

**New Mexico
Public Employees Retirement Association
SmartSave Committee Meeting
October 11, 2022**

1. Call to Order

This meeting of the New Mexico PERA SmartSave Committee was held on the date cited above via Zoom tele/video conferencing. Chair, Lawrence Davis, called the meeting to order at approximately 9:07am.

2. Pledge of Allegiance

Roberto Ramirez led the pledge.

3. Roll call

The meeting attendance met quorum with the following members present;

Committee Members Present

Lawrence Davis, Chair
Francis Page
Roberto Ramirez

Committee Members Absent

Shirley Ragin
Maggie Toulouse Oliver

Other Board Members Present

Loretta Naranjo Lopez
Claudia Armijo

Staff

Greg Trujillo, Executive Director
Trish Winter, Executive Assistant
Anna Williams, Deputy Director
Michael Shackelford, CIO
Kristin Varela, Deputy CIO
Misty Schoeppner, Deputy General Counsel
Karyn Lujan, SmartSave Plan Manager
Jessica Trujillo, HR Manager
Geraldine Garduno, Assistant General Counsel
Ron Gallegos, CTO

4. Approval of the Agenda

Chair Davis stated that approval of the meeting minutes from last meeting had been left off the agenda, they will be on the next meeting agenda.

Francis Page moved to approve the agenda. Roberto Ramirez seconded. The motion passed by a unanimous roll call vote as follows;

Lawrence Davis	Yes
Francis Page	Yes
Roberto Ramirez	Yes

5. New Business

A. Recommendation to adopt the PERA SmartSave Deferred Compensation Plan Fee Policy Statement, including the Appendix.

Chair Davis thanked Ms. Lujan for her efforts on the policy statement. He stated that the policy had been revised by all Committee members, specifically sections five and six.

He further stated that this was the final product and upon committee approval it would go to the Board for approval on October 27th. The final costs were also included in the policy statement, which were divided into three categories: personnel services, employee benefits, contractual services, and other.

Ms. Lujan provided a brief overview of how the policy statement came to be, stating that in March 2022, the SmartSave Committee determined that the mutual fund revenue share should no longer be used to offset Plan expenses and that a new internal operating fee should be implemented.

One reason for this was to give the Plan the flexibility to remove or replace funds that fell short of the performance benchmark in accordance with the Plan's investment policy. The other reason was to ensure that all participants were contributing to the Plan's expenses, rather than just a small population invested in the mutual fund revenue share investment options.

The Committee identified the need for an official fee policy statement in June 2022, which would serve as official guidance on how the Plan would assess fees. The policy statement would also provide clarity on the various components. The Committee reviewed the draft fee policy statement in September 2022, discussed it, and provided feedback.

To ensure proper alignment with plan expenses, the fees will be reviewed and approved by the Board annually and prior to the start of the new fiscal year. The fees will also be reviewed and assessed when the Plan experiences a service contract renewal cycle, and will be adjusted and reassessed as necessary based on the reviews. Section V documents the fee waiver. The fees are waived new participants for the first two quarters or until the participant's account balance reaches a thousand dollars.

The Appendix is a detailed outline of the three components of the plan expenses. The current one is the third party administrator fee. This is the only fee participants have been paying since the Plan has been in existence.

The second and third components of the fee is the investment consultants fee, which is currently at \$100,000 a year. This fee is good through September 30, 2023. That's when the current investment consultants contract will expire. PERA will need to RFP and reassess as necessary.

The second component showed the cost for PERA's one full-time employee. It is based on FY 23 projected amounts. The Committee had agreed during the last meeting in September to have a section for actuals to show what was actually spent as opposed to what was projected to be spent.

The FTE was added to the investment consultant fee. That number was divided by the average of chargeable participants from the last fiscal year. The average was used because the number changes every quarter as the Plan gets new enrollments. The result was \$10.82 per year. This, divided by four for the four quarters, gave \$2.70 per quarter, which is what is needed to sustain the account at this time.

The \$2.70 was rounded up to \$3 to account for the fluctuation in new enrollments. The \$3 would also last for a few years and avoid having to go back and increase the fee. Staff felt that the \$3 was a good number that will get the Plan to where it needs to be for a few years.

Chair Davis echoed Ms. Lujan's sentiments and reiterated that the \$3 was a smoothing rate and it will help avoid the back and forth of having to increase the fees every year.

Francis Page moved to approve the recommendation to adopt the PERA SmartSave Deferred Compensation Plan Fee Policy Statement, including the Appendix. Roberto Ramirez seconded. The motion passed by a unanimous roll call vote as follows;

Lawrence Davis	Yes
Francis Page	Yes
Roberto Ramirez	Yes

6. Adjournment

With no further business to discuss, Chair Davis adjourned the meeting at approximately 9:20am.

Approved by:

Valerie Barela, SmartSave Committee Chair

ATTEST:

Greg Trujillo, Executive Director