

**NEW MEXICO**  
**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**  
**BOARD MEETING**

**May 28, 2020**

1. This monthly meeting of the Public Employees Retirement Board was called to order by John Melia, Chair, at approximately 9:00 a.m. on the above-cited date.

Chair Melia made the following statement: In accordance with the Public Health Emergency Order issued by the State of New Mexico, and pursuant to the New Mexico Attorney General's Open Government Division Advisory during Covid-19 stated Public Health Emergency authorizes public entities to conduct virtual meetings. PERA's Board of Trustees meeting is being conducted today, April 30, 2020, through a webinar. Please note that this meeting is open to the public, and all interested persons may attend by using the dial-in number or virtual webinar meeting information provided on PERA's website.

**2. & 3. Roll Call**

Roll call followed the Pledge of Allegiance and indicated a quorum with the following members present:

**Members Present:**

John Melia - Municipal, Chair  
David Roybal - State  
Claudia Armijo - State  
Lawrence Davis - Municipal  
Tim Eichenberg - *Ex-officio*  
Paula Fisher - State  
Patricia French - Municipal  
Dan Mayfield - Retiree [late appearance]  
Steve Neel - State  
Loretta Naranjo Lopez - Retiree  
Shirley Ragin – County  
Maggie Toulouse Oliver - *Ex-officio* [late appearance]

**Member(s) Absent:**

None

**Staff Members Present:**

Wayne Propst, Executive Director  
Susan Pittard, Chief of Staff/General Counsel  
Dominic Garcia, Chief Investment Officer  
Greg Trujillo, Deputy Director  
Trish Winter, Executive Assistant  
Ron Gallegos, IT  
Anna Williams, Chief Financial Officer

**Others Present:**

Ernie Marquez, Automated Election Services  
Tom Toth, Wilshire

Chair Melia encouraged the Board members to participate and to be patient with each other, staff and the consultants participating. He asked that members not speak over each other speaker. Lastly, all votes of the committee will be conducted by roll call vote.

**4. Approval of Agenda**

Mr. Davis moved to approve the agenda as published. Mr. Neel seconded.

Ms. Naranjo Lopez requested the removal of item 7.C., “Termination of withholding of RPENM membership dues from PERA retirement benefits.” She said this item appears to be a “blatant retaliation” about recent litigation brought forward against PERA’s Executive Director. Public comments and independent legal advice should be obtained before moving forward on this item.

Chair Melia requested that Ms. Naranjo Lopez either introduce a motion to amend the agenda or wait until the item occurs and discuss it then.

Ms. Naranjo Lopez said her request was in the form of a motion and according to Robert’s Rules, the agenda was incorrect and should include “Current Business. “New Business” should allow Board members to speak on any matters. Chair Melia said that, following the last meeting he spoke with the parliamentarian about the structure of PERA’s agenda and he advised that the agenda was in accordance with Robert’s Rules.

Mr. French seconded the amendment to remove item C.

Under discussion of the amendment, Ms. Naranjo Lopez asked where PERA’s independent attorney from Park & Associates was. She requested that he participate in this Zoom meeting. She went on to say that Reed Smith should not be consulting on the RPENM matter and it was a waste of money to have done so. She asked who requested the inclusion of C on today’s agenda.

Mr. Eichenberg asked if Ms. Naranjo Lopez could expound on why she wants 7.C removed. Ms. Armijo said she too would like to hear the reason; however, further comments should be made at the appropriate time. Ms. Naranjo Lopez said there was nothing provided from the attorneys explaining legal ramifications nor was there a cost analysis.

The amendment to remove item 7.C failed by majority [5-6] roll call vote:

John Melia	No
David Roybal	No
Lawrence Davis	No
Claudia Armijo	Yes
Tim Eichenberg	Yes
Paula Fisher	Yes
Patricia French	Yes
Dan Mayfield	No
Steve Neel	No
Loretta Naranjo Lopez	Yes
Shirley Ragin	No

Maggie Toulouse Oliver Not present for this action

The motion to approve the agenda passed by majority [6-5] roll call vote:

John Melia	Yes
David Roybal	Yes
Lawrence Davis	Yes
Claudia Armijo	No
Tim Eichenberg	No
Paula Fisher	No
Patricia French	No
Dan Mayfield	Yes
Steve Neel	Yes
Loretta Naranjo Lopez	No
Shirley Ragin	Yes
Maggie Toulouse Oliver	Not present for this action

## 5. **Approval of Consent Agenda**

*[Exhibit 1: Agenda]*

Mr. Davis moved to approve and Mr. Neel seconded.

Ms. Naranjo Lopez requested the removal of items 1 and 5 a. and b. Item 1, the approval of minutes contained an error in the amount received from the legislature by failing to adequately explain that of the \$76 million requested, PERA is only receiving \$50 million, and how the 13<sup>th</sup> check will be covered. Further, no supporting information was provided for the two resolutions under item 5.

Pursuant to Ms. Naranjo Lopez' request, Ms. Armijo said items 1 and 5 are removed from the consent agenda and she requested discussion on those items occur at the appropriate time in the agenda.

The motion to approve the consent agenda passed by unanimous [11-0] roll call vote. [Ms. Toulouse Oliver was not present for this action.]

## 6. **Report of Committees**

### A. **Approval of Annual Risk Budget & Action Target Return**

Mr. Neel, Chair of the Investment Committee, said over the past two months the committee has been very active and has received multiple education sessions. The risk budget was evaluated with a series of presentations from staff and the consultant. The committee recommends the active risk budget with a target of 1.5 percent up to 2 percent. This is essentially the same range PERA had in 2019 with minor tweaks within the composition of the risk budget. Much of the increase/change was driven by private market strategies.

Dominic Garcia, Chief Investment Officer, said this item comes forward as part of the plan's regular governance procedures. The additional active risk is expected to provide additional return as well as taking advantage of some recent market distress.

For the record, Ms. Naranjo Lopez offered a statement that she stated was made under the Whistleblower's Act: "In March we lost \$1 billion in equities...proof that NM PERA is being defrauded. The CIO and Wilshire have long been insisting on a strategy they call risk matching. The actual results show that risks are not matched within asset classes. If the strategy worked there would be other investments to offset some or all of these losses. The strategy imposed on NM PERA by the CIO and Wilshire does not work as advertised in up markets, down markets or volatile markets. The CIO and Wilshire, offer no alternatives, only fraud. I move to fire the CIO, Dominic Garcia and Wilshire and to replace them with a team and strategy that are effective. I have asked to receive investment related publications from the *Wall Street Journal* and *Barron's* and my request has not been addressed for over one year. My question is why. Our CIO and 11-person investment staff have not yet demonstrated that they are qualified. Wilshire is operating in violation of Security's laws, staff is hostile to investment managers and talent, and nobody in the NM PERA eco-system can make money in down and volatile markets. Recent allocations are chasing yield instead of generating above-market returns by anticipating yield gains. The buck stops with the Board. While staff prefers to keep the Board blind, deaf and dumb related to investments, consider rethinking our fiduciary duties. It cost NM PERA about 200 million each year to retain Wayne Propst, Susan Pittard, Dominic Garcia and Wilshire...Being puppets for staff violates our statutory duties."

Mr. Mayfield moved to approve the annual risk budget and active target return. Mr. Davis seconded.

Responding to Mr. Davis's question, Mr. Garcia said some of the underlying allocations have changed, in particular an increase to the private market. Approximately 80 percent of the risk will be in private market allocations and that percentage has increased over the years. Additionally, the expected return has increased to 1.6 percent active return over the next 10 years. There are more opportunistic strategies, particularly regarding credit as a result of the recent market distress. The risk remains the same.

Mr. Garcia confirmed that a manager can meet its benchmark and not generate return. He said the active strategy expects the manager(s) to exceed the benchmark.

[Ms. Toulouse Oliver joined the meeting at this point.]

The motion passed by majority [11-1] roll call vote with Ms. Naranjo Lopez casting the nay vote.

**Board will meet in Executive Session Pursuant NMSA 1978 Section 10-15-1(H)(3)  
Administrative Appeal – Final**

**1. Nicolette Barela**

Mr. Roybal moved to meet in executive session and Mr. Mayfield seconded. The motion passed by unanimous [12-0] roll call vote:

[The Board met in executive session from 9:50 a.m. to 10:50 a.m.]

Mr. Mayfield moved to return to open session noting the only item discussed was that listed on the agenda. Mr. Neel seconded. The motion passed by unanimous [12-0] roll call vote.

**7. NEW BUSINESS**

**a. Administrative Appeal – Final**  
**1. Nicolette Barela**

Mr. Mayfield introduced the motion that in the matter of the appeal of Nicolette Barela, PERA ID# 495820, the Board adopt the Hearing Officer’s recommended findings of fact and conclusions of law, Approve the Hearing Officer’s recommended decision, and deny the claim in its request for PERA duty disability retirement benefits. Mr. Davis seconded. The motion passed by roll call vote without opposition and Ms. Naranjo Lopez abstaining.

**B. 2020 Board of Trustees Election**  
**1. 2020 Election Report from AES**

Ernie Marquez, Automated Election Services, outlined the PERA members who requested nominating petitions: State, Lisa Medina Lujan and J. Michael Sisneros; Municipal, Christopher H. Daniel and Roberto Ramirez; Retiree, Jesus Frith, Dan Mayfield, Francis Page and Jane Marentes. Those that returned petitions were State, Michael Sisneros; Municipal, Christopher H. Daniel and Roberto Ramirez; and Retiree, Jesus Frith, Dan Mayfield and Francis Page.

Following review of the nominating petition signatures against the data provided by PERA, which was date of birth, last four digits of the Social Security number, and PERA ID number to ascertain qualification, the following number of signatures were accepted:

State:

Jay Michael Sisneros 26 signatures - does not qualify

Municipal:

Christopher Daniel. 238 signatures

Roberto Ramirez 167 signatures

Retirees:

Francis Page 123 signatures

Don Mayfield 116 signatures

Jesus Frith 26 signatures – does not qualify

Ms. Naranjo Lopez said the coronavirus impacted all of the candidates’ abilities to obtain signatures. She recommended opening the slots to all of those that provided petitions.

Ms. Naranjo Lopez moved to “amend the reporting until we have the election for all state, municipal and retirees.” Chair Melia cautioned against changing rules midway in the process.

**a. Approval of Nominating Petitions Counts and Candidates for State Position**

Ms. Toulouse Oliver said in the future, the Board may want to consider amending the rules regarding signature collection. At this point, changes would be unfair to those who were able to collect the necessary signatures.

Ms. Toulouse Oliver moved to accept the results for the State position. Ms. Armijo seconded.

Ms. Armijo said the rules regarding signatures are antiquated.

Ms. Fisher suggested extending the deadline for submitting petitions.

Chair Melia pointed out that the petition process began in January 2020 before Covid-relate restrictions were established. There were multiple candidates able to collect signatures and it was unfair to change the rules midway in the process. However, moving forward the process should be evaluated and updated. The action before the Board is approving the petition counts and candidates for the three positions.

The motion passed by unanimous [11-0] roll call vote. [Mr. Eichenberg was not present for this action.]

**b. Approval of Nominating Petitions Counts and Candidate for Municipal Position**

Mr. Roybal moved to approve the nominating petitions count and candidates for the municipal position. Mr. Neel seconded.

The motion passed by unanimous [11-0] roll call vote. [Mr. Eichenberg was not present for this action.]

**c. Approval of Nominating Petitions Counts and Candidates for Retiree Position**

Mr. Roybal moved to approve the nominating petitions count and candidates for the retiree position. Mr. Neel seconded.

The motion passed by unanimous [11-0] roll call vote. [Mr. Eichenberg was not present for this action.]

**2. Action Regarding 2020 State Position Election**

Ms. Armijo introduced a motion to accept option #1, to extend the deadline for return of nominating petitions for the State member position, as laid out by Ms. Pittard in her memo to the Board, as well as the Resolution 2020-06 and timeline. Ms. Toulouse Oliver seconded.

Mr. Davis said he preferred option #2 because it reduces the number of signatures necessary, thus limiting exposure during the pandemic. Ms. Armijo said while that is a good point she asked whether electronic signatures were possible.

Susan Pittard, Chief of Staff/General Counsel, said electronic signatures would be a departure from the current rules and January 2020 resolution on how the election was to be held.

Ms. French pointed out that people are going back to work and she supported option #1 which gives candidates the opportunity to gain signatures. She added that she was unable to find anything on the City of Albuquerque's website announcing the election.

The motion passed by majority [11-1] roll call vote with Mr. Davis voting against.

**C. Termination of withholding of RPENM membership dues from PERA retirement benefits**

Ms. Armijo moved that PERA no longer withhold RPENM or AFSCME dues from PERA. Mr. Neel seconded.

In an effort to safeguard the public trust, Ms. Naranjo Lopez said the Board remains captive and completely under the dominion and control of the Executive Director. She said this agenda item appears to be in retaliation for litigation. RPENM has been supporting PERA since 1962. She asked why suspend withholding dues now. Public comment and independent legal advice should occur on this item. She asked where PERA's counsel, Park & Associates were, said Reed Smith's charges were inappropriate, and asked who put this item on the agenda. She asked if Board member Mayfield, staff members, any legislators, law firm, or union members were involved in this agenda item.

Ms. Naranjo Lopez asked whether this action would pose a legal risk to the Board members. She anticipated pushback from members of RPENM and their allies. She asked whether a cost/benefit analysis has been conducted on this proposal and pointed out that PERA has benefitted from volunteer hours RPENM's membership has provided over the years. She suggested PERA pay RPENM's legal cost or even settle the matter.

Continuing her comments, Ms. Naranjo Lopez said she won her seat on the Board with the most votes in history running on a platform of transparency and accountability. She then asked Chair Melia if he ever received money from Wayne Propst and said if he did, that undermines his authority to serve as chair. She requested a formal investigation and forensic audit regarding any financial relationship between the Chair and Mr. Propst.

Concluding her comments, Mr. Naranjo Lopez said the documents on the Board portal are a form of censorship of both RPENM and its membership.

Ms. French said she sees this issue as an example of people in power hating to be challenged in the courts. This item clearly appears to be in retaliation of RPENM's right to freedom of speech. She requested an itemized statement on the \$13,000 invoice from Parks. She reminded the Board of \$130,000 that recently went out of PERA in promotions and raises.

Ms. French asked the Board members not to support this because it's wrong and PERA will be back in court.

Ms. Toulouse Oliver said she was considering a motion to table which takes precedence over the current motion. That was verified by staff.

Mr. Toulouse Oliver noted that providing administrative services to RPENM may be considered a violation of the Anti-Donation Clause, although withholding dues may not fall within that category. Additional time is needed for this item. Withholding union dues is at risk throughout the country.

Ms. Toulouse Oliver moved to table this agenda item. Mr. Eichenberg seconded. The motion to table failed by [6-6] roll call vote as follows:

John Melia	No
David Roybal	No

Lawrence Davis	No
Claudia Armijo	No
Tim Eichenberg	Yes
Paula Fisher	Yes
Patricia French	Yes
Dan Mayfield	No
Steve Neel	No
Loretta Naranjo Lopez	Yes
Shirley Ragin	Yes
Maggie Toulouse Oliver	Yes

The vote on the motion to terminate withholding membership dues for RPENM and the AFSCME retiree association passed by majority [7-5] roll call.

John Melia	Yes
David Roybal	Yes
Lawrence Davis	Yes
Claudia Armijo	Yes
Tim Eichenberg	No
Paula Fisher	No
Patricia French	No
Dan Mayfield	Yes
Steve Neel	Yes
Loretta Naranjo Lopez	No
Shirley Ragin	Yes
Maggie Toulouse Oliver	No

Ms. Toulouse Oliver said her tabling motion was proposed in order to gain more time on this issue. She said this action will cast an anti-union reflection on the PERA organization and that concerns her.

Ms. Naranjo Lopez said it was unfortunate the membership was not given an opportunity to address this issue and there was a failure in transparency.

Mr. Davis said the vote is not anti-union but rather conserving PERA's resources to support third parties.

Ms. French pointed out that PERA has been collecting these dues for years and she doubted legal staff would have permitted it if it were a violation of the Anti-Donation Clause. She said she was shocked, saddened and disgusted by this Board action and added that it may result in a crippling of these retirement organizations.

Mr. Davis commented that RPENM is a well run organization and could collect its own dues.

Commenting that the retired firefighters have an organization, Chair Melia said they collect their own dues. Should PERA be collected that organization's dues as well.



Explaining her affirmative vote, Ms. Armijo said while she sees it as “absolutely retaliatory” in nature and finds that to be wrong, it should be applied evenhandedly.

Mr. Eichenberg said the retaliation was obvious. He requested that staff present the administrative and electronic costs to PERA on providing dues for other organizations. Perhaps PERA can charge for these services and make it an income collecting endeavor. Chair Melia said he would talk to Deputy Director Trujillo regarding this suggestion.

Mr. Ragin said she struggled on her vote; however, administratively it is very costly to withhold dues with reconciliations, etc.

Mr. Mayfield said he looked forward to reviewing a report regarding cost of the deductions.

Ms. Fisher requested that staff provide information on why, after many years of providing this service, termination was proposed.

#### **D. Update on Municipal and County Furloughs/Possible PERA Impact on Service Credit**

Mr. Trujillo said staff was bringing this forward as an information item. Staff has talked to a number of municipalities regarding furloughs and how it would affect PERA members’ service. The City of Santa Fe provided a proposal on furloughs and with more municipalities imposing furloughs, staff may propose an emergency rulemaking hearing to address the impact.

Ms. Pittard noted that in the past an emergency rule was passed to address individual entities. At this point, PERA has not received any formal requests.

Ms. French recalled that the PERA Board acted to protect the membership and avoid harm to service credits.

#### **E. Executive Director’s Report**

Executive Director Wayne Propst said his report was provided to the Board electronically. The agency will be expanding the number of staff present at both its Santa Fe and Albuquerque offices starting June 1<sup>st</sup>. Opening the offices to the public will take additional time in anticipation of arrival of ordered PPE and then will open only by scheduled appointment.

Ms. French said she was unable to find information regarding PERA’s election on the City of Albuquerque’s portal. She requested documentation verifying that PERA informed Albuquerque of the election.

Mr. Mayfield commented that PERA has done a very good job in increasing the fund and maintaining a good balance to pay its members. Mr. Propst agreed, commended CIO Garcia for the fund’s performance.

#### **Items Pulled from the Consent Agenda**

**1. Approval of the Minutes: April 30, 2020**

Mr. Davis moved to approve and Ms. Toulouse Oliver seconded.

There was a question of why the minutes were removed from the consent and Ms. Naranjo Lopez was not present to answer.

Ms. Armijo moved to table action on the minutes. Ms. French seconded. The motion passed [9-1] majority vote with Mr. Davis voting no and Ms. Naranjo Lopez not present for this action.

**5. Resolutions [See Exhibit I]**

Ms. Pittard said these resolutions are adopted by statute by individual entities who want to affiliate with PERA. This resolution has followed the process as set forth in statute for adoption of the lowest municipal plan in both the general plan, the police plan and fire plan for the City of Rio Communities. There are two resolutions (2020-172 and 2020-173). Staff routinely puts these on the consent agenda for approval.

Mr. Davis moved to approve the resolutions 2020-172 and 2020-173. Mr. Neel seconded.

Ms. French said she understood Ms. Naranjo Lopez's concerns were in regards to the solvency of the fund and people were receiving time that they have not contributed to.

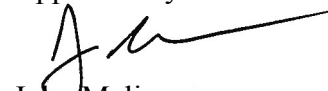
Ms. Pittard said the resolutions call for the affiliation of a new employer under the lowest municipal plans currently opened under the PERA Act. This is on a go-forward basis. Most of the 31 plans are open under the Act and municipalities or newly created entities can affiliate at any time.

The motion passed by unanimous [11-0] roll call vote. Ms. Naranjo Lopez was not present.

**8. Adjournment**

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

Approved by:



John Melia  
Chair, PERA Board

ATTEST:



Wayne Propst, Executive Director

Exhibits attached

*Exhibit 1: Consent Agenda*



INVESTED IN TOMORROW.

**PERA Board Meeting**  
**May 28, 2020**  
**CONSENT AGENDA**

1. **Approval of Minutes:** [REDACTED] 0
2. **Ratification of Retirements - Benefits processed through: 5/1/2020**
  - a. Normal
  - b. Deferred
  - c. Reciprocity to ERA
  - d. Non-Duty Death
  - e. Non-Duty Disability
  - f. Reciprocity to PERA
3. **Duty & Non Duty Deaths**
  - a.
4. **Affidavits for Free Military Service:**
  - a. Jesus Cortez - 6 months
5. **Resolutions**
  - a. City of Rio Communities Resolution No. 2020-172 Resolution Approving Affiliation with the Public Employees Retirement Association and Participation in Municipal General Member Coverage Plan 1, Municipal Police Plan 1, and Municipal Fire Plan 1, effective July 1, 2020.
  - b. City of Rio Communities Resolution 2020-173 Resolution Authorizing Employer Pick Up of Member Contributions for Determining Tax Treatment Under the Internal Revenue Code, effective July 1, 2020
6. **Educational Conferences**
  - a. Loretta Naranjo Lopez 7th Annual Hispanic Heritage Foundation Investors Forum; Virtual; June 11, 2020; Registration Expenses to be paid by PERA
7. **Setting of Meetings: June 2020 Meetings**
  - a. SmartSave Committee June 9, 2020 9:00 a.m.
  - b. Audit & Budget Committee June 9, 2020 following SmartSave Committee
  - c. Rules & Administration Committee June 9, 2020 following Audit & Budget Committee
  - d. Ad Hoc ED Resolution Committee June 9, 2020 following Rules & Administration Committee
  - e. Disability Review Committee June 9, 2020 2:00 p.m.

Any person with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact Trish Winter at 505-476-9305 at least one week prior to the meeting, or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact Ms. Winter if a summary or other type of accessible format is needed.