



Investments & Pensions Oversight Committee Governance Update

*Senator Roberto “Bobby” J. Gonzales, Chair
Representative Patricia Roybal Caballero, Vice Chair*

October 31, 2023

*Diana Rosales Ortiz, Chair
Paula Fisher, Vice Chair*

NM PERA Board of Trustees

PERA is governed by a 12-member Board of Trustees. The Board is composed of:

State Members

Four Members under a state plan elected by state members;

- Diana Rosales Ortiz, Board Chair – NM Office of the Attorney General
- Paula Fisher, Vice Chair – Children Youth & Families Department
- Tony Garcia – NM Office of the Public Defender
- Juan Diaz – Workforce Solutions

Municipal Members

Three Members under a municipal plan elected by municipal members;

- Valerie Barela – City of Albuquerque
- Roberto Ramirez – Albuquerque Bernalillo County Water Authority
- Augustine Romero – City of Albuquerque

County Members

One Municipal Member employed by a county elected by municipal members;

- Shirley Ragin, Bernalillo County

Retired Members

Two Retired Members elected by PERA retirees

- Francis Page
- Loretta Naranjo Lopez – *Will be replaced by Steven Astorga in CY24*

Ex-Officio Members

The Secretary of State and the State Treasurer

- Laura Montoya, NM State Treasurer
- Maggie Toulouse Oliver, NM Secretary of State

PERA Board Governance

- Creation of Governance Committee with responsibilities to develop, review and monitor compliance with the PERA Board's Policies and Procedures, Code of Conduct, and board complaint procedure and recommending to the PERA Board proposed board disciplinary actions.
- Board Governance Training by Funston Advisory Services, recognized as one of the nation's preeminent advisors to public pension funds.
- Implementation of Board Smart Educational Portal – an Enterprise Governance eLearning Resource for public pension fund trustees.
- Adoption of Board Strategic Plan in July 2022, first strategic plan done at the Board level since 2006.
- Board Self Assessment completed in September 2022.

NMSA 1978 10-11-133 (F) states: “The retirement board shall annually provide for its members no less than eight hours of training in pension fund investing, fiduciary obligations or ethics. A member elected to the retirement board who fails to attend the training for two consecutive years shall be deemed to have resigned from the retirement board. All Board members currently meet this requirement apart from Juan Diaz who began his term in August.

Investment Oversight

- Adoption of Strategic Asset Allocation, modification of investment benchmarking and approval of investment policy statement appendix amendment, October 2022.
- Approval of PERA SmartSave Deferred Compensation Plan Fee Policy Statement
- PERA Board adoption of Secure Plan 2.0 Act of 2022 which made sweeping changes to PERA's SmartSave Deferred Compensation Plan. Changes included:

Required Minimum Distribution (RMD) Age Increases and Excise Tax Reduction	Surviving Spouse Election to be Treated as Employee for RMD's
Roth Plan Distribution Rules	Roth Catch Up Provision
In-Service Distributions at age 59 ½	Modification of 1 st day of month requirement
Self-Certification for Unforeseen Emergency Withdrawals	Qualified Disaster Distributions and Loans, COVID related distributions, loans, loan payment deferrals & RMD Waiver
In-service distribution for qualified birth and adoption	Conversions of pre-tax contributions/balances to Roth Source

- Performed RFP and due diligence process for new general investment consultant, Verus Advisory, Inc. Treasurer Montoya, Vice-Chair Paula Fisher and Investment Committee Chair Francis Page represented the Board.
- Performed RFP and due diligence process for Deferred Compensation investment consultant, maintained relationship with Maketa Investment Group. SmartSave Chair Valerie Barela represented the Board.

Internal Audit

- The PERA Board has oversight authority of the internal audit process and currently contracts with Clifton Larsen Allen to provide this function. 2022 and prior PERA worked with REDW. Internal audits completed are as follows:

2020
457B Plan – Custody Transfer Process
Investments – Manager Selection and Monitoring
Governance and Investment Policy Statement (IPS) Compliance
2021
Years of Service and Wage Eligibility
Investments – Performance Reporting
RIO Updates and Enhancements
Benefit Payments and Refunds to Members
2022
Information Technology
Employer Payment Transmittals
Investments – Reconciliation and Monitoring
Legislative Updates
2023
Disability Processing
Member Online Accounts – Self Service Options

- 2024 – Investment Governance (in process)

PERA Board Self Policing/Rule Making

- The PERA Board of Trustees is a self-policing Board and takes this responsibility very seriously.
- In July 2022, the PERA Board sanctioned one of its members after an investigation concluded violations of the Board's Policies and Procedures.
- In July 2023, the PERA Board voted to initiate an investigation of one of its members to determine if further discipline is warranted.
- In September 2023, the PERA Board completed a public rule making process to modify rules concerning the disability application process to allow for additional flexibility for members undergoing the disability process.
- Additionally in September 2023, the PERA Board completed a public rule making process to align PERA rules with HB304 passed during the 2023 legislative session allowing for the designation of a supplemental needs trust as a beneficiary.
- In October 2023, the PERA Board initiated the public rule making process to amend PERA election eligibility rules.