

**MINUTES OF THE NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
AUDIT & BUDGET COMMITTEE MEETING**

April 12, 2016

This meeting of the Public Employees Retirement Board Audit & Budget Committee was called to order by Chair Dan Mayfield at approximately 10:05 a.m. on the above-cited date in the PERA Building, Senator Fabian Chavez, Jr. Board Room, 33 Plaza La Prensa, Santa Fe, New Mexico.

Roll was called by Executive Director Wayne Propst and a quorum was established with the following members present:

Members Present:

Dan Mayfield, Chair
John Reynolds, Vice Chair
James Maxon
Jackie Kohlasch

Member(s) Absent:

Tim Eichenberg
Brad Winter

Other Member(s) Present:

Patty French
Dan Esquibel
Paula Fisher
Loretta Naranjo Lopez
John Melia
Cathy Townes

Staff Members Present:

Wayne Propst, Executive Director
Susan Pittard, Chief of Staff-General Counsel
Jonathan Grabel, Chief Investment Officer
Greg Trujillo, Deputy Executive Director
Renada Peery-Galon, ASD Director
Karen Risku, Deputy General Counsel
Dana David, Assistant Counsel
Misty Braswell, Assistant General Counsel
Natalie Cordova, Chief Financial Officer
Karyn Lujan, Deferred Compensation Plan Manager
Jude Perez, Deputy CIO
LeAnne Larrañaga-Ruffy, Portfolio Manager
Emily Lopez, Financial Specialist
Christine Ortega, Portfolio Manager

Lalleh Dayeny, Investment Division
Mark Montoya, Investment Division
Zarina Martinez, ASD

Others Present:

Kory Hoggan, Moss Adams
Angela Janda, Moss Adams

2. APPROVAL OF AGENDA

Ms. Kohlasch moved to approve the agenda as presented. Her motion was seconded by Mr. Reynolds and passed by unanimous [4-0] voice vote.

3. APPROVAL OF CONSENT AGENDA

Chair Mayfield said he reviewed the minutes and found them to be in order.

Mr. Reynolds moved to approve the consent agenda. Ms. Kohlasch seconded and the motion passed by unanimous [4-0] voice vote.

4. CURRENT BUSINESS

A. Executive Session: Presentation of Draft 2015 Schedule of Employer Allocation and Pension Amounts Exit Conference (Under NMSA 1978, Sections 12-6-1 to 12-6-14)

Mr. Reynolds moved to go into executive session pursuant to NMSA 1978, Sections 12-6-1 to 12-6-14 to discuss the matter delineated above. Ms. Kohlasch seconded and the motion passed upon unanimous roll call vote as follows:

Mr. Mayfield	Aye
Mr. Reynolds	Aye
Mr. Maxon	Aye
Ms. Kohlasch	Aye
Mr. Eichenberg	Not Present
Mr. Winter	Not Present

[The Committee met in executive session from 10:08-10:43]

Mr. Reynolds moved to return to open session and Mr. Maxon seconded. That motion passed as follows:

Mr. Mayfield	Aye
Mr. Reynolds	Aye
Mr. Maxon	Aye
Ms. Kohlasch	Aye
Mr. Eichenberg	Not Present
Mr. Winter	Not Present

Chair Mayfield noted for the record that the only item discussed was that which was listed on the agenda.

B. FY16 3rd Quarter Budget Projection

Chair Mayfield said the budget looked excellent with the beginning budget and total expected expenditures well in line.

Renada Peery-Galon, ASD Director, presented the projection through the end of March 2016, 3rd quarter for fiscal year 16. She reviewed the three categories: 200, personal services and employee benefits; 300, contractual services; and 400, other, where most of PERA's operating expenses are. At this point, it is anticipated that each of the categories will end the fiscal year with a positive balance combined to be \$178,000. Ms. Peery-Galon said to date there have been three BARs.

As of April 1, 2016 PERA has five vacant positions out of the total agency positions of 82, placing the vacancy rate at 6.1 percent. This is significantly down from the November vacancy rate which was 18.3 percent. She credited Charlene Zalma, PERA's HR director, for that reduction.

In the 300 category there were two BARs that affected contractual services. Funds (\$22,000) were transferred to complete the repairs to the building's rammed earth and recently \$215,000 was transferred out to 300 to ensure sufficient funds to the end of that year. The funds transferred out had been in the IT subcategory which was double-booked in that the funds were also available and paid out of the 400 category.

Investment and professional service contracts are expected to be approximately \$35 million for this fiscal year. There was a BAR increase to address the renovations and furniture at the new Albuquerque office as well as the increase in postage and printing which was discussed at a previous meeting.

Ms. Peery-Galon reviewed the Board's expenditures and said she projected out full expenditure. A number of trainings for Board members are scheduled for May and June which will leave approximately \$500 in Board trainings. There may be a negative balance (\$1,302) in the Board out of state travel, meals and lodging. However, the savings in the in-state travel should address that. Category 400 is rather unpredictable and staff is reviewing current encumbrances in that category.

Ms. Kohlasch asked whether staff was considering increasing the Board training category especially for the three new members. Ms. Peery-Galon said the operating budget for 2017 will be presented next month and reflects the LFC recommendation to increase Board training. Fiscal year 2016 budgeted \$9,000 for Board training.

Ms. Peery-Galon said she did not anticipate any additional BARs this year and she thanked Valerie Sandoval for her assistance. Chair Mayfield commended staff for controlling the budget.

5. OTHER BUSINESS

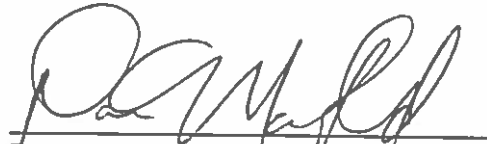
It was requested that staff check a recent problem where the Board room door to

the kitchenette tends to be loud.

6. ADJOURNMENT


Having completed the agenda, Chair Mayfield adjourned this meeting at approximately 10:55 a.m.

Approved by:



Dan Mayfield, Chair
Audit & Budget Committee

ATTEST:



Wayne Propst, Executive Director