

NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
SPECIAL BOARD MEETING

November 8, 2016

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

1. & 2. PLEDGE OF ALLEGIANCE & ROLL CALL

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

Members Present:

Patricia French, Chair - Municipal
Dan Mayfield, Vice Chair - Retiree
Jackie Kohlasch - State
James Maxon - County
John Melia - Municipal
Loretta Naranjo Lopez - Retiree
John Reynolds - State
Cathy Townes - State
Paula Fisher – State [9:20 arrival]

Member(s) Absent:

Tim Eichenberg- *Ex-officio*
Dan Esquibel - Municipal
Brad Winter - *Ex-officio*

Staff Members Present:

Wayne Propst, Executive Director
Susan Pittard, Chief of Staff-General Counsel
Jon Grabel, Chief Investment Officer
Greg Trujillo, Deputy Director
Trish Winter, Executive Assistant
Karen Risku, Deputy General Counsel
Renada Peery-Galon, ASD Director
Natalie Cordova, Chief Financial Officer
Dana David, Assistant General Counsel
Jude Perez, Deputy CFO
LeAnne Larrañaga-Ruffy, Portfolio Manager
Mark Montoya, Financial Analyst
Kristin Varela, Portfolio Manager Real Returns
Karyn Lujan, Deferred Comp Plan Manager
Christine Ortega, Portfolio Manager
Lalleh Dayeny, Investment Division
Mark Montoya, Investment Division

Emily Lopez, Investment Division

Others Present:

Ted Benedict, Meketa

Paul Lium, Nationwide

3. APPROVAL OF AGENDA

Chair French said item 5.B., Scope of Work for Board Attorney, is being deferred.

Ms. Townes introduced the following motion:

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

Mr. Mayfield seconded and the motion passed by unanimous voice vote. [Ms. Fisher was not present for this action.]

4. CONSENT AGENDA

There was no consent agenda.

5. CURRENT BUSINESS

A. REIT Investment Management Services RFP Minimum Qualifications and Timeline

Jon Gabel, Chief Investment Officer, said this is an information item regarding the RFP for REITs.

Kristin Varela, Portfolio Manager Real Returns, advised the Board that this RFP is for global and domestic REIT (Real Estate Investment Trust) management services. A scope of work, timeline and minimum qualifications were included for their reference. The Board approved an initial funding of the mandate in December 2008 through a similar RFP process that is proposed today. At that time, the Board approved a \$70 million allocation across three separate proposals. The mandate is located within PERA’s liquid real estate asset category in the real assets portfolio and contains three managers, an active global manager, an active domestic manager and a passive domestic manager accounting for \$253 million or 1.8 percent of the total fund as of September 30th.

Given the existing REITs contract is expiring, staff and the consultant plan to launch a full process to review existing and new opportunities in the market and conduct a review of the current REIT portfolio.

Ms. Varela said the mandate size is in line with the current exposure at \$140 million to \$280 million. The benchmark, per the Investment Policy, will be the Wilshire Global Real Estate Securities Index. She reviewed the MQs including that the firm have no less than \$2

billion in assets under management (AUM) and at least three US tax-exempt pension clients. On the product level, PERA is requiring that the AUM be no less than \$2 billion under manager and with is at least one separate institutional-type account with no less than \$100 million in assets. The offeror is required to submit a fee proposal that will remain open for 180 days.

Responding to Chair French's question, Mr. Grabel said \$2 billion is not on the high end and an emerging manager could fall within that constraint; however, it is important to have a firm with experience. Ms. Varela said there were approximately 150 firms within this universe and the AUM requirement appears appropriate within that set of managers.

Ms. Varela said staff is considering one or two managers with one serving as a funding mechanism for the private core real estate allocations. She reviewed the procurement timeline noting it would be released tomorrow with respondents having one week to review and submit a formal acknowledgment of compliance for MQs. Following a period for questions, the final deadline for offers is December 12, 2016. It is conceivable that contracts could be entered into by the end of March 2017.

Chair French appointed Members Kohlasch and Melia to the RFP evaluation committee.

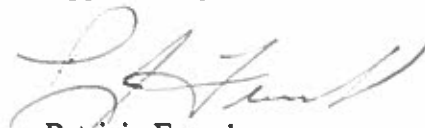
5. **OTHER BUSINESS**

None were presented.

6. **ADJOURNMENT**

Mr. Maxon moved to adjourn. Mr. Mayfield seconded and this meeting was declared adjourned at 9:25 a.m.

Approved by:



Patricia French
Chair, PERA Board

ATTEST:


Wayne Propst, Executive Director