

NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
SMARTSAVE
COMMITTEE MEETING
September 10, 2019

This meeting of the Public Employees Retirement Board SmartSave Committee was called to order by Vice Chair Lawrence Davis 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.

Following the Pledge of Allegiance, roll was called and a quorum was confirmed as follows:

Members Present:

Lawrence Davis, Vice Chair
Jackie Kohlasch
Loretta Naranjo Lopez [appointed]
David Roybal [appointed]

Member(s) Absent:

Claudia Armijo, Chair
Patricia French

Other Member(s) Present:

Maggie Toulouse Oliver
Jackie Kohlasch
Shirley Ragin

Staff Members Present:

Wayne Propst, Executive Director
Susan Pittard, Chief of Staff/General Counsel
Dominic Garcia, Chief Investment Officer
Greg Trujillo, Deputy Director/
Renada Peery-Galon, Administrative Services Director
Trish Winter, Executive Assistant
Karyn Lujan, SmartSave Plan Manager
Anna Williams, Chief Financial Officer
LeAnne Larrañaga-Ruffy, Director of Equity
Joaquin Lujan, Investment Division
Ron Gallegos, Chief Information Officer

Others Present:

Jessica Bundy, REDW
Lenora Chavez, Retiree
Paul Cowie, Meketa Investment Group

2. APPROVAL OF AGENDA

Mr. Davis moved to approve the agenda as presented. His motion was seconded by Dr. Kohlasch and passed by unanimous voice vote.

3. APPROVAL OF CONSENT AGENDA

Dr. Kohlasch moved approval. Ms. Naranjo Lopez seconded and the motion passed without opposition.

4. CURRENT BUSINESS

A. Q4 FY19 Investment Performance Review

Karyn Lujan, SmartSave Plan Manager, said the review was for the quarter that ended June 2019 and a supplemental report was provided for August.

Paul Cowie, Meketa, reviewed the structure of the investments and noted there have been no changes to the four tiers. As of June 30th the assets were at \$642.7 million which was up from the previous quarter at \$623.2 million. The plan experienced net cash inflows of \$942,068 during the quarter.

The lifecycle portfolios continue to have the largest holding, representing 27 percent of the plan participants, followed by stable value at 21 percent, Vanguard Institutional Index Fund at 14 percent and Fidelity Contrafund and T.Rowe Price MidCap Growth making up the remainder.

Mr. Cowie reviewed the performance of the four tiers, noting that the positive news – trade talks with China, the Fed talking about lowering rates – at the end of the quarter was good for stocks and bonds. Domestic equity options provided good returns between 1.4 percent and 9.3 percent. International equities also had good returns during the quarter with returns of 2.7 percent and 5.9 percent. Developed markets did better than emerging markets. New Mexico Stable Value had rather muted returns, but Vanguard shows strong returns. Franklin Templeton continues to have a difficult time and Meketa and PERA are discussing removing in the future. Columbia's high yield fund had a strong quarter and is only available within the lifecycle portfolio.

Regarding the real assets, Mr. Cowie said the returns are flat, while the year-to-date are still very positive.

Dr. Kohlasch asked how much more time Meketa was needed prior to making a decision on Franklin Templeton. Dominic Garcia, CIO, stated that once the transition from Nationwide to Voya is completed, the entire line up will be reviewed and strengthened. The market value of that fund is \$3 million, indicating a modest number of participants. Ms. Lujan said that staff is mindful of the numbers of changes the participants are experiencing in the plan and prefer to wait.

Referring to the expense analysis, Mr. Cowie mentioned that the NM Stable

Value Fund fee has been reduced by 35 basis points beginning in the third quarter.

The glide path of the lifecycle funds were highlighted, and Mr. Cowie pointed out that the portfolios become increasingly conservative as the employee reaches retirement.

Providing an update for August, Mr. Cowie said the assets dipped to \$638.1 million. The equity options received negative returns. However, September has gained more positive returns for most equity markets, U.S. and internationally. The bond market is signaling a recession. The lifecycle portfolios show a double-digit return in 2019.

B. Q4 FY19 Plan Activity Review

Ms. Lujan noted that this report was not on the Board portal due to technical difficulties. At the end of the quarter there was \$643,558,643 in the plan. There were 22,865 enrollees and Nationwide has enrolled 714 new employees during the quarter. Nationwide has been working with the independent auditor Eide Bailly, as well as working closely with PERA and Voya on the transition.

5. OTHER BUSINESS

None was presented.

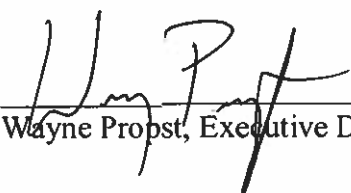
6. ADJOURNMENT

Having completed the agenda, Ms. Naranjo Lopez moved to adjourn and Dr. Kohlasch seconded. The motion carried and Vice Chair Davis adjourned this meeting at approximately 9:30 a.m.

Approved by:


Lawrence Davis, Vice Chair
SmartSave Committee

ATTEST:


Wayne Propst, Executive Director