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PERA Governance: Problems and Solutions

Problem 1: Lack of confidence in the effectiveness and integrity of the PERA Board

- **Solution A: Transfer authority to conduct PERA Board elections to the NM Secretary of State's office.**
- **Solution B: Develop a matrix of basic qualifications and skills requirements for Board candidates, as recommended by both the National Conference on Public Employee Retirement Systems, (NCPERS), and the Boston College Center for Retirement Research (see attached report).**

Problem 2: Lack of transparency, accountability, and chronic underperformance in the management of the investment portfolio, resulting in negative effects on the solvency of the PERA fund and the State's overall bond ratings (see attached report)

- **Solution C: Replace the Secretary of State's position on the Board with one appointed member, selected by stakeholders, with professional investment management qualifications, with de facto chairmanship of the Investment Oversight Committee.**
- **Solution D: Prohibit the inclusion of non-disclosure agreements in all investment contracts.**
- **Solution E: Require mandatory NCPERS training for all elected Board members.**

Additional concerns and suggestions:

- **Provide a one-time cash infusion to the PERA fund via a general appropriation, or long-term zero interest loan, as previously suggested by Think New Mexico.**
- **Increase the minimum pay of public workers from current poverty levels, and increase overall pay to competitive levels.**

Attachments:

- **Boston College Center for Retirement Research Report, Number 67: "Does Public Pension Board Composition Impact Returns?"**
- **Think New Mexico Report: "Solving the Hidden Crisis: Achieving Retirement Security for ALL NEW MEXICANS"**
- **SOC Investment Group/CWA report: "Activist Hedge Fund Risks to Pension Funds: The Case of Elliott Management"**