



STATE OF NEW MEXICO

Educational Retirement Board

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RESOLUTION NO. 2012-2

**THE EDUCATIONAL RETIREMENT BOARD'S
ADOPTION OF REVISED POLICIES AND PROCEDURES**

WHEREAS, the Educational Retirement Board (the "Board") adopted its current Policies and Procedures in 2006; and

WHEREAS, the Board has determined that revision of those Policies and Procedures is appropriate; and

NOW, THEREFORE, BE IT RESOLVED that the Board adopts the Policies and Procedures attached hereto as Exhibit "A" effective upon adoption of this Resolution.

PASSED, ADOPTED AND APPROVED THIS 19th DAY OF OCTOBER 2012.

By: Mary Lou Cameron
Mary Lou Cameron, Chairman
Educational Retirement Board

ATTEST:
Delman Shirley
Delman Shirley, Secretary

EXHIBIT "A"

***NEW MEXICO EDUCATIONAL RETIREMENT BOARD
BOARD POLICIES AND PROCEDURES***

Adopted October 19, 2012
By Resolution No. 2012-2

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I. GENERAL GUIDELINES

A. Overview and Purpose

The New Mexico Educational Retirement Board ("Board") is the Trustee of the educational retirement system and of the fund ("the Fund")¹ created by state statute under the Educational Retirement Act ("the Act").² As Trustees, Board Members are fiduciaries to the educational retirement system and the Fund, and must prudently administer the fund for the sole and exclusive benefit of members, retired members and beneficiaries of the educational retirement system.³ In order to maintain the respect, trust and confidence of its members and retired members, all Board Members must use their office only to advance the interests of the educational retirement system and the NMERB and its members, retired members and beneficiaries and not to obtain personal benefits or pursue private advantage incompatible with these interests. Board Members shall conduct themselves in a manner that justifies the confidence placed in them by NMERB members and retired members, at all times maintaining their integrity and discharging their responsibilities ethically in the course of their association with the NMERB.

The purpose of these Policies and Procedures (hereafter, the "Board Policies") is to provide general guidelines and standards of conduct for Board Members and to implement the provisions of the Act. The Board will review and update the Board Policies biennially, or more frequently as necessary, to ensure that they continue to be realistic and relevant, and reflect the needs of the NMERB.

B. Mission Statement

The Board provides secure retirement benefits for our members through prudent and responsible management of the educational retirement system and the Fund. In order to fulfill its mission, the Board will strive to provide active and retired members optimal service by developing the skill, capacity and competence of its staff, in order that they can:

- Prudently manage the financial assets for the Fund;
- Provide prompt and courteous service to members and retired members;
- Counsel members regarding the retirement benefits they will receive from the educational retirement system; and,
- Educate members about both the financial and personal aspects of retirement.

C. Value Statement

The Board will act with integrity in meeting its fiduciary responsibilities to the educational retirement system. Board Members will be reliable, responsible, and will avail themselves of opportunities to receive the training necessary to be knowledgeable

¹ N.M. Const. art. XX, § 22.

² NMSA 1978 Chapter 22, Article 11. The term "Board" is used when referring to the board created by §22-11-3 (A). The term "NMERB" or "ERB" is used when referring to the employees hired by the Board (a/k/a "staff") and to whom administrative authority is delegated pursuant to § 22-11-6 (B).

³ N.M. Const. art. XX, § 22.

fiduciaries. The Board will engage in inclusive decision making processes which support its expectation that the Board speaks with a unified voice.

D. Governance Principles

The Board shall establish and communicate Board policies and priorities to the Executive Director and exempt staff, and then monitor performance. The Board recognizes that the achievement of its goals requires self-discipline by the Board as a whole and by individual Board Members to abide by the policies set forth herein and to govern in a manner consistent with the Board's Value Statement. All Board Members are responsible for creating and maintaining an atmosphere that encourages frank and collegial discussions both at the Board and Committee levels and between the Board and NMERB staff and management.

II. BOARD'S ROLE AND DUTIES

Consistent with its fiduciary role as Trustee of the Fund, the Board's principal role is to ensure that NMERB is appropriately governed and managed. With the overriding goal of protecting the Fund's assets, the Board roles are as follows:

A. Fiduciary Responsibilities. The Board has:

1. A duty of undivided loyalty to the educational retirement system. The Board shall act solely for the benefit of system and its members, retired members and beneficiaries. Good faith does not excuse disloyalty.
2. A duty to deal impartially with all members, retired members and beneficiaries.
3. A duty to preserve the Fund's assets through implementation of the Board Investment Policy and monitoring the performance of its investments.
4. A duty to be educated and informed about matters affecting the educational retirement system and the Fund. Fulfillment of this duty imposes a continuing responsibility on all Board Members to attend educational conferences, seminars, and other events that will better prepare them to carry out their fiduciary duties and to conduct the business of NMERB.
5. A duty as co-trustees to:
 - a. Attend and participate in Board meetings.
 - b. Serve on at least one Board committee and to make every reasonable effort to attend and participate in the meetings of committees on which they serve.
 - c. Use reasonable care to prevent co-trustees from committing a breach of their duties.
 - d. Compel their co-trustees to perform their duties and redress a breach or failure to perform their duties.

B. Adopt and Monitor Policies. The Board shall:

1. Set the long-term strategic direction for NMERB, focusing on the goals of NMERB against which its performance is measured and monitored.

2. Create, adopt, review and revise rules, policies and guidelines regarding administration of NMERB.
3. Preserve the Fund through the Board Investment Policy by benchmarking investments and monitoring performance.
4. Evaluate the Board and its performance annually, and take any steps necessary to improve Board operations.
5. Delegate execution of policies and strategic objectives established by the Board to the Executive Director and, through the Executive Director, to the staff.
6. Set the Board agenda and identify, articulate, prioritize and schedule matters that the Board will regularly address.
 - a. Create an annual schedule for meetings.
 - b. Identify benchmarks that trigger Board review.
 - c. Identify the information that the Board must be provided to fulfill its responsibilities and determine how, when and in what form that information will be delivered to Board Members, with due regard for the availability of the information and the duties and responsibilities of the Executive Director and the staff.

C. Review and Evaluate Agency Performance. The Board shall:

1. Monitor investment performance and risk, and regularly review results as measured by performance standards appropriate for a public pension fund of a type and size similar to the NMERB.
2. Establish long-range goals for agency management, including budgeting and communication plans and other such plans as deemed necessary by the Board.
3. Establish performance measures for activities that are not related to investments that are appropriate for a public pension fund of a type and size similar to the NMERB.
4. Select the Executive Director and formally evaluate the Executive Director annually at the regularly scheduled August Board meeting.
5. Review, approve and monitor actuarial data, assumptions and actuarial studies.
6. Review and approve the annual budget request for submission to the legislature.
7. Recommend classification levels and propose salaries for exempt staff within the Governor's exempt salaries plan.
8. Ensure the integrity of the financial control and reporting system.
9. Oversee the annual independent audit, including approval of the outside auditor.
10. Adopt Standards of Conduct for agency staff and ensure that staff receives training regarding the Standards of Conduct.
11. Refrain from involving itself in the duties of the Executive Director with respect to the employment, termination and evaluation of NMERB staff.
12. Direct senior staff to develop training plans for staff.

- D. Individual Board Member Responsibilities. Individual Board Members shall:
1. Consistent with their fiduciary duty and Board Policies, act at all times in the best interest of the educational retirement system, the Fund and the NMERB, regardless of any outside group or constituency that they may represent.
 2. Respect the role of the Board as outlined in these Policies.
 3. Work constructively with other Board Members.
 4. Implement and monitor the application of Board Policies.
 5. Speak or act on behalf of the Board only if expressly delegated that authority by the Board.
 6. Adhere to the Standards of Conduct set forth in the Board Policies.
 7. Interact appropriately with staff, members, retired members, beneficiaries, local administrative units, outside contractors and service providers, and the public.
 8. Refrain from becoming involved in operational management of the agency, except as requested by the Executive Director or directed by a vote of the Board.
 9. Refrain from performing any function delegated or normally assigned to staff.
 10. Incur only reasonable expenses in carrying out the Member's duties on the Board.
 11. Prepare for Board and Committee meetings by reading materials in advance of the meeting.
 12. Respect the time commitment required for meetings by arriving prior to the start of the meeting and remaining until its conclusion.
 13. Comply with the Open Meetings Act by not convening meetings, including conference calls or video conferences, with fellow Board Members outside the properly noticed meetings.
 14. Maintain the confidentiality of non-public information that a Member may become aware of by reason of his or her position as a Board Member, including the confidentiality of member and retired member records and material non-public investment-related information.
- E. Board Chair and Vice-Chair
1. The Board Chair's (hereafter, the "Chair") principal role is to lead the Board in the conduct of Board business, manage the activities of the Board in accordance with the Educational Retirement Act and other applicable New Mexico statutes, the Rules adopted by the Board, and ensure the integrity of the Board's processes. The specific duties delegated to the Chair by the Board are to:
 - a. Provide leadership to the Board in terms of collegiality and ethical conduct, avoiding any bias with regard to an individual Board Member.
 - b. Ensure that Board operations and activities are consistent with Board Policies and legal requirements.

- c. Set the Board agenda with input from Board Members and the Executive Director, setting priorities and scheduling agenda items as appropriate. If the Chair refuses to place an item on the agenda, three (3) individual Board Members may petition in writing and place an item on the agenda without the Chair's consent.
- d. Convene and conduct Board meetings and direct the process of the Board deliberations pursuant to these Board Policies.
 - (1) Limit the subjects discussed to issues that are within the Board's responsibility.
 - (2) Ensure timely, fair, orderly, thorough and efficient deliberations, referring to Robert's *Rules of Order* when necessary and advisable to the extent that such *Rules of Order* are not inconsistent or incompatible with the Educational Retirement Act, other New Mexico statutes and the rules and regulations adopted by this Board.
- e. Ensure information flow to the Board that is comprehensive and timely. With input from the Board Members, Committee Chairs and the Executive Director, determine the frequency, subjects and format of information that is provided to the Board and its Committees prior to meeting.
- f. Make decisions on the following Committee matters:
 - (1) Appoint Committee membership, Committee Chairs and Vice-Chairs, with consideration given to the equitable representation of all Board Members on Committees, the expressed desires of individual Board Members and the value of periodic rotation of Committee members to provide exposure to different Board responsibilities, insofar as possible. Committee members, Chairs and Vice-Chairs shall be appointed annually for twelve-month terms in open session at the regular August meeting of the Board.
 - (2) In consultation with affected Committee Chairs, appoint subcommittee members or *ad hoc* committees as necessary and appropriate, giving consideration to the equitable representation of all Board Members on such sub- and *ad hoc* committees, the expressed desires of individual Board Members and the value of providing exposure to different Board responsibilities, insofar as possible.
 - (3) Draft Committee charters in consultation with affected Committee Chairs.
- g. Represent the NMERB, or designate other Board Members to represent the NMERB, to outside organizations.
- h. Act as the representative and formal spokesperson for the Board for communications between the Board and the Legislature, the Governor, other public agencies and bodies, the media and the public and between the Board and Executive Director.

- i. With the advice of the Executive Director and Committee Chairs, recommend Board and Committee meeting calendars.
 - j. Initiate the Board's periodic assessment of its performance, processes and organization, guided by the principle that continuing improvement will require periodic change to the Board's Policies to meet future needs and conditions.
 - k. With Board Member input, implement and monitor Board Policies.
 - 1. Certify actions taken by the Board, as needed.
 - 2. The Chair and Vice-Chair shall be elected annually for a twelve-month term by Board Members in open session at the regular August meeting of the Board. Both the Chair and the Vice-Chair may serve successive terms.
 - 3. In the absence or incapacity of the Chair, the Vice-Chair shall have the duties and responsibilities delegated and established by Board policy in conformance with the authority delegated to the Chair.
 - 4. The Vice-Chair may attest to the official actions of the Board in the Secretary's absence.
- F. Board Secretary
 - 1. The Secretary shall be elected annually for a twelve month term by Board Members in open session at the regular August meeting of the Board. The Secretary may serve successive terms.
 - 2. The Secretary shall attest to the official actions of the Board when such is required.
- G. Board Officer Vacancies

In the event that a Chair, Vice-Chair or Secretary resigns or becomes unable to complete their respective terms, the following action shall be taken:

 - 1. If said officer is the Chair, then the Vice-Chair shall assume the Chair's position for the remainder of the Chair's term, and a new Vice-Chair shall be elected in open session at the next regular Board meeting. The new Vice-Chair will serve for the remainder of the former Vice-Chair's term (*i.e.*, until the next regular August meeting of the Board).
 - 2. If said officer is the Vice-Chair or the Secretary, then the Board shall elect a new Vice-Chair or Secretary in open session at the next regular Board meeting. The new Vice-Chair or Secretary will serve for the remainder of the former Vice-Chair's or Secretary's term (*i.e.*, until the next regular August meeting of the Board).
- H. Committees, Committee Chairs and Committee Vice-Chairs
 - 1. The standing Board Committees are: the Investment Committee, the Audit Committee, Evaluation Committee and the Alternative Retirement Plan Committee. These Committees shall:
 - a. Assist the Board by considering policy alternatives and implications for Board deliberations and actions.

- b. Act for the Board when formally delegated such authority for specific purposes. Committee authority is limited to those areas explicitly delegated by the full Board.
 2. All Board Members shall be advised of the meetings of each Committee, and may choose to attend any Committee meeting, regardless of whether they are members of the Committee. Board Members may participate in Committee discussions, but may only vote in Committees of which they are members.
 3. Committee Chairs are responsible for organizing the work of the Committees. In fulfilling this function, they shall:
 - a. Set the Committee agenda in consultation with the Chair, Executive Director and, if appropriate, relevant staff members.
 - b. Convene and chair meetings of the Committee.
 - c. Ensure that the Committee operates to assist the Board to fulfill its duties consistent with Board Policies and applicable statutes and rules, including:
 - (1) Limit the subjects discussed to issues that are within the Committee's area of responsibility as established by the Board.
 - (2) Ensure timely, fair, orderly, thorough but efficient deliberations, and enforce rules of order adopted by the Board.
 - d. Work directly with the staff person(s) assigned by the Executive Director and consultants designated to work with the Committee, as appropriate, on matters within the Committee's authority.
 - e. Report the Committee's actions and recommendations to the Chair and act as a liaison between the Committee and the Chair.
 - f. Provide the Chair with recommendations concerning the establishment of subcommittees and *ad hoc* committees and the membership of any such sub- or *ad hoc* committees.
 4. In the absence or incapacity of the Committee Chair, the Committee Vice-Chair shall have the duties and responsibilities delegated to the Committee Chair.
 5. The Board shall adopt Committee charters setting out the role, responsibilities, duties, and educational requirements of each Committee it creates.
- I. Designees of *Ex Officio* Board Members. The State Treasurer and the Secretary of the Public Education Department may each designate a designee to serve on the Board pursuant to § 22-11-3(B) (a "Designee").
 1. Designees should be designated for a term of at least twelve months, where possible.
 2. Pursuant to § 22-11-3(C), the appointment of a Designee does not relieve the Board Member of that Member's responsibilities, duties, liabilities and immunities as a Board Member, and the Board Member shall be fully

responsible and liable for the actions of the Designee while serving on the Board.

3. After naming a Designee, *ex officio* Board Members should still attend Board meetings when they are able, remain informed, and otherwise fulfill the duties of a Board Member.
4. Designees shall attend Board Member orientation as provided for in Section IV (A) (2) (Orientation) below.
5. Designees shall be subject to the requirements of § 22-11-13(G) in the same manner as other Board Members.

J. Alternative Retirement Plan

The Alternative Retirement Plan (“ARP”) is a Defined Contribution (Money Purchase) Retirement Plan pursuant to Section 401(a) of the Internal Revenue Code, established by §§ 22-11-47 through 22-11-52. Certain faculty, professional, researchers, or other employees of the qualifying state education institutions listed in Paragraph 1 of § 22-11-2 (W) or who meet the criteria set forth in Paragraph 2 of § 22-11-2 (W) are eligible to participate in the ARP (all such persons being “participants”).

1. As provided for in § 22-11-52, the Board shall solicit and review proposals for providing retirement, death, and any other benefits deemed desirable by the Board for participants in the ARP and shall provide for the administration and maintenance of the ARP. The Board has adopted the New Mexico Alternative Retirement Plan Operations Manual, amended and restated January 1, 2010 (the “ARP Operations Manual”), as the governing document of the ARP.
2. To the extent not otherwise incompatible with the Educational Retirement Act, the Rules adopted by the Board, and the ARP Operations Manual, the provisions of the Board Policies shall apply to the Board insofar as its actions regarding the ARP are concerned. To the extent any provision of the Board Policies may be inconsistent therewith, the Board shall apply the ARP Operations Manual insofar as its actions regarding the ARP are concerned.

K. Annual Acknowledgment

Board Members and their Designees shall annually sign a statement acknowledging that they have read and will comply with these Board Policies, including the Standards of Conduct.

III. STANDARDS OF CONDUCT

A. Conduct

Board Members shall conduct themselves with integrity and dignity, exercising care, prudence and diligence required of fiduciaries and public officials.

1. Board Actions and Decisions. Board Members shall act and make decisions at all times in a manner that is consistent with their fiduciary duty.

2. Conflict. Board Member shall not participate in a decision or action involving any asset or benefit in which the Member has an interest except insofar as the benefit is incidental to the Board Member's status as an NMERB member or retired member or as a participant in the Alternative Retirement Plan. Board Members shall disclose whether they have an interest in a matter before the Board or one of its Committees and thereafter shall not participate in any discussion or vote concerning an investment, benefit or other action in which the Board Member has an interest. When a vote is taken on a matter in which a Board Member has disclosed an interest, that Member shall announce that he or she is abstaining from voting.
3. Record-keeping. The Board shall ensure that the Executive Director and the staff keep adequate records of all actions and decisions, including actions and decisions relating to benefits and investments, in a form sufficient to document those actions and decisions for future reference. The Executive Director and staff, as requested, shall report to the Board regarding such records and the Board shall monitor the Executive Director and the staff to ensure that such records are kept. The Board and Committee meeting minutes shall reflect all decisions and matters voted upon by the Board or a Committee, including abstentions from voting.
4. Breach. Board Members shall not knowingly breach, participate in or conceal, a breach of fiduciary duty by another Board Member, the Executive Director or a staff member. Each Board Member has an obligation to disclose a breach of fiduciary duty to the NMERB's General Counsel or other appropriate authority upon becoming aware of, or having a good faith reason to believe that, a breach has occurred. Each Board Member must use reasonable care to prevent any other fiduciary of the NMERB from committing a breach of fiduciary duty.

B. Prohibited Transactions and Acts

1. Board Members shall not use their position on the Board, association with the NMERB, or status as a public official of the State of New Mexico for personal benefit, or for the benefit of another. This prohibition includes without limitation taking an official act which directly or indirectly benefits a Member or a family member.⁴
2. Board Members shall not use NMERB facilities, equipment, (including without limitation, copy machines, telephones, vehicles, postage meters, data or word processing equipment, or personal computers), supplies or staff for private gain or advantage, or for the benefit of another.

C. Conflicts of Interest

1. Board Members shall avoid taking any action, regardless of whether such action is specifically prohibited by a rule, policy or guideline adopted by

⁴ "Family member means a spouse, father, mother, child, father-in-law, mother-in-law, daughter-in-law or son-in-law.

the Board or any applicable federal or state statutes, which might result in, or create the appearance that a Member is:

- a. Using membership on the Board for personal benefit or the benefit of third parties, whether financial or otherwise;
 - b. Giving preferential treatment to any NMERB member, retired member, or beneficiary, or to any individual, firm or organization doing business with the NMERB; or
 - c. Lacking complete independence or impartiality.
2. Board Members shall not demand, exact, solicit, extort, accept, or receive anything of value, including but not limited to, money, meals, drinks, entertainment, lodging, travel expenses, services or other consideration, other than that lawfully received while acting in their official capacity, as provided for in under Section III (E) (Gifts, Solicitation, Campaign Contributions, and Disclosures).
 3. In the event of a conflict of interest, the Board Member(s) involved shall refrain from discussing, voting or otherwise taking any action that would directly or indirectly affect or appear to affect the matter that is the basis of such conflict. Board Members subject to a conflict shall absent themselves from any discussions, votes, or other actions or decisions on that matter. The minutes of meetings at which a Board Member recuses him- or herself shall reflect the time period of the Board Member's absence.
 4. Board Members who believe that they might be subject to a conflict shall disclose the conflict to the General Counsel so that the General Counsel can determine (i) whether there is a conflict of interest, and (ii) whether information regarding the conflict should be shared with other Board Members.
 5. Board Members shall not have an *ex parte* communication on the merits of an application for disability benefits, an appeal of a denial of an application for disability benefits, or an administrative appeal with any applicant, witness, or party interested in such matter, or the attorney or representative of an applicant or interested party. Any *ex parte* communications made known to another Board Member or to staff shall be reported to the Chair. If, after considering the substance of the *ex parte* communication and other relevant facts, the Chair determines that the *ex parte* communication involved the merits of the application or appeal, the Board Member who participated in such *ex parte* communication shall be required to abstain from participating in any hearing or meeting involving the subject matter of the appeal, and from discussing and voting on the appeal.
 6. Board Members may not do through third parties that which a Member may not do directly under these Policies.
 7. Board Members may not engage in any employment or other activity that would conflict with their duties and responsibilities as Board Members. Activities or actions that conflict with Board duties include but are not limited to:

- a. Capitalizing on their positions as Board Members in the course of employment or involvement in a private business or other activity; or
 - b. Engaging in any employment, private business or other activity that directly interferes with their ability to perform their duties as Board Members, or which impairs the efficient operation of the Board;
 - c. Accepting employment or providing services in exchange for pay which involve interpreting or applying the Educational Retirement Act, the Rules and Policies adopted by the Board, or policies and procedures adopted by the Executive Director, or representing or advocating for an NMERB member, retired member, beneficiary or for a person or entity that seeks to do business with the Board, the NMERB, or to secure an investment of the Fund, provided however, that nothing herein shall prevent a Board Member from being employed by a local administrative unit;
 - d. Ordering, directing or requesting other Board Members or staff to perform personal services not related to official Board functions and activities, regardless of whether compensation is paid for such services or the time at which such services would be performed;
 - e. Serving in a representative capacity or as an agent, consultant, expert witness or attorney for any individual or other entity involving any matter before, or that involves, the Board or the NMERB.
8. Board Members shall not contract or accept employment with an individual or entity that contracts with the NMERB or which has responded to a procurement solicitation, or is seeking legislation affecting the NMERB that would benefit such individual or entity, while on the Board or for a period of one year after leaving the Board.
 9. The Executive Director shall develop a policy addressing outside employment by NMERB staff.

D. Financial Conflicts and Disclosures

1. Financial Conflicts. Board Members shall not have any financial interests in any entity or transaction that would be affected by actions taken by the Board, whether beneficially or otherwise, except insofar as the financial interest is incidental to the Board Member's status as an NMERB member or retired member or participant in the Alternative Retirement Plan. Financial interests include (i) an ownership interest in a business entity, real property, investments in a hedge fund or private equity fund or any other source of income or funds or (ii) any employment (including as a director, officer, or trustee) or prospective employment for which negotiations have already begun. Financial interests do not include investments in a publicly traded equity or debt instrument, mutual fund, or a loan made by a commercial lending institution in the regular course of

its business on terms generally available to the public without regard to any status of the borrower as a public official.

2. Disclosure Statement. On or before January 31 of each year, each Board Member shall complete and deliver to the Secretary of State and the Executive Director the financial disclosure statement required by the Financial Disclosure Act, NMSA 1978 Chapter 10, Article 16A. Each Board Member shall include a statement that affirmatively states that the Board Member does not have a financial interest that may affect the Member's official acts as a Board Member and discloses the financial interests of the Board Member's family members in any business engaged in, or to the Board Member's knowledge, proposing to engage in, any transaction with NMERB.⁵ The disclosure statement shall be in the form prescribed by the Secretary of State and shall contain at least the following information:
 - a. A statement that the Board Member does not:
 - (1) Have any direct or indirect interest in the gains or profits of an investment made by the Board;
 - (2) Receive any direct or indirect pay or emolument for services provided to or on behalf of the Board, except as provided for in the Per Diem and Mileage Act, NMSA 1978 Chapter 10, Article 8 and current rules adopted by the Department of Finance and Administration ("DFA"; hereafter "DFA Rules");
 - (3) Directly or indirectly, on the Board Member's own behalf or as agent or partner of others, borrow any of the funds or deposits of the NMERB or in any manner use or direct others to use such funds except to make current and necessary payments authorized by the Board and by law; or
 - (4) Become an endorser or surety or become in any manner an obligor for money of the Board that is loaned or borrowed.
 - b. The name and nature of the family member's financial interest, as defined above, if any, in a business engaging or proposing to engage in a transaction with NMERB. If the family member's financial interest in the business is an equity interest, the percentage owned and the approximate value of the financial interest must also be disclosed.
3. New Board Member. Each new Board Member shall complete and deliver to the Secretary of State and Executive Director the disclosure statement described in this Paragraph D (Financial Conflicts and Disclosures) within thirty (30) days of assuming duties as a Board Member.
4. Updated Disclosures. Each Board Member shall update his/her disclosure statement within forty-five (45) days of the date that:

⁵ See footnote 5 for definition of "family member."

- a. Any family member acquires a financial interest in any business that is engaged or, to the best of the Board Member's knowledge, that is proposing to engage in a transaction with NMERB; or
 - b. The Board Member learns that a family member has a financial interest in a business, which, to the best of the Board Member's knowledge, is engaged in or proposing to engage in a transaction with NMERB.
5. Special Disclosures. In addition to the disclosures required in this Section, each Board Member shall disclose the Member's and any family member's financial interest in any business proposing to engage in a transaction with NMERB prior to the Board taking any official act relating to such transaction. Such disclosure shall be set forth in the minutes of the meeting of Board Members at which such transaction is considered, and, if initially made at a meeting other than the meeting at which the transaction is considered, at such meeting.
 6. Exception. Subject to Section V (Trading Policies) of this Policy, nothing in this Subsection III (D) (Financial Conflicts and Disclosures) shall be construed to limit the right of any Board Member of NMERB to personally invest in financial instruments or mutual funds that are simultaneously held by NMERB or offered by NMERB's financial managers; however, such investment must not be upon the advice of or made through the NMERB staff, or an investment manager or fund under contract or working with the NMERB.
- E. Gifts, Solicitations, Campaign Contributions and Disclosures
1. Gifts. Pursuant to § 22-11-5.1, except for gifts of food or beverage given in a place of public accommodation and consumed at the time of receipt, not exceeding \$50 for a single gift or \$150 in a calendar year, Board Members may not accept gifts or anything of value⁶ directly or indirectly from the following person(s) or entity that:
 - a. Has a current contract with the NMERB;
 - b. Is a potential bidder, offeror or contractor for the provision of services or personal property to the NMERB;
 - c. Is authorized to invest public funds pursuant to state or federal law or is an employee of agent of such a person; or
 - d. Is an organization, association or other entity having a membership that includes persons described in Paragraphs (a) through (c) of this subsection.
 2. Solicitations. While acting in their capacities as Board Members, Members must not solicit gifts, including gifts of food or drink that are within the limits established by § 22-11-5.1, donations to third parties, or campaign contributions.
 3. Disclosures by Board Members. Board Members shall:

⁶ "Anything of value" includes, without limitation, food, drink, gifts, compensation, tickets, complimentary passes, contributions, reimbursement for travel or any other activity that is not permitted in § 22-11-5.1.

- a. At least semi-annually, disclose anything of value from any source received while acting in their capacity as Board Members, except per diem and mileage as provided for in the Per Diem and Mileage Act and current DFA Rules.
 - b. Semi-annually complete an NMERB Gift Report Form (Exhibit 1), even if a Member has not received any gifts. The reports shall be filed with the Executive Director. The reports shall be filed on the second Tuesday of each January and July, immediately following the six-month period covered by the report. At their discretion, Board Members may file reports more frequently than semi-annually.
4. Campaign Contributions. Pursuant to NMSA 1978 § 13-1-191.1 (Campaign Contribution Disclosure and Prohibition), all prospective contractors seeking to enter into a contract with the NMERB to provide professional services and other services as specified in § 13-1-191.1, whether directly or indirectly⁷ are required to disclose all campaign contributions made to an applicable public official during the two years preceding the date on which a proposal is submitted or in the case of a sole source or small purchase contract, the date on which the contract is signed, if the aggregate total of contributions exceed \$250.00 over a two-year period.
- a. The disclosure must include all contributions given by a prospective contractor, a family member or a representative of the prospective contractor. The term "family member" means spouse, father, mother, child, father-in-law, mother-in-law, daughter-in-law or son-in-law of (a) a prospective contractor, if the prospective contractor is a natural person; or (b) an owner of a prospective contractor.⁸
 - b. Applicable public officials in the case of the NMERB include the Governor, the State Treasurer, the Secretary of Public Education, and the Board Members, or their Designees.
 - c. In addition, the disclosure must include contributions to a political committee that is intended to aid or promote the nomination or election of any candidate to a state office if the committee is: (i) established by any of the foregoing persons or their agents; (ii) established in consultation with or at the request of any of the foregoing persons or their agents; or (iii) controlled by one of the foregoing persons or their agents.
 - d. Campaign contributions are defined as a gift, subscription, loan, advance or deposit of money or other thing of value, including the estimated value of an in-kind contribution, that is made to or received by an applicable public official or any person authorized to raise, collect or expend contributions on that official's behalf for

⁷ "Business with NMERB" means any contract for goods or services, any contract relating to investment of the Fund and includes without limitation, any person or entity that indirectly benefits from business done with NMERB or the Board.

⁸ See, Section 13-1-191.1 (G) (2).

the purpose of electing the official to statewide or local office. The term "campaign contribution" includes the payment of a debt incurred in an election campaign, but does not include the value of services provided without compensation or unreimbursed travel or other personal expenses of individuals who volunteer a portion or all of their time on behalf of a candidate or political committee, nor does it include the administrative or solicitation expenses of a political committee that are paid by an organization that sponsors the committee.

- e. Disclosures shall be provided to the Board upon its request, prior to any contract decisions being made by the Board.
5. Reports of Gifts and Campaign Contribution Disclosures.
- a. Board Members' gift reporting forms and prospective contractors' campaign contribution disclosures, including forms reporting that no gifts were received or campaign contributions made, shall be retained by the Executive Director in accordance with the NMERB's records retention policy and will be available for public inspection.
 - b. The NMERB Records Manager shall be responsible for responding to requests made under the Inspection of Public Records Act, NMSA 1978 Chapter 14, Article 2, and for notifying affected Board Members when a request is received to inspect a Board Member's gift reporting form or a report of campaign contributions made to that Member.
6. No officer, employee or current Board Member, including any *ex officio* Board Members or Designee of an *ex officio* Board Member, may make, participate in making, or in any way attempt to use his or her official position to influence, a decision involving an investment relationship with, or contract involving the acquisition of goods or services by, the NMERB if he or she has received a campaign contribution from a prospective contractor or a family member or a representative of a prospective contractor.
- a. The General Counsel will cause an independent investigation to be performed for any reported violation of this subsection, and report any documented violation to the Board for action.
 - b. If any party seeking an investment relationship with the NMERB is found to be in violation of this subsection, that party will be disqualified from engaging in an investment relationship or a contract involving the acquisition of goods and services with the NMERB for a period of two years. Any party who has an existing investment relationship with the NMERB and who is found to be in violation of the provisions of this subsection will be subject to disqualification from doing future or additional business with the NMERB for a period of two years. NMERB staff will maintain a current list of parties engaged in an investment relationship with, or providing goods and services to, the NMERB.

- c. If a party voluntarily reports a violation of this subsection to the General Counsel within 90 days of the contribution being made (and where the party is the recipient of the contributions, such party has returned the contributions) and it is established pursuant to an independent investigation that the violation was inadvertent, the disqualification provision of this subsection will not be applied, provided that this safe harbor provision does not apply to a knowing or intentional violation of this subsection.

F. Proprietary or Confidential Information⁹

Board Members shall not directly or indirectly use or disclose proprietary or confidential information obtained in the course of, or by reason of, their positions as Board Members. Proprietary or confidential information shall be used solely for NMERB purposes and under no circumstances disclosed or revealed to persons to whom disclosure has not been authorized by the persons or entity that provided such information to the Board or NMERB. Any required disclosure of proprietary or confidential information shall be made only if required under the Inspection of Public Records Act or in accordance with the final order of a court of competent jurisdiction.

1. As used herein, proprietary or confidential information shall mean (i) personal information regarding a member or retired member not subject to disclosure under § 22-11-55 and (ii) material, nonpublic information, such as a trade secret or other proprietary information which was developed by or at the direction of the individual or entity which provided such information to the Board or the NMERB.
2. An individual or entity providing proprietary or confidential information to the Board or NMERB, other than a member or retired member providing personal information regarding that member or retired member or a beneficiary of such, which that individual or entity believes should be exempt from disclosure as a public record shall be required to clearly mark all such information as “Proprietary and Confidential” and to provide the information to the NMERB separate from other materials not so marked. The NMERB shall not have any duty or obligation to verify with the individual or entity providing materials the status of any materials that are not so marked and separately submitted.
3. Should a third party bring a judicial action challenging whether proprietary or confidential information provided to the Board or NMERB is exempt from disclosure under the Inspection of Public Records Act, the party which provided that information to the Board or NMERB shall be required to defend the status of such information in that proceeding.

⁹ The confidentiality of material non-public information concerning a publicly traded company also is addressed below in Section V (Trading Policies). Board Members should carefully review that Section.

G. Procurement Oversight

Beginning on the date that a Request for Proposals, Invitation to Bid, or similar procurement document (collectively, a “procurement solicitation”) is issued by the NMERB until the date that a contract has been awarded, no person or entity that has received the procurement solicitation and that subsequently submits a proposal, bid, application or other offer (all such proposals, bids, applications or other offers being, collectively “bids or proposals” and all persons or entities submitting bids or proposals, collectively being “applicants or bidders”) to provide goods or services to Board Members or NMERB, nor an agent for such person or entity, may have any communication concerning the procurement solicitation with the Board or staff, except as expressly provided in the procurement offering.

1. Any applicant or bidder who violates this restriction, or permits an agent to violate the restriction on behalf of the applicant or bidder, will be immediately disqualified from further consideration under the procurement solicitation.
2. This restriction shall not apply to:
 - a. Staff who are identified in the procurement solicitation as responsible for responding to prospective applicant or bidder questions;
 - b. Communication by a firm already under contract to provide services to NMERB at the time the procurement solicitation is issued, where the communication is made formally to the Board, Committee or designated NMERB staff and relates to the services for which the firm was previously retained; and
 - c. Communication that is required of finalists, consistent with the terms of the procurement solicitation, for the purpose of providing the Board and staff with information relating to, or that updates information previously included in, the bid or proposal.
3. Alleged violations of this restriction should be reported to the Chair (or the Vice-Chair if the Chair is involved in the alleged violation) and the General Counsel. If, after consulting with the General Counsel, the Chair (or the Vice-Chair as provided above) determines that a violation did occur, the Chair or Vice-Chair will promptly inform the Board and the Procurement Manager of this determination, and the Procurement Manager will inform the applicant or bidder of the disqualification. If the General Counsel was involved in the alleged violation of the restriction, the Chair or Vice-Chair shall consult with the New Mexico Attorney General in making the determination whether the restriction was violated.

H. Avoidance of the Appearance of Nepotism or Favoritism

1. Even if otherwise permissible under New Mexico law and Board Policies, Board Members should avoid participating in NMERB matters in which a Board Member’s spouse, father, mother, child, father-in-law, mother-in-law, daughter-in-law or son-in-law, sibling, spouse of a sibling, grandparent, grandchild, niece, nephew, cousin, “significant other,” or

person in an intimate relationship with the Board Member has a personal, managerial, or significant financial interest. Board Members also are counseled to avoid participating in NMERB matters involving any other person with whom the Board Member has a close relationship.

2. A "significant financial interest" exists if the personal financial effect of the NMERB matter on the close relation would be \$500 or more in a twelve-month period and that effect is limited or particular to the individual, in contrast to affecting a larger group of which the individual is only incidentally a member.

I. Restrictions Regarding Placement Agents

Board Members and staff may not act as placement agents for current or prospective investment management firms or consultants with which the NMERB contracts or may contract for a period of two years after such Board Members no longer serve on the Board or such staff members are no longer employed by NMERB.

IV. BOARD EDUCATION AND TRAVEL

A. Board Education

1. The Board is responsible for establishing standards of accountability and approval for Board Members relative to official Board education. Approval of official Board education by Board Members is delegated to the Chair and, in the Chair's absence, the Vice-Chair of the Board for review and approval or denial, then for submission to the full Board for concurrence.
2. Orientation.
 - a. All Board Members and Designees shall attend an orientation session. Board Members and Designees should attend such orientation prior to sitting at the first Board meeting as a voting member.
 - b. The orientation sessions will be developed by the Executive Director and will, at a minimum, include the following topics:
 - (1) A brief history and overview of the NMERB, including its mission and purpose;
 - (2) A summary of the laws and rules governing the NMERB and the Board, including a summary of the NMERB benefit structure;
 - (3) An explanation of the legal status of the NMERB;
 - (4) An explanation of fiduciary responsibility, conflicts of interest and ethics;
 - (5) A high level review of existing Board Policies;
 - (6) A briefing on current and emerging issues before the Board;
 - (7) A review of Board Committees and their purposes;

- (8) An introduction to the NMERB senior staff, and an overview regarding the operations of their various operating divisions;
 - (9) A review of the NMERB investment policy and investment activity; and,
 - (10) A tour of the NMERB offices.
- c. At or before the orientation session, the following materials will be made available to new Board Members and Designees:
- (1) A listing of names, addresses, and contact information for the Board Members and Executive Director;
 - (2) Any Committee policies and charters that have been adopted;
 - (3) A copy of the current NMERB orientation material on fiduciary responsibilities;
 - (4) A copy of the current NMERB Investment Policy;
 - (5) A list of recommended upcoming educational and professional conferences and seminars;
 - (6) The NMERB website address to facilitate their review of Board meeting minutes and other materials posted on the website; and,
 - (7) Any other information or documents deemed appropriate by the Executive Director.
3. The Executive Director shall maintain and make available to Board Members a list of recommended educational and professional conferences and seminars, self-study programs, and other events that might assist them in conducting the business of the NMERB and fulfilling their duties on the Board. Board Members may attend any of these conferences or seminars, or participate in any self-study programs, subject to the Board's approval of travel expenses and to budgetary limitations. Any conferences, seminars, or self-study programs that are not included on that list must be approved by the Chair, or the Vice-Chair in the Chair's absence, and submitted to the full Board for concurrence.
5. Board Members who are members of certain Committees, including without limitation, the Investment Committee, should attend additional educational and professional seminars and participate in self-study programs that focus on the work of such Committees.
6. Board Members shall receive training every two years regarding the Standards of Conduct and the Board's fiduciary duties and an outline presentation regarding the Standards of Conduct will be given to Board Members at that time.
7. Pursuant to § 22-11-13(G), the Board shall annually provide Board Members no less than eight hours of training in pension fund investing, fiduciary obligations or ethics. Board Members elected or appointed to the Board who fail to attend the training for two consecutive years shall be deemed to have resigned from the Board. Board Members also may fulfill

this requirement by attending recommended educational seminars and training sessions provided by third parties.

B. Board Travel Generally

1. Board Members shall submit requests for travel approval to the Chair. The requests shall include the name, dates, and a brief description of the conference, seminar or other event that the Board Member wishes to attend. If the NMERB will be asked to pay for travel and conference or seminar expenses, the request will include an estimate of the costs.
2. If approved, the Chair shall place the travel request on the agenda for Board concurrence at its next meeting.
3. All travel by Board Members on matters relating to the management of the educational retirement system and the Fund, regardless of whether any portion of the cost of that travel is paid for by NMERB, requires specific approval by the Board.
4. Board Members shall disclose to the Board the identity of any person or entity other than the NMERB that is paying for any portion of such travel.

C. Board Travel within New Mexico

1. Travel by Board Members to attend all publicly noticed meetings or workshops of the Board, any of the Board's standing committees, regular or interim legislative committee meetings, or legislative sessions on the NMERB's behalf does not require specific approval under the Board Policies.
2. Travel to and returning from the NMERB offices in Santa Fe or Albuquerque for NMERB-related business does not require approval under the Board Policies.
3. Subject to budgetary limitations, prior approval of Board Member travel within New Mexico to attend any educational or professional conference or seminar, and any other event that is required to conduct the business of NMERB, or that will better prepare Board Members to perform their fiduciary duties normally will be granted as a matter of course.
4. The Chair does not require specific approval for travel within New Mexico.

D. Board Travel outside of New Mexico

1. The Chair or Executive Director shall review and approve or deny all out-of-state travel for Board Members. The Chair or Executive Director shall inform the requesting Member in a timely manner whether such travel was approved or denied. If budgetary considerations are limiting travel, priority shall be given to new Board Members and to Board Members who have attended the fewest educational conferences or seminars at the expense of the NMERB.
2. The Vice-Chair or Executive Director will review and approve or deny the Chair's requests for out-of-state travel.

3. No prepayment of or reimbursement of expenses to Board Members for travel expenses will be made for travel that is not approved in advance as provided for in this subsection.

E. Speakers

Board Members who have been asked to be a speaker at a conference or seminar requiring travel shall ask for the request to be placed on the Board agenda for approval of expenses at the next regular Board meeting before the conference or seminar. If the Board approves the request, travel and associated expenses for attending the conference, if any, shall be paid by NMERB. An organization requesting a Board Member as a speaker may pay the Board Member's travel expenses only if such organization is a non-profit organization principally engaged in education relating to the mission of the educational retirement system and is not seeking on behalf of itself or its members to engage in business with the NMERB.

F. Emergency Travel

In an emergency situation, the Chair or Executive Director shall review and approve or deny the requests for travel which were not approved at a previous Board meeting, where the travel will occur prior to the next Board meeting. The Vice-Chair or Executive Director will review and approve or deny an emergency travel request made by the Chair. An emergency situation is generally defined as an unforeseen or sudden, urgent, unexpected occurrence or occasion requiring immediate attention.

G. Payment for Travel

NMERB shall pay for all approved Board Member travel, including transportation and related meals and lodging as set forth in the Per Diem and Mileage Act and current DFA Rules. While traveling, Board Members may accept meals paid for by third parties as permitted by § 22-11-5.1. Board Members may not claim per diem reimbursements for such meals and must comply with Board Policies regarding gifts and disclosure. The Board Member should exercise a prudent, reasonable standard for determining whether the Board Member should allow others to pay for, or participate in, the meal.

H. Report on Travel

Board Members shall give the Board an oral report to the Board on any event requiring travel outside of New Mexico (with the exception of meetings noticed by the Board) at the next regularly scheduled Board meeting.

V. TRADING POLICIES¹⁰

A. Confidentiality of Material Non-Public Information

¹⁰ Proprietary or confidential information also is addressed above in Section III (Standards of Conduct). Board Members should carefully review that Section.

On occasion Board Members may be provided, have access to, or become aware of material non-public information while serving on the Board. In the event that Board Members come into possession or learn of material non-public information concerning a publicly traded company, Board Members must safeguard that information. Such information may not intentionally or inadvertently be communicated to any person, including family members and friends, who do not have a need to know of it for legitimate, NMERB-related reasons. A Board Member who improperly reveals material non-public information to another person, as well as any other person with whom the Board Member shares such information, can be held liable under the anti-fraud provisions of the federal securities laws, including without limitation, Section 10(b) of the Securities Exchange Act of 1934 ("1934 Act").

B. Insider Trading

Federal securities laws generally prohibit persons who have a duty not to disclose material non-public information from trading securities on the basis of such information. Such laws also prohibit fraudulent, manipulative, or deceptive trading practices. Persons who violate these prohibitions are subject to potential civil damages and criminal penalties. Under federal securities laws, the NMERB, its Board, executive staff, certain key personnel, and consultants could be deemed "controlling persons" subject to potential liability under federal securities laws in connection with insider trading. Board Members should contact the General Counsel immediately if they become aware of the possibility of others connected with the Board or NMERB trading securities on the basis of material non-public information gained through their membership on, or connection to or affiliation with the Board or NMERB.

C. Materiality of Information

In general, information is material when there is a substantial likelihood that a reasonable investor would consider the information important in deciding whether to buy or sell the securities in question, or where the information, if disclosed, could be viewed by a reasonable investor as having significantly altered the total mix of information available. Where non-public information relates to a possible or contingent event, materiality depends upon a balancing of both the probability that the event will occur and the anticipated magnitude of the event in light of the totality of the activities of the issuer involved. So long as the information remains material and non-public, it must be maintained in strict confidence and not used for trading purposes. By way of example, it is probable that the following information, in most circumstances, would be deemed material:

1. Unpublished financial results and projections;
2. A significant change in earnings or earnings projections;
3. Unusual gains or losses in major operations;
4. Negotiations and agreements regarding significant acquisitions, divestitures, or business combinations;
5. A significant increase or decrease in dividends on the company's stock;
6. Major management changes;

7. Major litigation; and
8. Governmental investigations, criminal actions, or indictments and any collateral consequences, including potential debarment from government contracts.

Board Members who are uncertain whether a piece of information is material, non-public information should consult with the General Counsel before taking action based upon that information.

VI. BOARD-STAFF COMMUNICATION

A. Communications with Staff and Outside Contractors

1. Board Members should only contact classified staff members through the Executive Director and the exempt staff members.
2. To the extent feasible and not otherwise in conflict with the Board's policies, Board Members should inform the Executive Director when directly requesting assistance or seeking information from the exempt staff members.
3. Board Members should not directly assign tasks to, request assistance from, or make requests of, classified staff members.
3. Board Members should contact outside contractors only through the Executive Director and the exempt staff members, with the exception of outside counsel who might be directly advising Board Members on a matter.

B. Legal Opinions

The General Counsel should provide advice to the full Board upon the Board's request. Board Members shall not individually seek legal advice or formal legal opinions from the General Counsel or outside legal counsel without Board approval. This policy shall not preclude individual Board Members from asking the General Counsel for the NMERB's interpretation of the provision of the Educational Retirement Act, other statutes that affect the NMERB, or Rules and Policies adopted by the Board.

C. Board Response to Inquiries or Complaints

Board Members must be sensitive to inquiries and complaints received from NMERB members, retired members and beneficiaries and others; however, Board Members should not become involved in the day-to-day operational management of the NMERB.

1. Response to Inquiries.
 - a. Members, retired members and others should be directed to contact the NMERB offices directly when inquiries of a general nature are made of Board Members.
 - b. Inquiries about benefits and services should be directed to the Member Services Division.

- c. Inquiries about investments should be referred to the NMERB Chief Investment Officer.
 - d. Board Members are encouraged to have members, retired members and beneficiaries submit general information such as address changes, etc., directly to NMERB staff so as to lessen the chance of errors or misunderstanding.
2. Board Response to Complaints.
- a. Complaints received by Board Members are to be directed to the Executive Director or the Executive Director's designee.
 - b. Procedure for handling complaints initially received by Board Members.
 - (1) The complaint will be investigated and a timely response provided.
 - (2) The Board Member who initially received the complaint will be notified when staff has responded to the complaint.
 - (3) Staff is prohibited from divulging any confidential information when informing the Board Member that staff has responded to the complaint.
- D. Distribution of Correspondence
- Copies of all non-confidential correspondence directed to any Board Member that is received by the NMERB shall be distributed to all Board Members, unless it is of a personal nature or junk mail. The original and copies of all such correspondence shall have a distribution list identifying all recipients of such correspondence.

Exhibit 1
Gift Reporting Form

**EDUCATIONAL RETIREMENT BOARD
GIFT REPORTING FORM
ERB Board Policy Standards of Conduct**
Period Covered by Report (check period and indicate year):
 _____ January – June 20__
 _____ June – December 20__

FULL NAME	Last Name	First Name	Middle Name
BUSINESS ADDRESS	Name of Employer (including Division or Department)		
	Mailing Address		
	City	State	Zip Business Phone #
MAILING ADDRESS	P.O. Box or Street Address		
	City	State	Zip Home Phone #

GIFTS RECEIVED¹ (continued on p. 2)

Date Received	By Whom Received ²	Name/Company Address of Provider	Description of Provider ³	Estimated Value ⁴

¹ Sec. 22-11-5.1, NMSA 1978, specifies that the only gifts which may be accepted from providers described in Footnote 3 are gifts of food or beverage given in a place of public accommodation and consumed at the time of receipt.

² If a person other than the Board member or staff member received the gift (such as a spouse), identify the person receiving the gift and their relationship to the Board member or staff member.

³ For each gift listed above, please provide a description of the provider, by marking (1), (2), (3), (4) or N/A in this column.

(1) – has a current contract with ERB or the ERB Board;

(2) - Is a potential bidder, offeror or contractor for the provision of services or personal property to ERB or the ERB Board;

(3) - Is authorized to invest public funds pursuant to state or federal law or is an employee or agent of such a person; and

(4) - Is an organization, association or other entity having a membership that includes persons described in (1), (2) or (3);

N/A – An individual or business organization to which categories (1), (2), (3) and (4) do not apply.

⁴ Please note the limitation of \$50.00 for a single gift or \$150 in a calendar year per provider as set forth in Section 22-11-5.1.

GIFTS RECEIVED - CONTINUED

(To report additional contributions, please use an extra copy of this page)

I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT THE FOREGOING INFORMATION IS TRUE, CORRECT AND COMPLETE TO THE BEST OF MY KNOWLEDGE.

Signature _____

Date _____

Printed Name _____

Exhibit 2
Board Member Position Description

Each Board Member is responsible for:

- Working constructively with the other Board Members to govern the organization.
- Interacting appropriately with staff, outside contractors and service providers, employers, members, retired members, beneficiaries, and others.
- Discharging his or her fiduciary duties with care, skill, diligence and prudence, solely in the interest of all members, retired members and beneficiaries, and for their exclusive benefit, in accordance with the laws governing the organization.
- Incurring only reasonable expenses in carrying out his or her duties as a Board Member.
- Preparing for Board and Committee meetings by reading materials in the Board packet in advance of the meeting.
- Attending Board and Committee meetings and participating in discussions.
- Respecting the time commitment required for meetings by arriving prior to the start of the meeting and remaining until its conclusion.
- Refraining from speaking or acting on behalf of the entire Board unless expressly delegated that authority by the Board.
- Respecting open meetings laws by not convening meetings, including conference calls or video conferences, with fellow Board Members outside the properly noticed meetings.
- Attending statutorily required educational sessions.
- Acquiring and maintaining knowledge to effectively make decisions and evaluate those to whom duties have been delegated.
- Promptly reporting any ethical concerns to the Board Chair, Executive Director, General Counsel, or the Board's fiduciary counsel.
- Avoiding conflicts of interest or even the appearance of conflicts of interest and disclosing conflicts of interest as required by statute or administrative rules.
- Refraining from any self-dealing with system assets or using the system to promote a personal business or to gain financial rewards.
- Maintaining confidentiality of member records and certain investment activity pursuant to law or system policy.
- Using reasonable care to prevent any other fiduciary of the organization from committing a breach of fiduciary duty.
- Allowing the Executive Director to oversee the operational management of the organization.
- Refraining from performing any function delegated or normally assigned to staff.