

NEW MEXICO EDUCATIONAL RETIREMENT BOARD

ACTION SUMMARY

August 25, 2017

<u>Item</u>	<u>Action</u>	<u>Page</u>
APPROVAL OF AGENDA	Approved	3
<u>APPROVAL OF MINUTES</u> June 23, 2017	Approved	3
ELECTION OF BOARD OFFICERS	Approved	3
PUBLIC RULEMAKING HEARING: CHANGES TO NMERB ADMINISTRATIVE RULES	Approved	4
<u>EXECUTIVE SESSION</u> Pending Litigation and Limited Personnel Matters taken	12	Action
<u>CONSENT AGENDA: BOARD TRAVEL</u> NCTR Annual Conference, October 6-11	Approved	13
<u>INVESTMENT REPORTS</u> June 2017 Quarterly Performance Report Investment Committee Report	Informational	13
FY19 BUDGET APPROPRIATION REQUEST	Approved	14
AGE & SERVICE RETIREMENTS	Approved	16
DISABILITY RETIREMENTS	Approved	16
AUDIT COMMITTEE REPORT	Informational	15
<u>DIRECTOR'S REPORT</u> Retirement Season Update Audit Update NMRHCA Update Other	Informational	16
<u>BOARD RETREAT</u> November 9, 2017 at 9:00 a.m.		

**MINUTES OF THE**  
**NEW MEXICO EDUCATIONAL RETIREMENT BOARD**

**REGULAR MEETING**

**August 25, 2017**

**1. CALL TO ORDER: QUORUM PRESENT**

A Regular Meeting of the New Mexico Educational Retirement Board was called to order on this date at 9:00 a.m. in the Educational Retirement Board Conference Room, 6201 Uptown Boulevard, N.E., Ste. 203, Albuquerque, New Mexico.

**Members Present:**

Ms. Mary Lou Cameron, Chairwoman  
Mr. H. Russell Goff, Vice Chairman  
Mr. Hipolito J. Aguilar, Secretary  
Dr. Donald W. Duszynski  
The Hon. Tim Eichenberg, State Treasurer  
Mr. Larry Magid [elected Secretary during meeting]

**Members Excused:**

None.

**Staff Present:**

Ms. Jan Goodwin, Executive Director  
Mr. Rick Scroggins, Deputy Director  
Mr. Bob Jacksha, CIO  
Mr. Roderick Ventura, General Counsel  
Ms. Susanne Roubidoux, Deputy General Counsel  
Ms. Norma Henderson, CFO  
Ms. Monica Lujan, Member Services Director  
Ms. Lealia Nelson, Outreach Coordinator  
Ms. Liz Lorang, Executive Assistant  
Mr. Lawrence Esquibel, Chief Information Officer

**Others Present:**

Mr. Chris Hill, NEPC  
Mr. Mark Basham, ERB Contract Attorney  
Ms. Tania Maestas, Deputy Attorney General, Attorney General's Office  
Mr. Joseph Simon, Analyst, Legislative Education Study Committee  
Ms. Judith Beatty, Recorder  
[See sign-in sheet.]

**b. Approval of Agenda**

The following item was added:

**1.e. Public Comment**

**Mr. Goff moved approval of the agenda, as amended. Mr. Eichenberg seconded the motion, which passed unanimously by voice vote.**

**c. Approval of Minutes – June 23, 2017**

**Mr. Eichenberg moved approval of the June 23 minutes, as submitted. Mr. Magid seconded the motion, which passed unanimously by voice vote.**

**d. Introduction of Guests**

Chairwoman Cameron welcomed guests.

**e. Public Comment**

None.

**2. SWEARING IN OF NEW BOARD MEMBER -- Placeholder**

[None.]

**3. ELECTION OF BOARD OFFICERS**

**Mr. Eichenberg nominated Mary Lou Cameron as Chairperson. Mr. Magid seconded the nomination.**

There were no other nominations, and nominations were closed.

**The motion to nominate Mary Lou Cameron as Chairperson passed unanimously by voice vote.**

**Mr. Eichenberg nominated Russell Goff as Vice Chair. Dr. Duszynski seconded the nomination.**

There were no other nominations, and nominations were closed.

**The motion to nominate Russell Goff as Vice Chair passed unanimously by voice vote.**

**Mr. Goff nominated Larry Magid as Secretary. Mr. Aguilar seconded the nomination.**

There were no other nominations, and nominations were closed.

**The motion to nominate Larry Magid as Secretary passed unanimously by voice vote.**

4. **PUBLIC RULEMAKING HEARING: CHANGES TO NMERB ADMINISTRATIVE RULES 2.81.1 THROUGH 2.82.7 AND 2.82.11 NMAC: RICK SCROGGINS, DEPUTY DIRECTOR, AGENCY REPRESENTATIVE PRESIDING**

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- a. **Summary of rule changes and written comments – Rod Ventura, General Counsel**
- b. **Oral Public Comments**
- c. **Final Action**

Mr. Scroggins stated that notice of this hearing was published in the New Mexico Register on July 11, 2017, and in *The Albuquerque Journal* on July 12, 2017. The notice and a copy of the proposed rule amendments were emailed to the New Mexico Legislative Council Service, the Legislative Education Study Committee, and to all ERB Local Administrative Units on or about July 11-12, 2017.

Mr. Scroggins described the procedure to be following during this hearing, noting that each rule change would be presented individually, and public comment would be solicited after each rule is presented.

Mr. Ventura stated that these rule changes were mostly brought about because the legislature passed SB 28 in the last session, which was the Educational Retirement Act cleanup. These rules comply with the changes made in SB 28, which did three basic things: 1) eliminated most references to provisional members; 2) revised the way disability appeals were done, changing the language to acknowledge the current ERB practice of using an outside contractor to review medical records of disability applicants; and 3) changed words to make them gender neutral, and eliminated various outdated provisions going back from 1957-1961.

**2.82.1 (Rule 1) General Provisions:**

**Changes based on SB28:**

- 1. Change language for disability review: “Medical Review Committee” changed to “Medical Review Authority” to acknowledge current ERB practice of using outside contractor to review medical records of disability applicants. 2.82.1.15 NMAC.
- 2. Delete language providing for medical “tests and examinations” during application process, but language does allow for an “independent medical examination” when necessary. (I.e., when medical records which are provided are questionable or equivocal.) 2.82.1.15 NMAC.

**Additional proposed changes unrelated to SB 28:**

- 3. Allow committee chairs to temporarily appoint members to the committee when necessary to achieve a quorum. 2.82.1.9(G) NMAC.

Currently the Investment Committee has this set out in its charter, but the other committees do not. Addition of this rule will provide committee chairs the ability to obtain a quorum more easily.

4. Authorize the executive director to decide whether NMERB will seek lead plaintiff status in securities class action lawsuits. Allows director to make decisions between board meetings. Decisions need to be ratified by the board. 2.82.1.17(D) NMAC.

- o Language will allow agency to act in between board meetings on lead plaintiff status in class actions. Rule change is supported by the Attorney General's office, who in the past has asked ERB to take on lead plaintiff status.

#### PUBLIC COMMENT/WRITTEN COMMENT

Deputy Attorney General Tania Maestas stated that the Attorney General's Office has submitted written comments in support of the changes being recommended to 2.82.1.17(D) NMAC. Ms. Maestas stated that the changes to this rule would be in the best interest of New Mexicans and would promote transparency required by statute.

#### BOARD QUESTIONS AND COMMENTS

Mr. Eichenberg remarked that the Attorney General himself did not sign the letter of support. Ms. Maestas responded that she met with the Attorney General to discuss the full intent of this rule change and that he is in support of it. She said an individual who works directly under her signed the letter.

Mr. Aguilar asked what the consequences would be if the board decides it does not agree with the Director's decision and has to take this directly to a judge for a final decision. Mr. Ventura responded that, for the most part, judges will grant a request to be removed from lead plaintiff status. Last year, the ERB took lead plaintiff status in one particular case but then asked to have that status removed after it was determined that this would not be in the ERB's best interest because the other parties had decided this was not a good case and had walked away. The ERB petitioned the court to be removed as lead plaintiff, and the court granted the request. To Mr. Aguilar's point, it is entirely possible that a judge might deny the request, but for the most part, judges want "live parties" in a case who will actually pursue it; and particularly if it is a securities class action, there will be other funds standing in line to assume lead plaintiff status.

#### BOARD ACTION

**Mr. Goff moved to approve Rule 1. Mr. Magid seconded the motion, which passed unanimously by voice vote.**

#### **2.82.2 (Rule 2) Membership:**

##### Changes based on SB28:

1. Clean-up language throughout proposed rules similar to statutory cleanup enacted by SB 28.
2. Adjust list of "local administrative units" to parallel statute by including regional education cooperatives. 2.82.2.8 NMAC.
3. Clarify that "regular members" are by default all employees of colleges, school districts, and state operated schools with the exception of retired members,

participants in return to work program or return to work exception and participants in the alternative retirement plan. 2.82.2.9 NMAC.

4. Delete most references to “provisional members” and other outdated provisions related to provisional membership. 2.82.2.10 NMAC.

Additional proposed changes:

None.

WRITTEN COMMENT

None.

PUBLIC COMMENT

None.

BOARD QUESTIONS AND COMMENTS:

Mr. Eichenberg questioned why the “New Mexico girls’ school” cited in various sections was amended to “girls’ welfare home.” Mr. Ventura responded that staff asked the Legislative Council Service to provide the correct names for all of the institutions listed, and this was one of them. This is in accordance with the change made in SB 28.

BOARD ACTION:

**Mr. Aguilar moved to approve Rule 2. Mr. Magid seconded the motion, which passed by voice vote, with Mr. Eichenberg voting against the motion.**

Mr. Eichenberg said he would vote against this because of the reference to the “girls’ welfare home,” and would ask the legislature in the next session to correct it.

**2.82.3 (Rule 3) Member and Administrative Unit Contributions:**

Changes based on SB 28:

None.

Additional proposed changes:

1. Clarify rule regarding contributions for those employees whose salary is less than \$20,000. Clarifies situations in which an employee begins work with a salary level of less than \$20,000, but then during the year their salary level rises above \$20,000 due to increased hours or additional employment. 2.82.3.8 NMAC.
- Under this proposed rule, one must consider the member’s expected annual salary at the beginning of the fiscal year. However, if the member’s total salary level rises above \$20,000 during the course of the year through additional employment, working more hours than

expected, or a change in position, the member shall pay the higher contributions beginning the first day of the month of the action that causes the change in salary.

2. Set out standards for purchase of non-reported service due to employer's failure to deduct member contributions. Require employers to remit both employer and employee contributions when non-reported service is due to employer's failure.  
2.82.3.12 NMAC.

- Occasionally, an LAU neglects to remit employer contributions and deduct employee contributions for a member. When this occurs, current rule states that the member must purchase non-reported service at the time it is discovered.
- Proposed language to the rule adds that payment of non-reported service shall be at the contribution rate in effect at the time the non-reported service is discovered. The full fiscal year salary for the position for which the member was hired must be considered when determining whether the member pays the lower contribution rate for those who earn less than \$20,000 each year.
- If the non-reported service is the result of inaction by the local administrative unit, then the LAU must remit both the member and employer contributions that are due, plus interest.

Mr. Ventura stated that a written public comment on this issue, from Dorothy Anderson at UNM, requested a clarifying sentence in the rule to point out that the employer will remit the contributions, but the underlying debt still belongs to the employee. Under 2.82.3.12 (Failure to Deduct Member Contributions), Mr. Ventura said the following paragraphs A and B had been proposed at the last meeting, but to accommodate UNM's concern, an alternate paragraph B has also been suggested:

- A.** Non-reported service must be purchased at the time it is discovered [at a rate adopted by the board]. Payment for non-reported service shall be at the contribution rate in effect at the time the non-reported service is discovered. The full fiscal year salary for the position for which the member was hired shall determine whether a member pays the contribution rate applicable to members who earn \$20,000 or less per year in accordance with Section 22-11-21 NMSA 1978.
- B.** If the local administrative unit fails to deduct the applicable contribution from the salary paid to a member for each payroll period, the local administrative unit shall be responsible to remit to the fund the total amount due for both the member and the local administrative unit plus interest at a rate set by the board.

**Suggested alternate to paragraph B:**

- B.** If the local administrative unit fails to deduct the applicable contribution from the salary paid to a member for each payroll period, the local administrative unit shall be responsible to remit to the fund the total amount due for both the member and the local administrative unit plus interest at a rate set by the board. Nothing in this provision shall be construed as shifting the underlying responsibility of a member's contributions to the local administrative unit.

Mr. Ventura stated that the NMERB feels this (the alternate to paragraph B) is a good change; it clarifies things, and it also protects the employers in that they can seek the contributions amount from the employee after they (the employer) remits to the NMERB.

### WRITTEN COMMENT

There was no additional written comment.

### PUBLIC COMMENT

None.

### BOARD QUESTIONS AND COMMENTS

Responding to concerns expressed by Mr. Aguilar, Mr. Ventura said the rule is intentionally silent about who bears the burden of the interest that accumulates during the period that the LAU has failed to make the appropriate deductions. He said the NMERB simply wants to be made whole, and who pays the interest is a matter between the employer and employee. While the LAU is probably at fault most of the time, that isn't always the case, as there have been situations in the past where employees misrepresented themselves.

Mr. Aguilar pointed out that the alternative language would essentially hold the LAU harmless, though. Mr. Ventura responded that the law says that employees have to make their contributions, and if the NMERB is going to say that LAUs are going to pay for the employee, the NMERB could be violating the statute. In addition, this could raise issues around the Anti-Donation Clause.

Mr. Goff asked how far back this could go in terms of years. Mr. Ventura responded that there is no statute of limitations in this instance, and the NMERB would be required by statute and under IRS rules to collect the money. He said there have been issues of non-reported contributions going back to the 1970s and 1980s.

Mr. Aguilar said he wanted to make sure the rule didn't set up the employer or employee to have a legal standing "to say hey, we're not at risk here, have a nice day." He said a \$200 mistake from 25 years ago could today be thousands of dollars in interest, and he did not want to see a situation where someone would be spending more than that in legal fees trying to defend themselves because the LAU made a mistake.

Mr. Ventura said the IRS wants the plan to make itself whole all the way through, and doesn't provide the NMERB with any sort of leeway in terms of setting a date by itself. He expressed concern that, if the NMERB were to set a date by rule, it could violate IRS code and lose its plan status.

Mr. Goff wondered if this particular rule should be deferred to allow for more discussion.

Mr. Aguilar said he thought there was an inherent unfairness in the new language. Putting a long-term interest liability on a member for an action that they had no part in concerned him. He said he is currently dealing with a matter involving a charter school that withdrew federal tax monies from employee paychecks but failed to remit the money.

Mr. Ventura suggested that the board could consider adopting the original paragraph B language submitted by staff that was discussed at the last board meeting. This paragraph retains the "shall be



responsible to remit” language and does not have the last sentence that was added to accommodate UNM’s concerns.

Mr. Ventura said the board could also opt not to adopt any of staff’s suggested language and simply retain the single sentence in paragraph A.

Dr. Duszynski asked Mr. Ventura if the board would be taking a step forward if it passes this rather than “simply prolonging the agony.” Mr. Ventura responded that the board would indeed be taking a big step forward, because the existing rule consists of only one sentence, which leaves a lot of questions.

Mr. Aguilar commented that staff’s originally submitted language in paragraph B would seem to address his concerns.

#### BOARD ACTION

**Mr. Aguilar moved to accept Rule 3, as written, without the suggested alternate to paragraph B. Mr. Magid seconded the motion, which passed unanimously by voice vote.**

#### 2.82.4 (Rule 4) Service Credit:

##### Changes based on SB 28:

1. Delete sections of rule dealing with provisional membership. 2.82.4.8 NMAC.
2. Additional cleanup changes throughout rule.

##### Additional proposed changes:

None.

#### WRITTEN COMMENT:

None.

#### PUBLIC COMMENT:

None.

#### BOARD QUESTIONS AND COMMENTS:

None.

#### BOARD ACTION

**Mr. Goff moved to approve Rule 4. Dr. Duszynski seconded the motion, which passed by unanimous voice vote. [Mr. Aguilar was not present for the vote.]**

#### 2.82.5 (Rule 5) Retirement Benefits

Changes based on SB 28:

1. Minor cleanup of rule language and removal of outdated or confusing provisions regarding retirement benefits.

Additional proposed changes:

None.

WRITTEN COMMENT:

None

PUBLIC COMMENT:

None.

BOARD QUESTIONS AND COMMENTS

None.

BOARD ACTION

**Dr. Duszynski moved to approve Rule 5. Mr. Magid seconded the motion, which passed unanimously by voice vote.**

**2.82.6 (Rule 6) Disability Benefits:**

Changes based on SB 28:

1. Eliminate outdated requirement to provide work performance evaluation reports for disability applicants. 2.82.6.9(E) NMAC
2. Change references to "medical review board" to "medical review authority" throughout rule.
3. Deleted provisions for "Determination of Disability" to comply with changes in SB28 and current practice of NMERB. 2.82.6.11 NMAC.
4. Provisions changed to fit into current disability standard of "totally disabled." 2.82.6.12 NMAC.

Additional proposed changes:

5. Delete outdated provisions that applied to school bus owner-drivers. 2.82.6.8 (B) NMAC. Existing rule presumed school bus owner-drivers could be employees or independent contractors and still be NMERB members.

WRITTEN COMMENT:

None

PUBLIC COMMENT:

None.

BOARD QUESTIONS AND COMMENTS

None.

BOARD ACTION

**Mr. Aguilar moved to approve Rule 6. Mr. Magid seconded the motion, which passed unanimously by voice vote.**

**2.82.7 (Rule 7) Annuitants and Disability Recipients**

Changes based on SB 28:

None.

Additional proposed changes:

1. Deletion of redundant provisions dealing with direct deposit of retiree payments. Section D of 2.82.7.8.

WRITTEN COMMENT:

None

PUBLIC COMMENT:

None.

BOARD QUESTIONS AND COMMENTS

None.

BOARD ACTION

**Mr. Magid moved to approve Rule 7. Dr. Duszynski seconded the motion, which passed unanimously by voice vote.**

**2.82.11 (Rule 11) Administrative Appeals:**

Changes based on SB 28:

None.

Additional proposed changes:

1. Specifies that administrative hearings shall be held in Santa Fe. 2.82.11.8 (D)(3)(a) NMAC.
2. Clarifies that parties at administrative hearings can be represented, but only by a New Mexico licensed attorney. 2.82.11.8 (D)(3)(d) NMAC.
3. Parties must appear in person at hearings unless it is difficult or impossible for claimant to appear in person and the hearing officer approves. Witnesses may appear by phone or videoconference with hearing officer approval. 2.82.11.8(D)(3)(e) NMAC
4. Written closing arguments may be filed if permitted by hearing officer. Parties must file simultaneously. 2.82.11.8(D)(6) NMAC.

WRITTEN COMMENT:

None

PUBLIC COMMENT:

None.

BOARD QUESTIONS AND COMMENTS

None.

BOARD ACTION

**Mr. Aguilar moved to approve Rule 11. Mr. Magid seconded the motion, which passed unanimously by voice vote.**

**5. EXECUTIVE SESSION: 10:30 a.m.**

- a. **Pending Litigation—Cooperative Educational Services v. New Mexico Educational Retirement Board and Jan Goodwin (session closed pursuant to NMSA 1978, Section 10-15-1(H)(7); and**
- b. **Limited Personnel Matters—(session closed pursuant to NMSA 1978, Section 10-15-1(H)(2) Compensation of Executive Director, Deputy Director, General Counsel and Chief Investment Officer and agency practices in regard to compensation\_\_\_\_\_**

**Chairwoman Cameron moved that the board enter executive session pursuant to Section 10-15-1(H)(7), for purposes of discussing pending litigation, and pursuant to Section 10-15-1(H)(2) for purposes of discussing limited personnel matters. Mr. Aguilar seconded the motion, which passed on the following roll call vote:**

**For: Chairwoman Cameron; Vice Chair Goff; Secretary Magid; Mr. Aguilar; Dr. Duszynski; Mr. Eichenberg.**

**Against: None.**

Chairwoman Cameron moved that the board come out of executive session, and that the only matters discussed were pending litigation and limited personnel matters, as set forth in the agenda. Mr. Magid seconded the motion, which passed on the following roll call vote:

For: Chairwoman Cameron; Vice Chair Goff; Secretary Magid; Mr. Aguilar; Dr. Duszynski; Mr. Eichenberg.

Against: None.

**ACTION FROM EXECUTIVE SESSION: 12:55 p.m.**

Mr. Goff moved that, notwithstanding previous board actions, the board wishes to move forward with a 5 percent raise for all staff, and that a separate BAR be submitted reflecting only salary increases. Mr. Magid seconded the motion, which passed by voice vote, with Mr. Aguilar voting against the motion.

**7. CONSENT AGENDA: BOARD TRAVEL**

**a. NCTR Annual Conference, October 6, 2017 to October 11, 2017**

Chairwoman Cameron asked for approval to attend the NCTR Annual Conference in Tucson from October 6-11, 2017. She said she would drive to Tucson for the conference.

Mr. Eichenberg moved for approval. Mr. Aguilar seconded the motion, which passed unanimously by voice vote.

**8 INVESTMENT REPORTS: BOB JACKSHA, CIO**

**a. June 2017 Quarterly Performance Report**

NEPC investment consultant Chris Hill presented this report, with the following highlights:

- Over the past five years, the fund returned 8.7 percent per annum, outperforming the policy index by 90 basis points and ranking in the 49th percentile of the InvestorForce Public Funds > \$1 Billion universe. Risk-adjusted performance, as measured by the Sharpe Ratio, ranks in the 6th percentile of its peers.
- Over the past three years, the fund returned 6.1 percent per annum, outperforming the policy index by 70 basis points and ranking in the 9th percentile of its peer group. Over the same period, the fund's volatility ranks in the 9th percentile of its peers, resulting in a three-year Sharpe Ratio of 1.8, which ranks in the 6th percentile.
- For the year ending June 30, 2017, the fund experienced a net investment gain of \$1.36 billion, which includes a net investment gain of \$341.2 million during the quarter. Assets increased from \$11.4 billion 12 months ago to \$12.3 billion on June 30, with \$389 million in net distributions during the year. The fund returned 12.0 percent, underperforming the policy index by 10 basis points.

Mr. Jacksha noted that the \$12.3 billion reached by the fund on June 30 was a new high in assets for the NMERB.

**b. Investment Committee Report**

Mr. Jacksha summarized action and discussion at yesterday's Investment Committee meeting:

- Reviewed and approved a policy revision to the Real Estate and Real Assets policies, consolidating three policies into two. Natural Resources and Infrastructure are now combined under the Real Assets heading. This will be brought to the board for approval in October.
- Approved \$30 million investment in Folium Agriculture for the real assets portfolio.
- Approved \$50 million investment in Stonepeak Infrastructure III.
- Voted to continue Bridgewater contracts in pure alpha and risk parity.
- Approved \$100 million investment in TPG Growth Fund IV (private equity portfolio).
- Approved \$25 million investment in TPG Rise Fund, an outgrowth of what TPG Growth Fund has done before, but these are smaller investments with a social impact.
- Approved staff recommendation to bring small and midcap equity management funds, currently with two managers, in house and put them in an index fund. Estimated savings \$1.5 million annually.
- Committee plans to invite GoldenTree to make a presentation on CLO equity and risk retention issues.
- Discussed the new diversifying assets investments category, which includes litigation finance.
- Discussed November 9 retreat agenda.
- Canceled September meeting.

Mr. Jacksha distributed a paper he had prepared in response to a question raised at the recent LFC hearing in Taos regarding whether the ERB invested in any New Mexico businesses and projects. Mr. Jacksha commented that the ERB's external investment managers have invested nearly \$1.3 billion, the majority in energy-related sectors. Of that total, \$82.62 million is from ERB capital: \$38 million in oil and gas pipelines, \$26 million in banking, and \$9.5 million in oil and gas production.

**c. Other Investment Reports**

None.

**9. FY19 BUDGET APPROPRIATION REQUEST: NORMA HENDERSON, CFO**

Ms. Henderson discussed the draft base budget request, expansion request, and an IT project request. Highlights:

- The total base request for FY19 is \$31,811,400. This includes \$6 million for Personal Services and Employee Benefits (no increases); \$24.6 million for Contractual Services, and \$1.16 million for "Other."
- There are three vacant positions: two in Investments, and one at front desk. This is a 4 percent vacancy rate.

- Slight increase to Professional Services to cover investment manager fees, the actuary, and a GASB 68 audit.
- Slight increase under "Other Contractual" to cover printing costs (annual statements for retired members, and retiree base is increasing) and moving costs, as lease for Albuquerque office has expired.
- Increase for technical support.
- Increase to IT maintenance costs.
- Slight increase to Rent/Building/Land line item to cover move of Albuquerque office.
- Cybersecurity insurance purchased at \$40,000 per year.

Mr. Aguilar noted that DFA had instructed agencies to come in with flat budgets. He asked why an increase has been incorporated into the budget for the Albuquerque office move when that is only a potential expense and could be requested under a BAR later instead. Ms. Henderson responded that the budget guidelines say that a flat budget is only requested for general fund expenditures, but that other state funds can include increases. She said the ERB is only trying to be proactive by including these costs in the budget.

Mr. Scroggins added that the lease is up in April 2018, and GSD has informed the ERB that it will have to act on this and issue an RFP. He said the lease amount incorporated into the budget request is based on GSD guidelines.

Ms. Henderson also clarified that the ERB began the fiscal year with eight vacancies; it is now down to three, and it is actively recruiting to fill the remaining positions.

Mr. Eichenberg noted that the board authorized a 5 percent increase for all ERB employees today, and suggested that be included in the base budget request. Ms. Henderson responded that guidance from DFA states that, if salary increases are not in effect by September 1, they cannot be included and a BAR is to be submitted instead. She added that there is a backlog at DFA and she was not sure ERB would be able to get the paperwork through by that deadline.

- Expansion requests total \$629,500: a securities commodities financial person and an accountant/auditor, and retirement specialist supervisor (part of IT project). Also included are seven term positions (part of IT project) and two temporary positions. It project would involve a data cleansing for inactive membership (about 46,000 names). Data cleanse project total cost is \$489,777 for FY19. This is an eight-year plan.
- Total appropriation request for FY19 was for \$32,440,900.

**Mr. Goff moved to approve the FY19 budget appropriation request and to direct staff to include the board's action today on salaries. Mr. Magid seconded the motion, which passed unanimously by voice vote.**

#### **10. DISABILITY RETIREMENTS: RICK SCROGGINS, DEPUTY DIRECTOR**

Mr. Scroggins presented this report.

**Mr. Aguilar moved to accept this report. Mr. Magid seconded the motion, which passed unanimously by voice vote.**

**11. AGE & SERVICE RETIREMENTS: MONICA LUJAN, DIRECTOR OF MEMBER SERVICES**

Ms. Lujan reported a grand total of 528 retirements processed during June and July 2017.

Responding to Mr. Goff, Ms. Goodwin said the total number of retirees this year (as of July 1) was 1,086, compared to 1,185 on July 1, 2016.

**Mr. Goff moved to accept this report. Mr. Magid seconded the motion, which passed unanimously by voice vote.**

**12. AUDIT COMMITTEE REPORT: MARY LOU CAMERON, BOARD CHAIR**

Chairwoman Cameron reported that the Audit Committee met this morning and heard a presentation by internal auditor REDW on the 2016 audit report. No exceptions were noted, and it was a very good audit.

**13. DIRECTOR'S REPORT: JAN GOODWIN, EXECUTIVE DIRECTOR**

**a. Retirement Season Update**

Ms. Goodwin noted that the July 1 retirements by fiscal year have been changing over time, with retirements reading a peak in 2014 and declining since then. The total number of retirements for the entire fiscal year has remained fairly stable, however, at about 2,500 per year.

**b. Audit Update**

Ms. Goodwin said the auditors will be on board on Monday to start the annual financial audit. It is anticipated that everything will go well, and Ms. Henderson and her group have been working very hard to put together a lot of information for them.

**c. Retiree Health Care Update**

Ms. Goodwin reported that the NMRHCA met yesterday. They had their retreat in July and approved the new premium rates for the year.

**d. Other**

Ms. Goodwin distributed a report summarizing staff's activities since the last board meeting. Staff has accomplished a great deal in all areas, and vacancies are down to three positions out of 68. Of those three positions, two are being reclassified, and a final interview is scheduled for one of them on Monday.

**14. BOARD RETREAT: NOVEMBER 9, 2017 – ALBUQUERQUE**

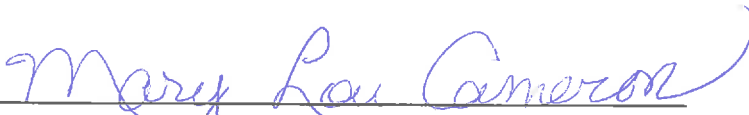
Mr. Jacksha said the Board Retreat was scheduled at 9:00 a.m. He said he planned to invite Investment strategist Dr. Ben Hunt to give a talk, and asked board members to email him with additional suggestions for the agenda.



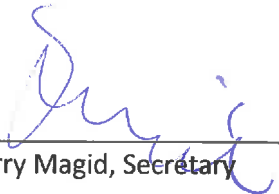
15. NEXT MEETING: FRIDAY, OCTOBER 20, 2017 -- ALBUQUERQUE

16. ADJOURN

Its business completed, the Educational Retirement Board adjourned the meeting at 2.35 p.m.

  
\_\_\_\_\_  
Mary Lou Cameron, Chairwoman

ATTEST:

  
\_\_\_\_\_  
Larry Magid, Secretary

