

PERA 2015 Board

OFFICERS

MUNICIPAL MEMBER

Ms. Patricia (Patty) French, Chair
City of Albuquerque
(505) 480-1335

COUNTY MEMBER

Mr. Stewart Logan, Vice Chair
San Juan County
(505) 334-4514

EX-OFFICIO MEMBERS

Mr. Tim Eichenberg
State Treasurer
(505) 955-1120

Ms. Dianna J. Duran
Secretary of State
(505) 827-3600

STATE MEMBERS

Capt. Roman D. Jimenez
New Mexico State Police
(575) 382-2500

Ms. Paula Fisher
Children Youth & Families Dept.
(505) 841-2400

Ms. Jackie Kohlasch
Taxation & Revenue Department
(505) 383-0176

Mr. John Reynolds
Public Regulation Commission -
Utility Division
(505) 986-9163

MUNICIPAL MEMBERS

Mr. Louis Martinez
Albuquerque Bernalillo County
Water Utility Authority
(505) 289-3031

Mr. Dan Esquibel
City of Santa Fe
(505) 490-6482

RETIREE MEMBERS

Mr. Dan Mayfield
(505) 259-0528

Ms. Loretta Naranjo Lopez
(505) 270-7716

EXECUTIVE DIRECTOR

Mr. Wayne Propst
(505) 476-9301

Letter from the Board Chair



Board Chair Patricia (Patty) French

Dear PERA Members,

As you will see in this newsletter, it is once again election time at PERA. Ballots for a Retiree position on the PERA Board of Trustees and a State position will be mailed in August. Ballots for these two positions must be received at the Santa Fe Main Post Office by 12:00 p.m. on Friday, September 18.

At a Special Board Meeting on May 12th, the Board declared James Maxon the winner of the open seat for a County representative to the Board. Mr. Maxon is the Fire Chief for the Sandoval County Fire Department. He has a Master of Public Administration from the University of New Mexico and a Bachelor Degree in

Business Management from the University of Phoenix. On behalf of the Board, I want to welcome Mr. Maxon to PERA and we look forward to working with him when he takes office in January of 2016.

PERA elections may not get the media coverage or attention of other elections but make no mistake, they are one of the most important elections you will ever cast a ballot in. In addition to managing the PERA Fund, Board members make critical decisions that impact the security of your retirement. The PERA pension is one of the best in the country and we all have a stake in protecting it. Your vote counts and I strongly encourage you to research the candidates and cast your ballot wisely.

Over the last 3 years PERA has evolved significantly. We've seen potential solvency issues addressed and comprehensive pension reform accomplished. Our retiree membership has increased by more than a third, our fund value has recovered from the 2008 recession to all-time highs and a new tier of benefits has been introduced.

Along with this evolution, PERA has embraced a cleaner and more professional image for our members. Our new logo reflects this evolution and what PERA does. It's designed to look like a nest egg and communicates the fragile, yet protective nature of saving for tomorrow. It is influenced by New Mexico sun flowers and the sun itself, both nurturing symbols for growth.

Our tagline, Invested in Tomorrow, reminds our members of the long-range goals that we have for them. At PERA, our mission is simple: We are here to help our members prepare for a safe and bright future. That inspires us to work each day to manage and build your investment so that it is there for you when you are ready to retire.

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Mission Statement

The mission of the Board of the Public Employees Retirement Association is to preserve, protect and administer the Trust to meet its current and future obligations and provide quality services to association members.



PERA

Public Employees
Retirement Association
of New Mexico

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I'm happy to announce a couple of major improvements that are happening at PERA that will hopefully allow us to serve you better. First, as we've noted in the last edition of La Voz, we are significantly expanding our Albuquerque office to better serve our members in the greater Albuquerque area. The location of the office won't change but it will have significantly more space, including a seminar room, and it will have more staff. We expect the Albuquerque office to become a full service center soon after the opening which we hope will be in September.

Second, PERA is partnering with the Retiree Health Care Authority (RHCA) to locate RHCA's Santa Fe staff in PERA's Santa Fe office when RHCA's current lease expires in September. This will make a "one stop shop" for our members who visit PERA's Santa Fe location. We'll provide more information as the summer goes along but the Board is very excited about this opportunity to provide a more seamless retirement process for our members and to partner with our friends and colleagues at RHCA.

Don't forget to vote!!!



Patricia "Patty" French
Board Chair

\$50 Million Settlement with Wells Fargo Bank

The Public Employees Retirement Association of New Mexico (PERA) announced Wells Fargo Bank has agreed to pay \$50 million to settle disputed claims in connection with losses in PERA's securities lending portfolio with Wachovia Bank.

"This substantial settlement is for the benefit of PERA members and retirees," said PERA Executive Director Wayne Propst. "The settlement proceeds will go directly to the retirement fund where they will be invested on behalf of our members."

The PERA Board sued the former Wachovia Bank, N.A. for breach of contract and fiduciary duty to recover losses in its securities lending portfolio. Wells Fargo Bank, which has denied any wrongdoing while agreeing to the settlement, purchased Wachovia in 2008.

"It is our fiduciary responsibility to vigorously protect the interests of the Fund and the PERA members who rely on it for retirement security and this settlement is a demonstration of the Board's commitment to our members," said PERA Board Chair Patricia (Patty) French.

The \$14.6 billion PERA Fund provides retirement benefits to more than 90,000 state and local public employees, public safety officers, firefighters, judges, magistrates, legislators and retirees.

It is Election Time

On April 24, 2015, the PERA Election Committee met to verify the candidates for the 2015 PERA Board election. The Committee's report was accepted by the PERA Board on May 12, 2015.

State Position

The Election Committee determined that two individuals submitted more than the required 150 valid nominations necessary to be an eligible candidate for the PERA Board State Member position. Those candidates are:

- Jacquelin Kohlasch
- Henrich Edimo

Information for each candidate is under the State Election Information section on the next page.

County Position

The Election Committee verified that Mr. James Maxon submitted more than the required 150 valid nominations necessary to be an eligible candidate for the PERA Board County Member position. The Election Committee also verified that

there were no other candidates for the PERA Board County Member position who met the requirement to have a minimum of 150 valid nominations. PERA Rule 2.80.200.70(A)(6) NMAC states that if only one person is nominated for a non-retired Board member position, the election shall be cancelled and that person will automatically be declared the winner for the position. As a result, the PERA Board cancelled the County Member position election for 2015 and declared Mr. Maxon the winner. Mr. Maxon will start his new term of office in January 2016.

Ballots

PERA will mail out ballots to eligible members in mid-August 2015. Ballots must be received by the Main Santa Fe Post Office by noon on September 18, 2015 to be counted. Ballots received after this date are invalid and will not count toward the election results. Please make sure you vote early so your vote will count.

For further information on the election process contact Karen Risku, PERA Deputy General Counsel, at 505-476-9351.

Questions Posed to All State Candidates

1. Who is your current employer? What is your current position and how long have you held it? What are your major responsibilities?
2. How long have you been a PERA member? (Which agencies or affiliates and the type of work?)
3. Education – What is your highest degree attained?
4. Other relevant experience.
5. What special contribution do you believe you would make to the PERA Board?

Jacquelin
Kohlasch



1. I am employed by New Mexico Tax and Revenue Department as Tax Auditor for 20 years.
2. 25 years with the State of New Mexico.
3. I have a BA in Information Technology, an MBA in Global Management and I am a Doctoral Candidate in Organizational Management.
4. In my first term as Trustee for the Public Employees Retirement Association Board I have served on the following committees - Chair of Disabilities, Vice-chair of Audit & Budget, Vice-chair of Rules & Administration, Legislative, and Investments. I also volunteer my time providing income tax assistance, property management, business development assistance, and board President and member for several community organizations.
5. Special contributions that I can make to PERA are leadership, investment, people skills, and financial background. Jackie's motto: Become a role model and help someone else. We need to learn how to dream. With dreams everything we imagine can come true for our future.

Henrich
Edimo



1. Throughout my career, I have been privileged to have contributed to many different departments, namely NMTRD as a Federal Royalty Auditor, NMHSD as a Senior Auditor, NMSTO as the General Manager/Compliance and Quality Assurance Officer and presently with the NMPRC as a Senior Economist.
2. 7 years 6 months.
3. BA in Accounting and Finance. MBA in International Business Trade and Commerce. Doctoral candidate pursuing a Doctorate in Business (DBA) and Management Information Systems.
4. I am a member with the Institutes of Certified Internal Auditors and Certified Fraud Examiners.
5. My bi-cultural background and focus on efficiency, effectiveness, and productivity have led me to a number of opportunities and leadership roles in government. I would bring investing and analytical skills, accounting, and compliance experience to the board. My goal is to preserve, protect, and administer the trust to meet current and future obligations in an ethical, trustworthy, honest, and professional manner.

PERA Fund Status

The New Mexico Public Employees Retirement Association's (PERA) Fund reached an all-time high watermark of \$14.8 billion for the period ending April 30, 2015. Since the trough of the recession in 2009, when the Fund was valued at \$7.9 billion, the Fund has experienced an extensive period of strong performance. This has allowed the Fund to nearly double in size while paying-out approximately \$5 billion in benefits to PERA's members during the same time period. The reason for the full recovery and strong performance is due to strong performance across all asset categories over the last five years. Every asset category, with the exception of investment grade fixed income and international equity, which did perform well, had returns that exceed the actuarial return assumption of 7.75%. For the five year period ending April 30, 2015 the Fund returned 8.95% net of fees and expenses.

In the current fiscal year, the PERA Board and investment staff focused on strengthening the direction of the PERA Fund to continue to generate stable, positive returns. The Fund is a broadly diversified portfolio with the goal to exceed the actuarial return assumption of 7.75% while mitigating the risk of potential losses and maintaining sufficient liquidity. To accomplish this goal, the PERA Board and staff completed and

updated the investment structures for public equities and investment grade fixed income asset categories. These portfolios were restructured to deliver better risk adjusted returns and lower overall volatility. These important investment goals were accomplished with the added benefit of significant fee reductions.

For the fiscal year through April 30, 2015, the Fund is positive 3.49%. For the same time period the benchmark indices of the S&P 500 Index is up 8.15%, the Russell 3000 Index is positive 7.63%, the MSCI EAFE Index is negative 0.92%, while the Barclay's US Aggregate Index is up 3.23%. During the course of the year, the capital markets have experienced a greater amount of volatility than over the past five years. PERA has actively undertaken efforts to de-risk the portfolio as mentioned above. The impact of these efforts should result in a portfolio with a long-term investment strategy that focuses on maintaining liquidity to pay benefits today and into the future combined with achieving better risk adjusted returns. The Board is diligently focused on regularly reviewing the Fund's strategic asset allocation and will make changes every few years to maintain this strategy.

What Is the PERA Deferred Compensation Plan?

The PERA Deferred Compensation (DC) Plan is a 457b supplemental retirement plan. It is an optional program that complements the regular PERA retirement plan. The 457b plan is a PERA-sponsored deferred compensation program - you defer paying taxes on that part of income you pay into your retirement savings. Investment earnings in the plan are also tax deferred. 457b plans are designed for state, city, and county government employees. They are similar to 401k plans in that the participant selects his/her own investment options.

PERA contracts with two other entities that each play a different role in the PERA DC Plan. The first is Nationwide Retirement Solutions which provides recordkeeping, marketing and outreach services; the second is Mercer Investment Consultants which provides investment recommendations

for the 17 investment funds offered in the PERA DC Plan. In consultation with Mercer, the PERA DC Plan Manager and Chief Investment Officer, who both work for PERA, present the investment recommendations to the PERA Board. The PERA Board then has final approval on the recommendations.

There are currently over 18,200 participants in the PERA DC Plan. As of May 2015, the PERA DC Plan's fund value is \$505.5 million. Whether you are a new PERA member or nearing retirement, it is never too early or too late to start saving a little more for retirement. For more information on the PERA DC Plan, contact Karyn Lujan, PERA DC Plan Manager at KarynD.Lujan@state.nm.us or visit www.newmexico457dc.com.