

NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
AUDIT & BUDGET
COMMITTEE MEETING

February 9, 2016

This meeting of the Public Employees Retirement Board Audit & Budget Committee was called to order by Chair Dan Mayfield at approximately 10:20 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 Deputy Executive Director Greg Trujillo 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) Excused:

Tim Eichenberg
Brad Winter

Other Member(s) Present:

Patty French
Dan Esquibel
Loretta Naranjo Lopez
Paula Fisher
Cathy Townes

Staff Members Present:

Susan Pittard, Chief of Staff-General Counsel
Greg Trujillo, Deputy Director
Jonathan Grabel, Chief Investment Officer
Renada Peery-Galon, ASD Director
Natalie Cordova, Chief Financial Officer
Danna Varela, Executive Assistant
Karen Risku, Deputy General Counsel
Jude Perez, Deputy CIO
Dana David, Assistant Counsel
Joaquin Lujan, Director of Rates and Credit

Karyn Lujan, Deferred Compensation Plan Manager

2. **APPROVAL OF AGENDA**

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

3. **APPROVAL OF CONSENT AGENDA**

No action was taken on this item.

4. **CURRENT BUSINESS**

A. **2016 Audit & Budget Committee Work Plan**

Natalie Cordova, Chief Financial Officer, and Renada Peery-Galon, Administrative Services Director, reviewed the work plan for the Audit & Budget Committee as proposed by staff beginning with March.

Ms. French asked whether the 2018 budget anticipated additional staffing. Ms. Peery-Galon said there are currently 82 FTEs with PERA and the current HAFC recommendations include two expansion positions. Planning for FY18 will begin in June and she anticipated discussion regarding FTEs once the planning period begins.

Ms. Peery-Galon said PERA was working on three position offers and if those are accepted there will be four vacant positions.

B. **FY16 2nd Quarter Budget Projection**

Ms. Peery-Galon said the budget projections are through the beginning of January 2016. There is cushion in both the 200 (personal services and employee benefits) and 300 (contractual services) categories. There is a projection of falling short in the 400 (other) category of approximately \$165,988.

Ms. Peery-Galon provided details for the three categories. She noted if the current offers are accepted, the staff vacancy rate will be 4+ percent. In the other 400 category she highlighted the BAR for purchasing furniture and the renovation of the Albuquerque office. She noted that printing and postage as well as the Albuquerque office expenses are over the budgeted amounts. US Postal Service now charges for return mail and an out-of-state rate for mail outside of the 505 phone area code. The charge for returned mail is \$0.59 and there were approximately 4,000 1099s returned. Printing is over budget by \$90,000+ and she attributed that to the new branding. PERA is conducting a greater volume of mailings and there has been an increase in charges. She reviewed the unanticipated increases in the Albuquerque office renovation and furniture.

Ms. Peery-Galon said the FY16 3Q budget projections will be presented to the Committee in April and at that time she will ask for a BAR or category transfer from Category 300 to Category 400 to ensure there is sufficient budget for the fiscal year. DFA and LFC will need to review the request. She said state agencies have BAR authority to make category transfers and she did not anticipate any issues with DFA or LFC.

Ms. Peery-Galon said she anticipated moving \$150,000.

C. Request for Proposals for Financial and Compliance Audit

Ms. Peery-Galon said the RFP provided to the Committee includes background, scope of work, minimum qualifications and the timeline. The RFP will be released February 10th and proposals are due March 7th. She said the contract permits extension for two successive one-year terms. Per state audit rules the contract cannot go beyond three years with the vendor selection. The scope of work and MQs were reviewed which included experience with GASB 67 and 68 and demonstrated experience in auditing different investment classes. The MQs also include a provision to ensure the protection of member data.

Ms. Kohlasch volunteered to serve on the evaluation committee.

Responding to Mr. Reynolds' questions, Ms. Peery-Galon said Moss Adams has been the auditor and they are not excluded from bidding on the job. Mr. Reynolds asked about outreach other than notice in the *Journal* and posting on the PERA website about the RFP. Ms. Cordova said PERA would let audit firms know about the RFP's publication.

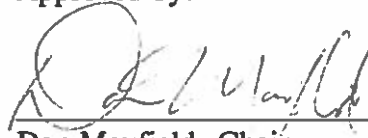
5. OTHER BUSINESS

None was presented.

6. ADJOURNMENT

Having completed the agenda, Mr. Reynolds moved to adjourn and Ms. Kohlasch seconded. Chair Mayfield adjourned this meeting at approximately 10:50 a.m.

Approved by:



Dan Mayfield, Chair
Audit & Budget Committee

ATTEST:


Wayne Propst, Executive Director