Member Davis and second by Member Mayfield, Chair Kohlasch declared this meeting adjourned at 1:10 p.m.

Approved by:



Jackie Kohlasch, PhD
Chair, PERA Board

ATTEST:



Wayne Propst, Executive Director

Attached Exhibit(s):

Exhibit 1: Consent Agenda

Exhibit 2: Lenora Chavez letter dated 5/28/19 addressed to Governor Lujan Grisham and Attorney General Balderas