

LFC HEARING BRIEF

AGENCY: State Investment Council (SIC), Educational Retirement Board (ERB) and Public Employees Retirement Association (PERA)

PREPARED FOR: Investments Oversight Committee

DATE: June 8, 2009

PURPOSE OF HEARING: Informational

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Because alternative fund managers raise capital intermittently, outsourcing marketing duties to third-party marketers can be more efficient than building in-house programs.

BACKGROUND INFORMATION

Charges were recently filed in New York alleging that David Loglisci and Henry "Hank" Morris, two former aides to former New York State Comptroller Alan Hevesi, conducted a fraudulent "pay to play" scheme to extract payments from private equity and hedge fund managers in exchange for investment commitments. Under the scheme, both Loglisci and Morris acted as third-party marketers (3PM) or placement agents, collecting fees from investment managers for assistance in obtaining investment commitments from the \$122 billion New York pension fund. While 3PM payments are not in themselves illegal, both the New York State Attorney General's Office and the Securities and Exchange Commission (SEC) allege that in this case these payments were nothing more than "thinly disguised kickbacks" to Loglisci, Morris and the comptroller himself, who has already plead guilty to unrelated charges.

Third-party Marketing. Alternative investments such as private equity typically require a direct investment with a fund manager as opposed to an open-market purchase through a broker. To raise sufficient capital for investment, fund managers often hire third-party marketers. According to the Third-Party Marketers Association, third-party marketers "assist in increasing institutional assets for their investment manager clients." They can serve a purpose due to the long and, at times, arduous process of soliciting a direct investment of public money. Due to its non-transparent and unregulated nature, however, 3PM is prone to misuse and corruption as is evidenced by the current situation in New York.

As the New York case illustrates, differentiating between a legitimate 3PM and an individual with political ties posing as one selling influence can be difficult. As the *Wall Street Journal* reports: "The main legal issue for the investment firms turns on whether they knew or should have known, that fees they paid to certain entities for access to the New York fund were legitimate or improper kick backs and whether they were properly disclosed."

Investment Staff Oversight. The potential for abuse related to 3PM when selecting investment managers was recognized by state personnel as early as 2005, when an investment working group composed of agency investment staff, representatives from the Department of Finance and Administration (DFA) and the Governor's Office made final recommendations for revising policies (Attachment A) to accommodate new legislation that expanded allowable asset

"...the State Permanent Fund Task Force was created by the Legislature in 2004 to examine the safeguards applicable to investments of the Permanent Funds and discuss best practices for internal and external controls."

- July 2005 SIC Board Minutes

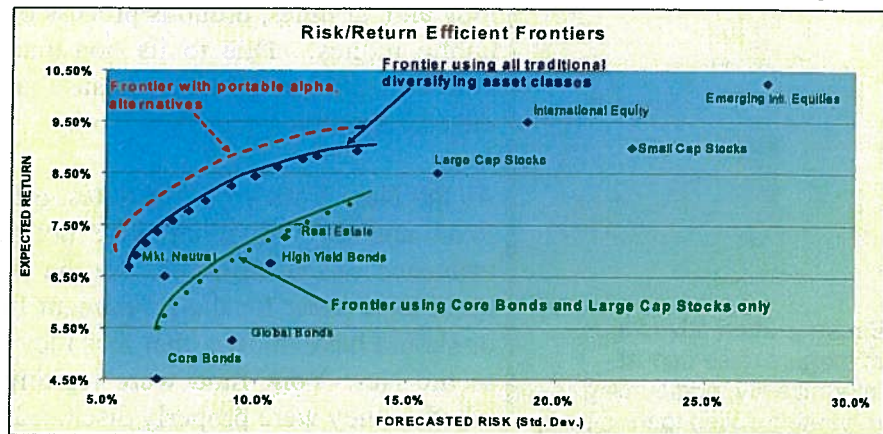
**Prudent Investor Act
Laws 2005, Chapter 240
House Bill 389 –
Representative "Lucky"
Varela**

Subjecting state investment agencies to the Prudent Investor Act eliminated the need for a "legal list:" a menu of allowable investment options. Now all agencies can invest in virtually any asset so long as it meets the prudent investor standard and fits the agency's policies. This shift from traditional assets naturally increased the required sophistication of those responsible for choosing investments and advisors, monitoring portfolios, and assessing risks. Whether that sophistication has been sufficient is now under scrutiny.

classes and exempted investment-related contracts from the procurement code. The group advocated ensuring "the use of a competitive and transparent process to select each outside investment manager, consultant, and/or advisor." In addition, the group foresaw potential issues with third-party marketing when it recommended information for alternative investments be publicly disclosed: "A report for the appropriate oversight board on at least a quarterly basis disclosing the name of investment manager, investment firm or general partner, amount of investment; and any fees paid to third-party marketers by the investment manager or general partner." The recommendation for 3PM disclosure is not reflected in SIC board minutes discussing procurement policy changes adopted in August 2005.

LFC Oversight. Since the enactment of the Prudent Investor Act in 2005, sponsored by Representative "Lucky" Varela, LFC has closely monitored the state's alternative investment programs. In addition to private equity, alternative investments include such non-traditional asset classes as real assets, real estate and hedge funds. The theory behind adding alternative assets to a portfolio is that they improve investment risk/return potential by shifting the "efficient frontier" (a line depicting expected risks and returns for various portfolio combinations) upward from the traditional-only mix through greater diversification, as shown in Chart 1.

Chart 1 – Efficient Frontier with Alternative Investments



While SIC had been investing in certain alternative investments for over a decade, the Educational Retirement Board (ERB) and the Public Employee Retirement Association (PERA) began investigating the new options available to them in 2005. As early as 2006, LFC contracted Public Finance Management Group (PFM Group) to review alternative investment policies and procedures. PFM concluded that the state uses an acceptable methodology for valuing

"The committee is particularly focused on oversight of the alternative investment program undertaken by the pension fund."

-Report of the Legislative Finance Committee, Volume II, January 2008

Layers of Outside Expertise:

- General consultant
- Specialized consultant
- Fund manager
- Fund-of-funds manager
- Third-party evaluations
- Outside legal counsel
- Actuary

real estate. It underscored the following points for other investment types:

- Specialized consultants are important for hedge funds, due to this investment's complex nature.
- Using appropriate benchmarks, while difficult, is essential for tracking performance.
- Decreased transparency of fees and practices, as well as documented fraudulent activity, makes due diligence a critical aspect of oversight .

The report concluded, "While riskier, less transparent, and less liquid than more traditional asset classes, alternative investments can offer pension funds higher returns when handled with care."

Also in 2006, the LFC quarterly investment reports started following the agencies' progress toward executing their alternative strategies. While generally focused on performance, these reports regularly included expanded discussions on specific issues relating to alternative investments. This theme of tracking how well the agencies were mitigating the unique challenges posed by non-traditional asset classes produced two LFC hearings on the subject, one in August 2006 and a follow up hearing in April 2008. In addition to the issues of due diligence, illiquidity, valuation, fees, benchmarking, evaluating performance, transparency and reporting, these hearings highlighted three key issues relevant to the current discussion.

Expertise. As noted in the April 2008 hearing brief (included as Attachment B and posted on the LFC website), "First and foremost is obtaining the expertise necessary to navigate this new territory, which includes hiring outside consultants as well as building staff for analysis, accounting and monitoring." Table 1 identifies the outside consultants for each agency at that time. As discussed more extensively below, Aldus played a key role in implementing the private equity programs but has been terminated as the private equity advisor by SIC and ERB.

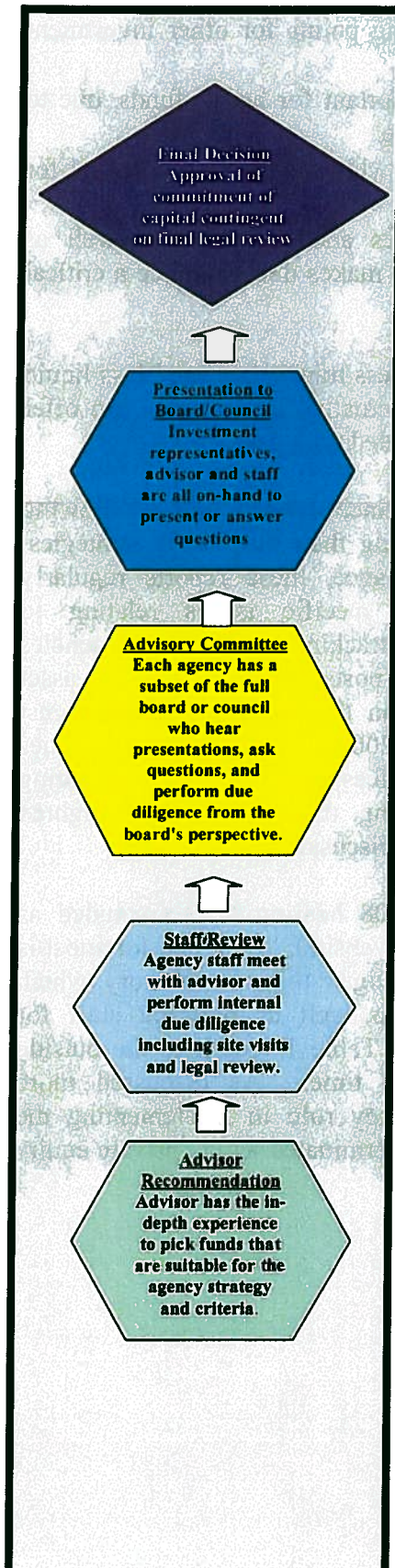


Table 1 – 2008 Investment Advisors

Agency	Consultant	Asset Class
ERB	NEPC	General Consultant
	NEPC	Hedge Funds
	Aldus	Private Equity
	ORG	Real Estate & Real Assets
	Courtland	Infrastructure
PERA	RVKuhns	General Consultant
	Cliffwater	All Alternatives
SIC	NEPC	General Consultant
	NEPC	Hedge Funds
	Aldus	Private Equity – National Program
	Sun Mountain Capital	NM Private Equity
	Courtland	Real estate

The alternative consultants were charged with sourcing deals, executing diversification, performing thorough due diligence, monitoring performance and reporting. Often the general consultants would provide additional analysis serving as an additional layer of due diligence. Outside legal council was also retained. Attachment C contains a more detailed list of current outside consultants.

Procurement. The August 2006 brief highlighted the importance of manager selection, particularly given the agencies' exemption from the procurement code for investment-related services: "It is important that the agencies have adopted investment policies to promote open and fair procedures for awarding contracts, provide transparency, track performance and comply with all relevant laws, statutes and codes of conduct." The flow chart in the sidebar, reproduced from the April 2008 brief, illustrates a basic five-step process designed to thoroughly vet investment opportunities and help ensure only those meeting policy and legal parameters were approved.

Monitoring. Given that alternatives are less transparent than publicly-traded securities, staff oversight of investments was identified as a critical element for program success. During the extensive interviews conducted by LFC staff for preparing the April 2008 report, all agencies reported that they were receiving reliable information about valuation and that reporting was sufficient. At the time LFC staff reported that "all of the investing agencies have responsible policies and procedures established with layers of monitoring to protect the state's money."

Actions Against Aldus

Since Mr. Meyer's arrest, SIC has terminated Aldus as its national private equity advisor. ERB will suspended the Aldus contract at the March 15, 2009, meeting of the Investment Committee and terminated the firm at a special May board meeting.

On May 6, 2009, New York State Comptroller Thomas P. DiNapoli filed suit in New York Supreme Court against Aldus Equity Partners, its principals and other entities, alleging fraud, bribery, breach of contract, breach of fiduciary and conspiracy.

The Securities and Exchange Commission in April amended it original New York complaint to include Aldus.

The FBI has questioned SIC and ERB staff about Aldus. New York Attorney General Andre Cuomo, who is attempting to develop a nationwide investigation into potential abuse of public pension funds in the United States, has been in contact with the New Mexico Attorney General's Office.

Another New Mexico tie to the New York case involves the Carlyle Group. Mr. Morris is listed as placement agent for an SIC 2005 deal. In May, Carlyle reached a \$20 million settlement with New York Attorney General's Office. As part of the agreement, the company will stop using third-party marketers and restrict campaign contributions.

THIRD-PARTY MARKETING IN NEW MEXICO

New York/New Mexico Connections. Aldus Equity Partners, whose founder Saul Meyer was recently arrested in connection with the New York investigation, was hired in 2003 by SIC and in 2006 by ERB to advise the agencies on their national and overall private equity portfolios. Prior to Mr. Meyer's arrest, both ERB and SIC had temporarily suspended ties with the company pending further review. At a special April SIC meeting called by public member Andrew Davis, State Investment Officer Gary Bland said the primary consideration appeared to be performance, noting that Aldus brought them the "best deals." However, Mr. Davis noted that increased investment returns do not justify a breach of ethical conduct.

In response to the New York investigation, investment staff from all three agencies—ERB, SIC and PERA—have requested disclosure from funds in which they have made commitments regarding any 3PM fees. While they have received a number of responses regarding these fees, some funds have refused to disclose information relating to third-party payments. Thus, the full extent of 3PM payments to New Mexico agents or other ties to New York remains undetermined. SIC and the pension funds do not have subpoena power to force disclosure, unlike the Attorney General investigating the pay-to-play case in New York.

Key names associated with the New York scandal that have shown up as having received 3PM payments in New Mexico include both Hank Morris and Dan Hevesi (son of former NY Comptroller Alan Hevesi), who received 3PM payments of \$250,000 or more related to SIC private equity investments. California-based placement agent Julio Ramirez, pleading guilty to one count of securities fraud in New York under the Martin Act, was also paid for in connection with three SIC investments and one ERB deal. Dallas hedge-fund executive Barrett Wissman, who also acted as a third-party agent in New York and has subsequently pleaded guilty to state securities fraud, received \$150 million commitments for his hedge fund from the SIC and ERB. Both agencies have since withdrawn from the fund.

Although the New Mexico Attorney General's Office has been involved in recent events, details have not been released. Both SIC and ERB have refused public disclosure of a federal grand jury subpoena possibly issued in connection with an investigation into fees paid to third-party agents in this state.

**Total 3PM Payments
Reported*:****SIC: \$27.1 million****ERB: \$7.6 million****PERA: \$1.1 million**

*Some fund managers declined to provide the requested information or did not respond to inquiries. In addition, some fee terms include an ongoing slice of management fees. Thus, the totals are understated.

Summary of 3PM Payments in New Mexico. Attachment D includes the lists of third-party marketer payments provided by SIC, ERB and PERA. Table 2 provides a summary of the payments of the top five 3PM earners by investment agency. One noticeable result of the agencies' findings was that while ERB and SIC investment funds reported 3PM payments in excess of \$35 million, PERA's investment firms made about \$1 million in payments. Additionally, in all of the incidences in which 3PM were used by funds soliciting investments from PERA, nationally licensed marketing or placement firms were used. The majority of payments made relative to ERB or SIC investments were made to in-state individuals even if a large, out-of-state marketing firm was involved.

**Table 2 – Summary of 3PM Payments Made in New Mexico
Top 5 Earners by Fund**

SIC	Firm or Individual	Investment Amount	Fees Earned*
	Marc Correra	\$ 1,099,916,667	\$ 12,029,282
	Alfred Jackson	\$ 395,000,000	\$ 3,411,875
	Dan Weinstein	\$ 190,000,000	\$ 1,837,500
	Guy Riordan	\$ 246,000,000	\$ 936,580
	Julio Ramirez	\$ 70,000,000	\$ 797,500
ERB	Firm or Individual	Investment Amount	Fees Earned*
	Marc Correra	\$ 175,500,000	\$ 3,941,667
	Dan Weinstein	\$ 100,000,000	\$ 800,000
	Vicky Schiff	\$ 100,000,000	\$ 800,000
	Richard Polanco	\$ 20,000,000	\$ 300,000
	Patrick Dunleavy	\$ 40,000,000	\$ 269,314
PERA	Firm or Individual	Investment Amount	Fees Earned*
	Credit Suisse	\$ 105,000,000	\$ 481,399
	Clay K. Deniger	\$ 30,000,000	\$ 300,000
	Park Hill	\$ 55,000,000	\$ 235,000

* Because this information was collected on a voluntary basis by investment agency staff, a number of funds either did not respond or refused to disclose all of the information necessary to compile all of the 3PM payments related to state investments. Therefore the amounts listed under "fees earned" are likely much higher than presented here.

Source: SIC, ERB and PERA Reports (Attachment D)

Trends. 3PM payments in New Mexico have been concentrated with a select few agents, a pattern similar to that identified by prosecutors in New York. Of the approximately \$27 million in 3PM payments reported by SIC's investment firms, nearly 65 percent were paid to only three people. Nearly 50 percent went to only one individual, Marc Correra, through whom more than \$1 billion of investment commitments were made by SIC. When combining payments from both SIC and ERB, Mr. Correra is reported to have earned at least \$16 million. Exact amounts are difficult to determine because fees were split with other agents in some instances.

Vanderbilt Lawsuit

The director, acting on behalf of the General Services Department, Risk Management Division, through the public liability fund, will have the right and the duty to defend the covered party against a claim or suit.

Each of the governmental entities of the state of New Mexico is a covered party under this certificate of coverage. While acting within the scope of their duties, any official, officer, employee, or volunteer of the governmental entity is also a covered party to the extent the governmental entity owes indemnification and defense as defined in Section 41-4-4 of the Tort Claims Act.

The act specifies that unless an insurance carrier provides a defense, the state shall provide a defense, including costs and attorney fees. The state can recoup those expenses if, in the final judgment, it is shown that, while acting within the scope of his duty, the public employee acted fraudulently.

Fees. ERB's list also raises the question of why such high fees were paid to so few. On average, 3PM fees normally range from 1 percent to 2 percent. However, on one deal Mr. Correra earned 3 percent of a \$40 million commitment, netting him \$1.2 million in fees. Other arrangements with national marketing firms resulted in fees of less than 1 percent being paid. It is currently unclear to staff at both LFC and ERB why such a high fee was paid in this instance.

Delayed Payments. According to 3PM disclosure documents released by ERB, one hedge fund, "TAG, was the sub-advisor to HFV Asset Management LP until March 2008; upon assuming the role of primary advisor, TAG agreed to engage Cabrera Capital Markets as a third-party marketer." This agreement took place more than a year after a \$50 million investment commitment was obtained from ERB. As discussed, third-party marketers are generally paid to solicit and secure investment commitments. Because the investment from ERB had already been obtained, it is unclear what services the 3PM agents provided the fund in this instance.

Local Placement Agents. In some instances, more than one firm is listed as a placement agent, and in some of those cases, New Mexico agents are listed along side well-known established marketing firms—such as Park Hill. In many of these instances, information from the investment firms themselves is lacking due to non-disclosure. ERB and SIC staff have attempted to retrieve such information unsuccessfully from a number of funds; however, as previously noted, these agencies do not have subpoena power.

Vanderbilt. The combined losses of \$90 million for ERB and SIC investments in the Vanderbilt CDO is the subject of a civil whistleblower lawsuit, *Frank Foy v New Mexico State et al.* ERB staff have received verbal confirmation of a \$2 million payment to Marc Correra paid by the firm. So far, the Risk Management Division of the General Services Department (GSD) reports that the state has spent over \$162.4 thousand on the case defending covered parties, as described in the sidebar. ERB recently submitted a budget adjustment request for \$50 thousand to cover legal fees associated with the suit.

Aldus and 3PM Payments. It is unknown whether Aldus directly paid 3PM fees in New Mexico as part of obtaining its advisory contracts for SIC and ERB or as part of the \$75 million commitment ERB made to a private equity co-mingled fund managed by Aldus. ERB requested the information but has not received a response. However, after discussions with investment staff, the firm's actions regarding the 3PM fees paid by the funds it recommended to ERB appear to be unprofessional.

SIC has implemented a permanent ban on third-party placement or marketing agents by investment firms. ERB does not plan on following suit after the six-month ban expires. The agency is developing a new policy that relies on full disclosure.

Governance Structures

ERB (7 Members)

Ex officio (2):

- **Treasurer**
 - Mr. James Lewis
- **Secretary of Public Education**
 - Dr. Veronica Garcia

Elected (3):

- **1 Member of the New Mexico Association of Educational Retirees**
 - Mr. Russell Goff
- **1 Member of the National Education Association of New Mexico**
 - Ms. Mary Lou Cameron, Vice Chair
- **1 Member of the New Mexico American Association of University Professors**
 - Dr. Beulah Woodfin
- **Appointed By Governor (2):**
 - Mr. Bruce Malott, Chair
 - Mr. Gary Bland

By contract, Aldus was required to disclose all 3PM or placement agent arrangements (See excerpt from the Professional Services Agreement included as Attachment E.) However, it did not do so until ERB's Chief Investment Officer requested the information about 18 months ago. At the same time, ERB staff also started sending questionnaires directly to the general partners (GPs) of the funds and became increasingly concerned when the GP responses revealed discrepancies with the disclosures provided by Aldus. Poor customer service and other instances of nondisclosure added to this growing unease. ERB Executive Director Jan Goodwin was alerted of the staff's growing dissatisfaction with Aldus soon after taking up the position in April 2008.

According to ERB, staff was considering recommending ERB terminate its relationship with Aldus when the New York case erupted. That dissatisfaction grew when ERB staff started learning about important developments regarding the New York investigation from the press instead of from Aldus itself. After a teleconference in which the recently arrested founder of Aldus, Saul Meyer, did not adequately address various concerns, staff made a recommendation to ERB to suspend Aldus, which it did at its April 2009 meeting.

Similarly, SIC staff has requested 3PM information be disclosed by recipients of permanent fund investments for sometime. However, SIC members apparently did not receive this information until the April 2009 special meeting after the New York investigation became public.

POTENTIAL WEAKNESSES

Recent events suggest that existing policies and procedures might be ineffective. The pay-to-play scheme alleged in New York and its spillover into New Mexico provide the Legislature the opportunity to re-examine the way the state manages its permanent and pension funds to ensure the prudent management of public money and restore taxpayer confidence.

Whether the future reveals an illegal pay-to-play scheme in New Mexico or not, the appearance of impropriety risks losing public confidence. Identifying weaknesses regarding New Mexico's management of its pension and permanent funds suggests ways the state can better address and manage these risks.

Governance. A distinguishing factor in the New York case concerns governance, or how an agency is structured regarding investment decisions and oversight. In New York, very few people had direct

**Governance Structures,
Continued****PERA (12 Members)****Ex officio (2):**

- **Treasurer**
 - Mr. James Lewis
- **Secretary of State**
 - Ms. Mary E. Herrera

Elected (10):

- **4 State Members**
 - Ms. Nancy Hewitt, Vice Chair
 - Ms. Annette Martinez-Varela
 - Mr. Oscar Arevalo
 - Mr. Francis Page
- **4 Municipal Members
(Including 1 County Member)**
 - Ms. Cynthia Borrego, Chair
 - Ms. Susan Biernacki
 - Ms. Patricia French
 - Mr. David Baca
- **2 Retired members**
 - Mr. Victor Montoya
 - Mr. John Lucero

SIC (9 Members)**Ex officio (5):**

- **Governor, Chair**
 - Mr. Bill Richardson
- **Treasurer**
 - Mr. James Lewis
- **Secretary of Finance and Administration**
 - Ms. Katherine Miller
- **Commissioner of Public Lands**
 - Mr. Patrick Lyons
- **State Investment Officer**
 - Mr. Gary Bland

**Appointed By Governor*
(3 Public Members):**

- Vacant
- Mr. Andrew Davis
- Mr. Stephan L. Feinberg

**Appointed By Governor*
(Chief Financial Officer of a
State Institution of Higher
Education):**

- Mr. David Harris

*Consent of Senate

authority over the investment decisions of the fund, which resulted in an overconcentration of power with insufficient checks and balances. This structure differs significantly from the current model of governance in New Mexico, where alternative investment decisions generally include a chief investment officer (CIO), agency staff, outside consultants, investment committees and the agency boards or councils. This layered structure of oversight would appear to provide a robust assurance of ethical and competent outcomes. However, its efficacy is dependent on two primary factors: the expertise and independence of the decision makers.

Expertise of Members. Expertise in this context means knowledge gained from being a professional in the investment industry. Since the enactment of the Prudent Investor Act, the necessary level of expertise has widened from traditional asset classes to include alternative investment strategy. Because the agency boards generally make final alternative investment decisions, the issue of board member expertise has correspondingly risen in importance. While both pension funds have initiated more vigorous training programs, neither plan currently requires professional expertise as a prerequisite for any of the elected or appointed board positions. This lack of expertise might contribute to board members relying heavily on the chief investment officer.

Financial sophistication is necessary in order for board members to understand and, when necessary, challenge proposals from staff and contracted advisors. In addition, complicated investments might be oversimplified without proper disclosure of all inherent risks. ERB's decision to invest in the Vanderbilt collateralized debt obligation (CDO) for example, may have rested primarily on its AAA rating without the board's full appreciation of risks identified by general consultant, NEPC.

In contrast, public members of the SIC are required by statute (Section 6-8-2, NMSA 1978), public members appointed as members of SIC to "be qualified by competence and experience in the field of investment or finance," and "shall not be engaged in any capacity in the sale of securities to the state." However, no board members publicly questioned staff or advisors about 3PM before April's special meeting.

Independence of Board Members. Boards are composed of appointed members, elected members and ex officio members. Attachment F includes the composition of the two pension boards and SIC as of May 2009.

"The committee recommends the Legislature consider expanding ERB board membership or require additional members to have investment or public finance experience."

-Report of the Legislative Finance Committee, January 2004

"The committee recommends the full Legislature consider restructuring ERB's membership to encourage active participation."

-Report of the Legislative Finance Committee, January 2003

Diversity amongst board members greatly improves board independence and the decision making process. However, if members are few or inactive, independence has the potential to be weak. Board governance for ERB, with only seven members and regular meetings scheduled bi-monthly, is an example. As far back as 2003, LFC began recommending that the Legislature consider restructuring ERB's membership to improve governance. More recently, the August 2006 LFC brief raised a red flag regarding the events that surrounded the hiring of Aldus in 2006, as excerpted below.

From the August 4, 2006 LFC Hearing Brief:

"ERB is currently in contract negotiations with Aldus Equity, who also advises the SIC on private equity investments, for its private equity consultant. There are some concerns regarding this procurement, as the records indicate a significant difference of opinion between the ERB staff members and the board members on the Investment Committee.

An investment staff memorandum to the board dated May 31, 2006 documents the procurement history as required by policy. Of the ten firms that responded to the RFP, eight were independently analyzed by members of the review committee consisting of three staff members and one board member. On April 18, 2006 the review committee met and selected four finalists to be interviewed by the Investment Committee. Based on these interviews, the Investment Committee eliminated two of the finalists. Of the two remaining finalists, ERB staff recommended Hamilton Lane based on its size and dominant presence in this market, while the three board members chose Aldus, based primarily on cost and the company's reported thorough due diligence practice. The four voting members of the Investment Committee ultimately voted 3 to 1 to hire Aldus Equity.

The board vote was also split, the majority accepting the Investment Committee's recommendation of Aldus, while the two dissenters supported the staff recommendation of Hamilton Lane. Finally, according to a July 12, 2006 *Albuquerque Journal* article, a contribution made by Aldus to the NM Highland University "president fund" raises questions regarding Aldus's political activities within New Mexico."

During the 2009 legislative session, the Legislature passed Senate Bill 460, which sought to increase both the level of expertise and independence of SIC. The bill would have increased the number of

**Salary Of Agency
Investment Officers**

SIC: Gary Bland \$308,381

ERB: Bob Jacksha \$172,156

PERA: Bob Gish \$192,472

**Salary Of Agency
Executive Directors**

ERB: Jan Goodwin \$130,959

PERA: Terry Slattery \$143,015

SIC members from nine to 13 while simultaneously decreasing the number of members appointed by the governor. The bill would have further required that all new public members have “no less than 10 years experience in the field of investment or finance.” The bill was vetoed by the governor without comment.

Whether members of a board fully incorporate staff recommendations in their deliberations or simply “rubber stamp” advisor or investment committee recommendations is an important issue and difficult to discern. The Private Equity Investment Advisory Committee (PEIAC), an SIC subcommittee, has on a number of occasions failed to approve potential investments brought before it by external advisors and SIC staff. On four occasions for PERA and five for ERB, staff disapproval of a proposal was sufficient to kill a deal.

Investment Staff. With the advent of alternative investments, staff requirements have soared. Agencies requested but did not always receive additional FTE to handle the due diligence associated with such assets. In addition, resources were not always allocated in a timely manner. For example, PERA received 2 FTE for its investment group for FY09 and is just now filling them. Although the agency points to the hiring freeze for the delay, it appears the funding may have been allocated to pay seven in-band pay hikes applied in FY08 in the effort to retain the staff it had. How the state deals with the comparatively high salaries for investment FTE and ensures it is retaining quality staff is an ongoing issue. SIC also requested an additional FTE for alternative investment due diligence in its FY10 budget request. It received additional funds for legal fees related to alternative investment due diligence but did not receive the expansion FTE. Investment staff for SIC, ERB, and PERA are listed in Attachment G.

Investment Policy. As previously discussed, there are currently no written formal policies regarding 3PM disclosure despite apparent discussions and “informal policies” on the matter.

The working group recommendation (Attachment A) served as an outline for House Bill 876, which passed unanimously by the Legislature and was signed into law by the governor under Laws 2009, Chapter 152. The bill, sponsored by Representative Miguel Garcia, prohibits SIC, ERB, or PERA from making any direct investment without full disclosure of all 3PM relationships and payments from the prospective investment fund. Furthermore, any individual who “knowingly withholds” such information will now be guilty of a fourth degree felony.

The Board of Finance awarded the Department of Administration (DFA) \$150 thousand to contract for an outside fiduciary audit of the State Treasurer's Office in 2005. How the proposed LCS/BOF review would be funded would need to be determined.

Disclosure and Transparency. Up until this point, no agency CIO had required a breakdown of the fees being paid to investment firms, including any third-party fees as a condition of investing.

One defense proposed by SIC was that because the agency didn't pay the fees directly, they were a cost to the investment firm and not SIC and the information wasn't relevant. However, this defense does not address two separate issues: whether the payments were legal and whether they were embedded in the fees SIC was paying the investment firms.

NEXT STEPS

Agency Reviews. All three investment agencies are internally reviewing their respective investment practices, and ERB is considering conducting an outside investigation into its procurement process in general and of Aldus in particular. While these reviews are a healthy step in resolving the aforementioned weaknesses, it may be prudent for all state investment agencies to perform independent reviews of their business and procurement practices.

Federal Regulations. Federal regulators, including the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB), have also been considering reviewing various investment practices related to 3PM and pay-to-play. At present, the only significant rule governing investment professionals and campaign contributions is MSRB Rule G-37. The rule was enacted in April of 1994 and prohibits securities dealers from engaging in negotiated municipal securities business with an issuer, such as New Mexico, for a period of two years if they make political contributions to an official with influence over the award of a municipal bond business. Many industry experts believe that the enactment and subsequent revisions of this rule may have served to somewhat displace financial sector political contributions into the less regulated arena of alternative investments.

Role of the Legislature. The Legislature plays an important role in relation to the state's pension and permanent funds by providing public accountability and oversight. House Bill 876, which requires disclosure of all 3PM arrangements related to the investments of SIC, ERB, and PERA, will go a long way in mitigating the potential for pay-to-play in New Mexico. The Legislature must now contemplate whether or not House Bill 876 should be expanded to include all state entities with investment functions, or whether the state should go even further by statutorily placing an outright prohibition on 3PM relative to state investments. Both of these questions are likely to be posed to the Legislature during the next legislative session.

Recent Developments:

- **The governor has agreed to an outside audit of the three investment agencies.**
- **The governor also suggests he will support a proposal to expand the number of SIC board members as long as it does not dilute executive "majority control."**
- **Companies doing business with the SIC are banned from making political contributions to elected officials or people seeking political office that may have influence over the SIC. That ban continues over the term of the investment and extends for a two year period.**
- **SIC is prohibited from knowingly investing in companies who have made such political contributions for two years prior to seeking the investment.**

Additionally, continuing the tradition of strong oversight by interim committees is critical. One option would be to hire a third party to perform an independent forensic or business review as a follow up to the review performed by PFM for LFC. At its May meeting, the Legislative Council passed a motion directing Legislative Council Service (LCS) staff to partner with the State Board of Finance (BOF) to perform a fiduciary audit of all three state investment agencies. Given the longer period that agencies have been active in the area of alternative investments, such a review would further identify key weaknesses in policies and procedures and provide specific "best practices" recommendations.

The results of such independent reviews could then be directly reported to both the Investments Oversight Committee (IOC) and LFC. Ultimately, it is imperative that both IOC and LFC continuously re-examine the practices of state investment agencies to ensure that taxpayer money is being invested prudently and responsibly in New Mexico.

QUESTIONS

1. Why wasn't the recommendation to implement a formal 3PM policy ever formally heard by SIC, ERB, or PERA?
2. Regardless of the fact that the state itself was not paying 3PM, why did staff treat 3PM as non-germane to the investment process and not keep track of 3PM payments?
3. Why did ERB and SIC staff, who knew as early as 2005 that 3PM payments existed relative to state investments as evidenced by the 2005 policy recommendation and contractual requirements that Aldus disclose such payments, choose not to alert or disclose 3PM agreements to board members?
4. Why did ERB staff recommend that the board hire Hamilton Lane instead of Aldus as private equity advisor in 2006?
5. Is full disclosure of 3PM payments sufficient to ensure against conflicts of interest and or corruption, or should the Legislature consider an outright statutory prohibition on 3PM payments in relation to public investments?
6. Are the agencies taking any action toward those fund managers that refused to disclose third-party information?
7. Have any of the investment agencies been in contact with the New Mexico Attorney General's Office regarding third-party payments? What was the response?

Investment Working Group

A. SELECTION OF OUTSIDE INVESTMENT MANAGERS, CONSULTANTS, AND ADVISORS

Issue: Potential for selecting investment managers for personal gain

Recommendation: Ensure the use of a competitive and transparent procurement process to select each outside investment manager, consultant, and/or advisor, and ensure that the respective oversight body is informed on at least a quarterly basis of any individuals hired in this capacity and their performance.

B. REPORTING AND DISCLOSURE

Issue: Potential for overpaying commissions.

Recommendation:

Publicly Traded Equities

Make publicly available: A report for the appropriate oversight board on at least a quarterly basis disclosing commissions paid to each broker/dealer, including those generated by both internal and external portfolio managers.

Fixed Income Securities

Make publicly available: A report for the appropriate oversight board on at least a quarterly basis disclosing all fixed-income purchases and sales transactions and the trading volume of such transactions with each broker/dealer, including those generated by both internal and external portfolio managers.

Alternative Asset Investments (i.e. real estate, hedge funds, and private equity)

Make publicly available: A report for the appropriate oversight board on at least a quarterly basis disclosing the name of investment manager, investment firm or general partner, amount of investment; and any fees paid to third party marketers by the investment manager or general partner

Issue: Potential misuse of broker/dealers (i.e. steering a disproportionate amount of trades to certain broker/dealers)

Recommendation 1: Use electronic trading where appropriate AND

Recommendation 2: Retain all supporting documentation (electronic or otherwise), that demonstrates that a competitive process was utilized in each transaction.

C. INTERNAL CONTROLS - INTERNAL TRANSACTIONS ONLY

Issue: Potential misuse of trading authorization

Recommendation: Outline internal controls in investment policy requiring specific trading procedures and obtain review and approval of policy by the appropriate oversight board. These should include requirements for a second person to sign off on each trade, minimum qualifications for traders, and maintaining appropriate documentation for each trade.

ATTACHMENT C
AGENCY INVESTMENT ADVISORS

Educational Retirement Board (ERB)

Advisors

Aldus Equity Partners: Private Equity (Suspended as of April 10, 2009)

Contact: Saul Meyer, Partner

Aldus Equity is a boutique alternative investment management and advisory firm specializing in private equity. The firm's expertise includes domestic private equity, mezzanine finance, domestic real estate, European private equity, secondaries, and special situation funds. The firm is primarily employee-owned with Deutsche Bank recently taking a minority interest. The Aldus partners have invested in excess of \$5 billion into over 80 private equity funds since 1998. Currently, the firm manages and advises in excess of \$1 billion of assets for some of the largest and most reputable institutional private equity limited partners in the country. The company is located in Dallas, Texas.

<http://www.aldusequity.com/>

Courtland: Infrastructure

Contact: Steve Novick, Partner

Since inception in July 1995, Courtland has provided clients with a full range of consulting services including strategic and investment planning, market review, research, benchmarking, real estate operating company evaluations, performance measurement and analysis, manager/partner selection, investment evaluation and manager/partner fee structuring. Courtland has advised and assisted public, corporate, endowment and Taft-Hartley pension plans in the positioning of portfolios representing over \$25 billion in real estate and infrastructure investments. Their investment strategies include core, value-added, and opportunistic infrastructure and real estate investments in domestic and international markets. Services have included comprehensive portfolio monitoring and reporting services.

Michael Humphrey and Steven Novick are the two Principals of Courtland. Together Messrs. Humphrey and Novick oversee all of Courtland's underwriting and investment related activities as joint participants in an investment review process that requires their unanimous support. As directors, Ben Blakney and Joe Cook support the principals with respect to firm policies and corporate direction. In aggregate, Messrs. Humphrey, Novick, Blakney and Cook have over 100 years of financial service industry experience.

<http://www.courtland.com/>

New England Pension Consultants (NEPC): Hedge funds and General Consultant

Contact: Allan Martin, Partner

NEPC, LLC, formerly New England Pension Consultants, is one of the country's leading investment consulting firms, currently servicing 266 retainer clients with \$300 billion in assets. Headquartered in Cambridge, Massachusetts, NEPC has been providing institutional consulting services as its sole line of business since 1986. Today, the firm has locations in Detroit, San Francisco, Las Vegas, Cincinnati and Charlotte. NEPC's clients currently have invested capital of \$13.3 billion in hedge funds of funds and \$5.3 billion invested capital in single/multi-strategy funds.

<http://www.nepc.com/>

ATTACHMENT C
AGENCY INVESTMENT ADVISORS

ERB, Continued

ORG: Real Estate Consulting including timber, farmland and mitigation banking

Representative: Steve Gruber, Partner

ORG Portfolio Management LLC provides advisory services to institutional investors for global real estate, natural resources and infrastructure investments. In addition to ERB, ORG's clients include CalPERS, CalSTRS, New York Common Retirement Fund, and more than six other respected institutional investors. ORG specializes in strategy development, discretionary and non-discretionary portfolio management, manager due diligence, manager selection and monitoring, performance measurement and special projects. ORG professionals have over 80 years of institutional real estate and real asset experience exclusively representing investors in the development and implementation of global real estate, natural resource and infrastructure investment strategy. ORG Portfolio Management LLC is a Registered Investment Adviser under the Investment Adviser Act of 1940. ORG Real Property has offices in Cleveland, Ohio and Portland, Oregon.

<http://www.orgrealproperty.com/>

To Be Determined: Global Asset Allocations (GAA) advisor.

Outside Legal Counsel

Foster Pepper: Legal, specializing in alternative investments. Other clients include several large public pension funds.

Contact: Bob Perez

Public Employee Retirement Association

Advisors

Cliffwater, LLC: All Alternatives

Contacts: Steve Nesbitt, CEO; Jamie Feidler, Director

Cliffwater, LLC was founded in 2004 by four senior investment consultants who have a combined 60 years experience to focus on alternative investments for institutional clients. The firm currently advises 19 retainer clients with over \$100 billion in total assets and \$15 billion in alternative assets. Clients include several endowments and retirement plans, such as the foundation of Ohio State University, the State of New Jersey and the Texas County & District Retirement System. Cliffwater now has 27 employees with offices in Marina del Rey, California and New York. Steve Nesbitt was formerly head of consulting at Wilshire Associates for 15 years.

www.cliffwater.com

R.V.Kuhns & Associates, Inc.: General Consultant

Contacts: Russell Kuhns, Chairman; Jim Voytko, CFA, Co-President; Marcia Beard, CFA, Senior Consultant

R.V. Kuhns & Associates, Inc. provides strategic investment consulting services to institutional investors. Since 1985, R.V. Kuhns & Associates has offered its clients

ATTACHMENT C
AGENCY INVESTMENT ADVISORS

PERA, Continued

world-class investment advice based on cornerstones of integrity, capability, and client service. The firm is headquartered in Portland, Oregon, with regional service centers in Seattle and New York City. The firm derives 100% of its revenues from investment consulting services, its only line of business. The firm's consulting team delivers a wide array of expertise in areas of financial and investment management for its clients. The firm is independently owned by thirteen employee principals. Russell V. Kuhns is the Chairman, founder, and majority stockholder.

Outside Legal Counsel

Morgan, Lewis & Bockius, LLP A strong firm representing many governmental public pension plans in securities transactions, including CalPERS, New York State Common Retirement Fund, Oregon PERS and Ohio PERS. The firm has a significant securities law, transactional finance and tax practice related to public governmental pension funds investments in alternative vehicles. The firm's has a strong hedge fund team, which negotiated the majority of PERA's hedge fund investments. Morgan Lewis provides PERA with a government plan blended rate for its attorneys working under the contract.

www.morganlewis.com

Contacts: Louis Singer, Partner; Jedd Wider, Partner

Paul Hastings, Janofsky & Walker, LLP Paul Hastings's investment fund practice primarily involves representation of investors/limited partners, and the Firm has represented numerous large public pension funds. The Firm has extensive depth and experience in tax, ERISA, securities, regulatory and SEC matters which enhance its ability to represent PERA.

www.paulhastings.com

Contact: Siobhan Burke, Partner

Kirkpatrick & Lockhart Preston Gates Ellis, LLP The firm represents governmental public pension plans which include CalPERS, New York State Common Retirement Fund, New York State Teachers Retirement System, Oregon PERS, and the State Retirement and Pension System of Maryland, as well as the Washington State Investment Council. The Firm has substantial experience in connection with various alternative investments including hedge funds, REITs, private equity, real estate and venture capital. The Firm provides PERA with the same fee structure that is utilized for its largest institutional clients which represent a substantial discount from its standard rates.

www.klgates.com

**Contacts: Margaret Niles, Partner
Charles Purcell, Partner**

ATTACHMENT C
AGENCY INVESTMENT ADVISORS

State Investment Council

Advisors

Aldus Equity: Private Equity (Terminated by SIC.)

Contact: Saul Meyer, Partner

Courtland Partners: Real Estate (See additional description under ERB.)

Contact: Steve Novick, Partner

Courtland offers its clients research in the following areas: Market Economics - Property Market, Submarket, Peer Group Analysis: In-depth market research for use in valuation, due diligence, acquisition and disposition decisions. Market Cycle Research: Quarterly analysis and future estimates for 66 major metropolitan markets and 60 secondary markets in the four major property types. Diversification Analysis: Yearly geographic, economic, supply side and cycle analysis. Trend Research: Yearly analysis of property type trend changes.

New England Pension Consultants: General Advisor and Absolute Return (Hedge funds) (See description under Educational Retirement Board.)

Contact: Allan Martin

Sun Mountain Capital: New Mexico Private Equity

Contact: Brian Birk, Principal

Sun Mountain Capital is an investment partnership formed by senior private equity professionals based in Santa Fe, New Mexico. The firm's professionals have a depth of experience in private equity that dates back to 1981 and have an extensive track record of creating value through fund advisory activities and direct investments in promising SIC companies. Prior experience for the principals include employment at Credit Suisse First Boston, Morgan Stanley, Brentwood Associates, Fort Washington Investment Advisors, GE Capital, Kline Hawkes, and The Boston Consulting Group, among other top tier firms. As a private equity advisor to pension plans and other program sponsors, Sun Mountain develops customized private equity programs.

www.sunmountaincapital.com/

Weissmann Wolff: Film

Contact: Peter Dekom, Film Advisor

Peter J. Dekom is "of counsel" with Weissmann Wolff's entertainment department and was formerly a partner in the firm of Bloom, Dekom, Hergott and Cook. Mr. Dekom's clients have included such Hollywood notables as George Lucas, Keenen Ivory Wayans, John Travolta, Ron Howard, Rob Reiner, Andy Davis, Robert Towne and Larry Gordon among many others, as well as corporate clients such as Sears, Roebuck and Co., Pacific Telesis and Japan Victor Corporation (JVC). He has been listed in Forbes among the top 100 lawyers in the United States and in Premiere as one of the 50 most powerful people in Hollywood. Mr. Dekom has been a management consultant and entrepreneur in the fields of entertainment, Internet, and telecommunications. As a consultant to the state of

ATTACHMENT C
AGENCY INVESTMENT ADVISORS

SIC, Continued

New Mexico, he is and was instrumental in creating, writing and implementing legislation to encourage film and television production in the state.

www.weissmannwolff.com

Outside Legal Counsel

Brownstein Hyatt Farber & Shreck (Private Equity) Albuquerque/Denver

Weissmann Wolff Bergman Coleman Grodin & Evall (Film) Los Angeles

Paul Hastings (Credit/Structured Finance) San Francisco

Squire Sanders & Dempsey (Real Estate) Cleveland

Baker & Hostetler (Real Estate) Los Angeles

No Response or Insufficient response
Requires more follow-up
Split fee
No marketer used

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Individual(s)	GP or Fund Name	Ant Rec'd by Individual &/or Broker	Broker or Company	Sub-Agent	Department	Vintage or Allocation Year	Amount of Commitment	Fee Terms
1 Alan Pardee	Lightyear II	not disclosed	Merrill Lynch	none disclosed	PEN	2005	\$ 60,000,000	not disclosed
2 Alfred Jackson	Austin Horizon	\$ 61,875	Berean	none disclosed	CSF	2008	\$ 150,000,000	33% OF MGT/PERFORM FEE, BUT IN NO EVENT SHALL FEE EXCEED 50 BPS PER YEAR OF AMOUNT INVESTED BY NMSIC. Fees Paid through 12/31/08 is approximately \$61,875
3 Alfred Jackson	Austin	\$ 2,100,000	Berean	none disclosed	HF	2005/2008	\$ 200,000,000	33% OF MGT/PERFORM FEE, BUT IN NO EVENT SHALL FEE EXCEED 50 BPS PER YEAR OF AMOUNT INVESTED BY NMSIC. Fee Paid through 12/31/08 is approximately \$2,100,000
4 Alfred Jackson	Camden III	\$ 1,250,000	Inroads Group	none disclosed	PEN	2004	\$ 20,000,000	buyout by GP
5 Alfred Jackson Chad Schultz Bob Rivett John Robertshaw	Camden IV	unknown - \$3.3MM on entire fundraising	Inroads Group	none disclosed	PEN	Not yet closed	\$ 25,000,000	30% of the Adjusted Management Fee
6 Ray Cosman	Thomas McMerney	unknown - \$5.5MM on entire fundraising	CSFB	none disclosed	PEN	2002	\$ 20,000,000	
Dale Meyer				none disclosed	PEN	2001	\$ 25,000,000	
7 John Littlefield	KRG Capital II	\$ 250,000	JP Morgan	none disclosed	PEN	2006	\$ 25,000,000	1% of Capital Commitment
8 Dan Hevesi	Catterton VI	\$ 600,000	Praetorian	none disclosed	PEN	2007	\$ 30,000,000	2% of Capital Commitment
9 Dan Prendergast	Halvard II	\$ 250,000	Park Hill	none disclosed	PEN	2005	\$ 25,000,000	2% of Capital Commitment split 50/50
10 Dan Weinstein	Levine Leichtman DV	\$ 350,000	Wetherly	Ajax	PEN	2003	\$ 35,000,000	2% of Capital Commitment split 50/50
11 Dan Weinstein	Levine Leichtman III	\$ 350,000	Wetherly	Ajax	PEN	2003	\$ 35,000,000	2% of Capital Commitment split 50/50

No Response or Insufficient response
Requires more follow-up
Split fee
No marketer used

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	Individual(s)	GP or Fund Name	Amt Rec'd by Individual &/or Broker	Broker or Company	Sub-Agent	Department	Vintage or Allocation Year	Amount of Commitment	Fee Terms
12	Dan Weinstein	Levine Leichtman IV	\$ 350,000	Wetherly	Ajax	PEN	2008	\$ 35,000,000	2% of Capital Commitment split 50/50
13	Dan Weinstein	YAAF	\$ 200,000	Wetherly	Unknown - Still compiling info	PEN	2004	\$ 20,000,000	1% of Capital Commitment
14	Dan Weinstein	CIM Fund III, L.P.	Total Fee \$500K split with Ajax unknown	Wetherly	Ajax	RE	2007	\$ 50,000,000	1% of Capital Commitment
15	Dan Weinstein Vicky Schiff	Aurora III	\$ 375,000	Wetherly	GP Notes there may be others that rec'd \$	PEN	2004	\$ 25,000,000	1.5% of Capital Commitment
16	Darius & Kirk Anderson	Ares Distressed	\$ 500,000	Gold Bridge Capital	none disclosed	PEN	2008	\$ 50,000,000	1% of Capital Commitment
17	Darius & Kirk Anderson	Ares Special Situations	\$ 250,000	Gold Bridge Capital	none disclosed	PEN	2007	\$ 25,000,000	1% of Capital Commitment
18	Dirk McDermott	Altira Technology Fund IV, L.P.	\$ 200,000	Asset Management Services	none disclosed	PENM		\$ 10,000,000	2% of Capital Commitment
19	Douglas Blagdon Scott White	Platinum II	unknown - Global mandate	Citigroup	none disclosed	PEN	2007	\$ 30,000,000	(I) 0.25% OF 1ST \$1b, (II) 1.5% OF LESS THAN \$2b, (III) 2% IN EXCESS OF \$2b, CAP OF \$25mm ON FEE. YEARS 1-3: 15% OF MGT & INCENTIVE, YEAR 4: 15% MGT, 10% INCENTIVE, YEARS 5 ON: 10% OF MGT & INCENTIVE, 2006- \$101,148.24, 2007-\$156,186.42, 2008-\$108,219.31
20	Douglas Cramer	EIM	\$ 365,553	Alternative Access Capital	none disclosed	HF	2006	\$ 100,000,000	
21	E. Alan Brumberger Lori A. Schiaffino	Optima		Diamond Edge Capital Partners, LLC		HF	2005	\$ 50,000,000	
22	Elleen Kotecki	Grestline	Total Fee \$1,235,243 split with Guy Riordan unknown	Juniper Capital	Guy Riordan	HF	2005	\$ 200,000,000	18% OF ALL FEES Amount Paid through 12/31/08 is approximately \$1,235,243
23	Guy Riordan	Grestline	Total Fee \$1,235,243 split with Guy Riordan unknown	Juniper Capital	Guy Riordan	HF	2005	\$ 200,000,001	18% OF ALL FEES Amount Paid through 12/31/08 is approximately \$1,235,244
24	Guy Riordan	New Mexico Co-Investment Partners, L.P.	\$ 318,958	Wachovia	none disclosed	PENM	2004	\$ 46,000,000	

No Response or Insufficient response
Requires more follow-up
Split fee
No marketer used

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Individual(s)	GP or Fund Name	Amt Rec'd by Individual &/or Broker	Broker or Company	Sub-Agent	Department	Vintage or Allocation Year	Amount of Commitment	Fee Terms
25 Henry "Hank" Morris	Carlyle Mezz	\$ 150,000	Searle	none disclosed	PEN	2004	\$ 20,000,000	0.75% of Capital Commitment
26 Henry "Hank" Morris	Quadrangle II	not disclosed	Searle	Monument	PEN	2005	\$ 20,000,000	not disclosed
Jamir Couch			Knowles Hall Consulting & Keith Spears	none disclosed	PEN	2005	\$ 20,000,000	
27 Keith Spears	Illinois PEEFund	\$ 228,301		none disclosed	PEN	2005	\$ 20,000,000	
Jane Morris			Veritage Group	none	PEN	2001	\$ 20,000,000	1.5% of Capital Commitment
28 Dayna Gant	Amper sand 2001	unknown		none disclosed	PENM	2001	\$ 8,700,000	
29 Todd Stevens	Wasatch Venture Fund III, LLC	\$ 108,750	Rowe Capital Partners					BASE QTRLY SALARY-\$25,000, COMMISSION = 1ST THROUGH 4TH YRS 35%, 5TH YR 25%, AFTER 15% verbal agreement
30 John DeLuna	Denali Advisors	Unknown	DeLuna Partners	none disclosed	PEQ			
31 Julio Ramirez	St. Cloud II	\$ 400,000			PEN	2007	\$ 20,000,000	
Julio Ramirez								
32 Dan Prendergast	Wayzata	\$ 442,500	Park Hill	Possible Affiliates	PEN	2005	\$ 25,000,000	1.77% of Capital Commitment
Brian Levine								
33 Julio Ramirez	KH Growth (Vicente Capital)	\$ 500,000	Cabrera	none disclosed	PEN	2007	\$ 25,000,000	2% of Capital Commitment
Marc Corraera								20% of all fees
34 Marc Corraera	STONE TOWER	\$ 132,608	Ajax		CSF		\$ 100,000,000	\$132,608 as of end of 1st Qtr '09
35 Marc Corraera	VANDERBILT FINANCIAL TRUST	unknown at this time	SDN Advisors		CSF		\$ 50,000,000	unknown at this time
								20% OF MGT FEES FOR AS LONGS AS INVESTOR
36 Marc Corraera	Explorer	\$ 1,000,000	Cabrera	none disclosed	HF	2005	\$ 100,000,000	Estimated Fees paid are at least \$1,000,000 (20% x (\$100,000,000 x 1.5%))
								UP TO \$250MM - 25% OF ALL FEES, OVER \$250MM - 27.5% Fees Paid are approximately \$900,000 assuming same deal as TAG
37 Marc Corraera	HFV	\$ 900,000	Cabrera	none disclosed	HF	2005	\$ 100,000,000	TAG

No Response or Insufficient response
Requires more follow-up
Split fee
No marketer used

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Individual(s)	GP or Fund Name	Amt Rec'd by Individual &/or Broker	Broker or Company	Sub-Agent	Department	Vintage or Allocation Year	Amount of Commitment	Fee Terms
38 Marc Corra	TAG Offshore	\$ 1,294,000	Cabrera	none disclosed	HF	2005	\$ 100,000,000	UP TO \$250MM - 25% OF ALL FEES, OVER \$250MM - 27.5% Fees Paid Through 12/31/08 are approximately \$1,294,000
39 Marc Corra	Vintage Classic	\$ 1,066,000	Cabrera	none disclosed	HF	2005	\$ 100,000,000	UP TO \$250MM - 25% OF ALL FEES, OVER \$250MM - 27.5% Fees Paid Through 12/31/08 are approximately \$1,066,000
40 Marc Corra	Clayton VII	\$ 900,000	Cabrera	none disclosed	PEN	2005	\$ 50,000,000	2% of Capital Commitment
41 Marc Corra	Clayton VIII	\$ 675,000	Ajax	none disclosed	PEN	2008	\$ 50,000,000	1.35% of Capital Commitment
42 Marc Corra	Fenway III	waiting on response	Diamond Edge Ajax	none disclosed	PEN	2006	\$ 30,000,000	waiting on response
43 Marc Corra	GF Capital PEF	\$ 600,000	SDN Advisors	none disclosed	PEN	2006	\$ 30,000,000	2% of Capital Commitment
44 Marc Corra	HM Capital SPF	\$ 600,000	Ajax	none disclosed	PEN	2007	\$ 30,000,000	2% of Capital Commitment
45 Marc Corra	Lehman MBP IV	\$ 356,250	Ajax	none disclosed	PEN	2007	\$ 28,500,000	1% up to \$20MM; 1.25% up to \$30MM; 1.5% up to \$50MM; 1.75% over \$50MM
46 Marc Corra	Levine Leichtman DV	\$ 250,000	Wetherly	Ajax	PEN	2005	\$ 25,000,000	2% of Capital Commitment split 50/50
47 Marc Corra	Levine Leichtman III	\$ 350,000	Wetherly	Ajax	PEN	2003	\$ 35,000,000	2% of Capital Commitment split 50/50
48 Marc Corra	Levine Leichtman IV	\$ 350,000	Wetherly	Ajax	PEN	2008	\$ 35,000,000	2% of Capital Commitment split 50/50
49 Marc Corra	Newstone	\$ 600,000	Ajax	none disclosed	PEN	2006	\$ 30,000,000	2% of Capital Commitment
50 Marc Corra	Newstone II		Ajax	none disclosed	PEN	Not yet closed	\$ 30,000,000	2% of Capital Commitment
51 Marc Corra	Quaker BioVentures II	\$ 530,000	Ajax	none disclosed	PEN	2007	\$ 26,500,000	2% of Capital Commitment
52 Marc Corra	Silver Creek II	\$ 188,333	Ajax	none disclosed	PEN	2005	\$ 9,416,667	2% of Capital Commitment
53 Marc Corra	American Value Partners Fund I, L.P.	\$ 250,000	Wetherly	Ajax	RE	2007	\$ 50,000,000	
54 Marc Corra	CIM Fund III, L.P.	Total Fee \$500K split with Ajax unknown	Wetherly	Ajax	RE	2007	\$ 50,000,000	1% of Capital Commitment
55 Marc Corra & Paul Cross	VANDERBILT DUNHILL	unknown at this time	Crosscore Management		CSF		\$ 15,500,000	unknown at this time
56 Marc Corra & Paul Cross	Hester Capital	\$ 474,182	Crosscore Management	none disclosed	PEQ			25% OF FEE FROM 9/8/03-9/8/06. TOTAL \$474,182.75

No Response or Insufficient response
Requires more follow-up
Split fee
No marketer used

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57 Marvin Rosen	Lightyear II	\$ 600,000	Diamond Edge	none disclosed	PEN	2005	\$ 60,000,000	1% of Capital Commitment
58 Matthew Gohd	Markstone	\$ 100,000	Pall Capital	none disclosed	PEN	2004	\$ 20,000,000	0.5% of Capital Commitment
Michale Hoffmann								
Robert Hofeditz								
Kelly Deponte								
Greg Hausler								
Carlg Marmar								
59 Dale Meyer	Gleacher Mezz II	\$ 350,000	Probitas Funds Group	none disclosed	PEN	2007	\$ 20,000,000	1.33% on 1st \$350MM & 1.75% on above
60 no response	ACA				CSF	2004	\$ 12,963,600	
61 no response	ARES				CSF	2004	\$ 13,000,000	
62 no response	CLEAR LAKE CLO				CSF		\$ 11,092,500	
63 no response	DAVIS SQUARE				CSF	2004	\$ 24,937,500	
64 no response	DRYDEN VII				CSF		\$ 21,126,000	
65 no response	EXUM RIDGE				CSF		\$ 11,357,942	
66 no response	FOUR CORNERS CLO				CSF	2005	\$ 18,873,460	
67 no response	HUDSON STRAITS				CSF		\$ 25,000,000	
68 no response	INMAN SQUARE				CSF		\$ 20,055,313	
69 no response	LB CDO OPPORTUNITY II				CSF		\$ 50,000,000	
70 no response	TRIMARAN				CSF		\$ 25,931,340	
71 no response	VERDE				CSF		\$ 13,650,000	
72 no response	ZAIS MATRIX V				CSF		\$ 44,464,213	
73 no response	First Quadrant				DRV	2008	N/A	
74 no response	Maple Key		Palladium Capital Advisors, LLC		HF	2005	\$ 100,000,000	
75 no response	Blackstone Comm I				PEN		\$ 10,000,000	
76 no response	Candover 2001				PEN		\$ 7,046,270	
77 no response	Green IV				PEN	2003	\$ 25,000,000	
78 no response	GTCR VII				PEN	2000	\$ 6,500,000	
79 no response	GTCR VII A				PEN	2000	\$ 2,000,000	
80 no response	KPS II				PEN	2002	\$ 15,000,000	
81 no response	Lehman MBP III				PEN	2004	\$ 20,000,000	
82 no response	Nordic V				PEN	2003	\$ 20,534,000	
83 no response	Sterling Capital				PEN	2002	\$ 15,000,000	
84 no response	Summit VI B				PEN	2001	\$ 5,000,000	
85 no response	Vestar III				PEN	1997	\$ 1,250,000	
86 no response	Vestar IV				PEN	1999	\$ 8,000,000	
87 no response	Warburg PEP				PEN	1998	\$ 10,000,000	

No Response or Insufficient response
Requires more follow-up
Split fee
No marketer used

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88 no response	Wellspring III				PEN	2002	\$ 20,000,000	
89 no response	ClearBridge/Citigroup				PEQ			
90 no response	Credit Suisse Securities (USA), LLC				PEQ			
91 no response	Davis Hamilton Jackson				PEQ			
92 no response	First Quadrant				PEQ			
93 no response	Paladin Realty Latin America Investors II, LP				RE	2006	\$ 25,000,000	
94 none	ARIA				CSF		\$ 15,000,000	
95 none	BABSON				CSF		\$ 20,000,000	
96 none	CHAMPLAIN	\$ -			CSF		\$ 25,000,000	
97 none	VANDEBILT FORT DEARBORN				CSF		\$ 27,632,747	
98 none	GREAK LAKES I				CSF		\$ 29,057,320	
99 none	GREAK LAKES II				CSF		\$ 40,000,000	
100 none	VANDEBILT LAKESIDE II				CSF		\$ 27,600,000	
101 none	VANDEBILT MONROE HARBOR				CSF	2005	\$ 11,399,753	
102 none	NAVIGATOR				CSF	2004	\$ 15,000,000	
103 none	SHERWOOD FUND				CSF		\$ 19,532,200	
104 none	VANDEBILT SKY RIVER				CSF		\$ 21,375,000	
105 none	VANDEBILT STREETERVILLE				CSF		\$ 25,000,000	
106 none	VANDEBILT TUDOR PLACE				CSF		\$ 25,000,000	
107 none	Altair	\$ -			HF	2005/2006	\$ 50,000,000	
108 none	Benchmark Plus	\$ -			HF	2005	\$ 100,000,000	
109 none	CT Preferred	\$ -			HF	2005	\$ 50,000,000	
110 none	EnTrust Capital	\$ -			HF	2005	\$ 25,000,000	
111 none	Guggenheim	\$ -			HF	2009	\$ 100,000,000	
112 none	K2 Advisors	\$ -			HF	2005	\$ 50,000,000	
113 none	K2 Alternate	\$ -			HF	2006	\$ 50,000,000	
114 none	Mariner Matador	\$ -			HF	2008	\$ 106,405,000	
115 none	Alta Comm IX				PEN		\$ 20,000,000	
116 none	Alta Comm VIII				PEN		\$ 8,000,000	
117 none	Apax VI	\$ -			PEN	2005	\$ 32,320,000	
118 none	Apax VII	\$ -			PEN	2007	\$ 43,917,000	
119 none	Apex IV	\$ -			PEN		\$ 10,000,000	
120 none	Apex V	\$ -			PEN		\$ 15,000,000	

No Response or Insufficient response
Requires more follow-up
Split fee
No marketer used

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Individual(s)	GP or Fund Name	Amt Rec'd by Individual &/or Broker	Broker or Company	Sub-Agent	Department	Vintage or Allocation Year	Amount of Commitment	Fee Terms
121 none	Arch IV	\$ -			PEN		\$ 10,000,000	
122 none	Arch IV A	\$ -			PEN		\$ 1,000,000	
123 none	Arch V	\$ -			PEN		\$ 10,000,000	
124 none	Avenue III	\$ -			PEN		\$ 25,000,000	
125 none	BCI Growth V	\$ -			PEN		\$ 10,000,000	
126 none	Bridgepoint III	\$ -			PEN	2005	\$ 35,358,000	
127 none	Bridgepoint IV	\$ -			PEN	2007	\$ 46,551,000	
128 none	C/R E&P III				PEN	2005	\$ 20,000,000	
129 none	C/R Renew I				PEN	2005	\$ 20,000,000	
130 none	Carlyle Mexico				PEN		\$ 25,000,000	
131 none	Carlyle Mezzanine II	\$ -			PEN	2008	\$ 30,000,000	
132 none	Carpenter BancFund	\$ -			PEN	2008	\$ 25,000,000	
133 none	Charterhouse VII	\$ -			PEN		\$ 20,542,000	
134 none	CHL Medical II	\$ -			PEN		\$ 15,000,000	
135 none	Cinven III	\$ -			PEN		\$ 15,041,250	
136 none	Cinven IV	\$ -			PEN	2006	\$ 38,871,000	
137 none	Clarify Partners	\$ -			PEN	2000	\$ 10,000,000	
138 none	Coller Intl IV	\$ -			PEN	2002	\$ 30,000,000	
139 none	Craton I	\$ -			PEN	2006	\$ 19,076,922	
140 none	CVC Europe III				PEN	2001	\$ 10,000,000	
141 none	Cypress MB II	\$ -			PEN	1999	\$ 10,000,000	
142 none	Falcon Mezz II	\$ -			PEN	2005	\$ 20,000,000	
143 none	Falcon Mezz III				PEN	2008		
144 none	First Reserve IX	\$ -			PEN	2001	\$ 10,000,000	
145 none	Green V	\$ -			PEN	2006	\$ 30,000,000	
146 none	Harvest IV	\$ -			PEN	2001	\$ 15,000,000	
147 none	Landmark XI	\$ -			PEN	2002	\$ 20,000,000	
148 none	Landmark XIV	\$ -			PEN	Not yet closed		
149 none	NGN Blomed I	\$ -			PEN	2004	\$ 20,000,000	
150 none	NGP ETP II	\$ -			PEN	2008	\$ 30,000,000	
151 none	Oak Hill Capital	\$ -			PEN	1999	\$ 10,000,000	
152 none	Oak Investment IX	\$ -			PEN	1999	\$ 10,000,000	
153 none	Oak Investment X	\$ -			PEN	2001	\$ 15,000,000	
154 none	Pharos	\$ -			PEN	2004	\$ 20,000,000	
155 none	Prism IV	\$ -			PEN	2001	\$ 15,000,000	
156 none	RedShift II	\$ -			PEN	1998	\$ 10,000,000	

No Response or Insufficient response
Requires more follow-up
Split fee
No marketer used

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157 none	Sequel II	\$	-		PEN	1999	\$ 10,000,000	
158 none	Sequel III	\$	-		PEN	2000	\$ 17,500,000	
159 none	TA IX	\$	-		PEN	2000	\$ 10,000,000	
160 none	TA Sub Debt	\$	-		PEN	2000	\$ 10,000,000	
161 none	TA VIII	\$	-		PEN	1997	\$ 1,250,000	
162 none	TH Lee V	\$	-		PEN	2000	\$ 15,000,000	
163 none	TH Lee VI	\$	-		PEN	2006	\$ 30,000,000	
164 none	VSS Comm III	\$	-		PEN	1998	\$ 10,000,000	
165 none	VSS Gomi IV	\$	-		PEN	2004	\$ 20,000,000	
166 none	VSS Structured II	\$	-		PEN	PEIAC Only		
167 none	Warburg Pincus VIII	\$	-		PEN	2001	\$ 15,000,000	
168 none	WCAS IX	\$	-		PEN	2000	\$ 15,000,000	
169 none	WCAS VIII	\$	-		PEN	1998	\$ 10,000,000	
170 none	WCAS X	\$	-		PEN	2005	\$ 25,000,000	
171 none	WCAS XI	\$	-		PEN	2008	\$ 35,000,000	
172 none	Williams Capital	\$	-		PEN	2004	\$ 20,000,000	
173 none	ARCH Venture Fund II, L.P.	\$	-		PENM		\$ 1,222,222	
174 none	ARCH Venture Fund III, L.P.	\$	-		PENM		\$ 4,000,000	
175 none	Blue Sage Capital, L.P.	\$	-		PENM		\$ 10,000,000	
176 none	CVM Equity Fund V	\$	-		PENM	1998	\$ 3,000,000	
177 none	Epic Venture Fund IV, LLC	\$	-		PENM	2008	\$ 6,400,000	
178 none	Flywheel I, L.P.	\$	-		PENM	2004	\$ 15,000,000	
179 none	International Venture Fund I, L.P.	\$	-		PENM	2000	\$ 5,000,000	
180 none	ITU Ventures New Mexico, L.P.	\$	-		PENM	2005	\$ 15,000,000	
181 none	ITU Ventures West I, L.P.	\$	-		PENM	2003	\$ 15,000,000	
182 none	Murphree Venture Partners IV, L.P.	\$	-		PENM	1998	\$ 4,000,000	
183 none	Murphree Venture Partners V, L.P.	\$	-		PENM	2000	\$ 3,000,000	
184 none	NMSIC Co-Investment Fund, L.P. (Classic)	\$	-		PENM	2007	\$ 30,000,000	
185 none	NMSIC Co-Investment Fund, L.P. (Focused)	\$	-		PENM	2007	\$ 60,000,000	
186 none	Psidos Group Partners IIIB, L.P.	\$	-		PENM	2005	\$ 15,000,000	

No Response or Insufficient response
Requires more follow-up
Split fee
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	Individual(s)	GP or Fund Name	Amt Rec'd by Individual &/or Broker	Broker or Company	Sub-Agent	Department	Vintage or Allocation Year	Amount of Commitment	Fee Terms
187 none		Red River Ventures, L.P.	\$ -			PENM	2000	\$ 7,166,667	
188 none		Tullis/Dickerson Capital Focus II, L.P.	\$ -			PENM	1998	\$ 15,000,000	
189 none		Tullis/Dickerson Capital Focus III, L.P.	\$ -			PENM	2001	\$ 15,000,000	
190 none		Valley Ventures II, L.P.	\$ -			PENM	1998	\$ 5,000,000	
191 none		Valley Ventures III, L.P.	\$ -			PENM	2002	\$ 6,658,988	
192 none		Verge I, L.P.	\$ -			PENM	2004	\$ 10,000,000	
193 none		Vestor Partners, L.P.	\$ -			PENM	1998	\$ 5,000,000	
194 none		Village Ventures Fund II-B, L.P.	\$ -			PENM	2006	\$ 15,000,000	
195 none		vSpring II, L.P.	\$ -			PENM	2003	\$ 20,000,000	
196 none		Wasatch New Mexico Fund, LLC	\$ -			PENM	2004	\$ 12,000,000	
197 none		Alliance Bernstein	\$ -			PEQ			
198 none		Carret	\$ -			PEQ			
199 none		Earnest Partners	\$ -			PEQ			
200 none		Fox Asset Management	\$ -			PEQ			
201 none		Lombardia Capital Partners	\$ -			PEQ			
202 none		Simms Global Investors	\$ -			PEQ			
203 none		UNM	\$ -			PEQ			
204 none		AG Core Plus Realty Fund II, L.P.	\$ -			RE	2007	\$ 50,000,000	
205 none		AG Core Plus Realty Fund, L.P.	\$ -			RE	2004	\$ 50,000,000	
206 none		Angelo Gordon Realty Fund VII, L.P.	\$ -			RE	2007	\$ 75,000,000	
207 none		Beal SIC Holding, LLC	\$ -			RE	2006	\$ 22,500,000	
208 none		CBA Investment Holdings, LLC	\$ -			RE	2006	\$ 80,000,000	
209 none		Dilweg SIC, LLC	\$ -			RE	2005	\$ 23,750,000	
210 none		Five Arrows Realty Securities IV, L.P.	\$ -			RE	2005	\$ 61,670,000	
211 none		TVO	\$ -			RE	2004	\$ 31,000,000	
212 none		Landmark Real Estate Fund V, L.P.	\$ -			RE	2005	\$ 75,000,000	
213 none		NorthStar SIC Holding LLC	\$ -			RE	2006	\$ 90,250,000	

No Response or Insufficient response
Requires more follow-up
Split fee
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	Individual(s)	GP or Fund Name	Ant Rec'd by Individual &/or Broker	Broker or Company	Sub-Agent	Department	Vintage or Allocation Year	Amount of Commitment	Fee Terms
214	none	SIG/Leed, LLC	\$			RE	2005	\$ 15,000,000	
215	none	Strategic Partners Value Enhancement Fund, L.P.	\$			RE	2006	\$ 38,125,000	
216	none	Trammell Crow Acquisitions I, L.P.	\$			RE	2007	\$ 47,316,111	
217	none	Trammell Crow Acquisitions II, L.P.	\$			RE	2007	\$ 150,000,000	
218	none - but Alfred Jackson owns 73% of GP	Capital Point Ptrs	\$			PEN		\$ 20,000,000	
219	Omar Barbarosa	RC/Fontis	\$ 150,000	unknown - verbal agreement	none disclosed	PEN	2005	\$ 20,000,000	
220	refused to disclose	VMG	refused to disclose	Park Hill	refused to disclose	PEN	2006	\$ 30,000,000	refused to disclose
221	Richard Allsopp James Moore Mark Schroeder	31 EuroPartners Vb	unknown	UBS	none	PEN	2006	\$ 31,290,000	% of overall commitments
222	Robert Byron	Place/BV Student Housing Fund, LLC	no compensation	Blue Vista Capital	none disclosed	RE	2007	\$ 50,000,000	
223	Peter Stelian	Marlner Select		NYLIFE Distributors, LLC		HF	2005/2006	\$ 100,000,000	
224	unknown	KRG Capital I	\$	Bank of America	none disclosed	PEN	1999	\$ 10,000,000	2% of Capital Commitment
225	unknown	Leeds Weld IV	unknown	Bear Sterns	none disclosed	PEN	2002	\$ 20,000,000	
226	Unknown	Willis Steinh III	unknown	Donaldson Lufkin & Jenrette & CSFB	none disclosed	PEN	2000	\$ 10,000,000	
227	Unknown	JER Real Estate Partners III, L.P.	\$588,513 as of June 30, 2007	The Lashine Group & Atlantic Capital	none disclosed	RE	2004	\$ 40,000,000	LASHINE -1% OF FIRST \$200M IN COMMIT , ATLANTIC-\$200K RETAINER, 1.50% OF CAP COMMIT UP TO \$150mm, 1.75% UP TO \$300mm, 2% ABOVE \$300mm
228	Unknown	JER Real Estate Partners IV, L.P.	\$35,622 as of 12/31/08	Atlantic Capital	none disclosed	RE	2007	\$ 125,000,000	\$200k RETAINER, 2% FOR INVESTORS THAT INVEST UP TO \$50mm, 2% OF CAP COMMIT, 20% OF FEE. THROUGH 12/31/08
229	William D. Forsyth III Thomas J. Holberg Jr.	Thornburg	\$ 1,276,595	Frontier Partners	none disclosed	PEQ			\$1,276,595.23

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	Requires more follow-up
	Split fee
	No marketer used

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	Individual(s)	GP or Fund Name	Amt Rec'd by Individual &/or Broker	Broker or Company	Sub-Agent	Department	Vintage or Allocation Year	Amount of Commitment	Fee Terms
230	William R. Howell	GSC Recovery III	\$ 450,000	William R. Howell Pension Enhancement Consulting	Later transferred to Monroe Street	PEN	2005	\$ 30,000,000	1.5% of Capital Commitment
231	William R. Howell	InterMedia VII	\$ 150,000	William R. Howell Pension Enhancement Consulting & CSFB	none disclosed	PEN	2005	\$ 30,000,000	Howell got \$125,000 & CSFB got 1.25% of Commitment
232		Claws 1A A				CSF		\$ 29,012,356	
233		CRTS 2004-4				CSF		\$ 19,436,751	
234		Zenith				CSF		\$ 20,000,000	
235		Opera Structured Credit				CSF		\$ 49,750,000	

						Primary Market		DATE: 5/2/2009 13:29		Sub-Agent	
FUND NAME	Year Committed	ERB Commitment (\$Millions)	CP Disclosed Market	Associated Name	Fee (\$)	Terms	Sub-Agent	Associated Name	Fee (\$)	Terms	
Private Equity:											
1. Apollo VII	2007	\$ 40.00	UBS	Awilang Reponse							
2. Area Distressed Securities Fund	2007	\$ 30.00	Gold Bridge Capital LLC	Darius Anderson, Nick Smith and Kirk Anderson	\$ 300,000.00	1.0% of Commitment	None				
3. BlackRock Co-Investment Fund	2008	\$ 75.00	N/A - Due Diligence provided by NEPC								
4. Bridgepoint IV	2008	\$ 60.00	None	Jessica P. Greene & Associates	\$ 600,000.00	None disclosed					
5. Clayton Debtor & Rice VIII	2008	\$ 40.00	Park Hill, Wetherly Capital; Bluffview Capital; Migog & Cie Limited; TransPacific Securities	Ajax Investments, LLC	\$ 1,200,000.00	3.0% of commitment	None disclosed				
6. Com/Vest Partners III	2008	\$ 25.00	Original Disclosure - None; Subsequent Disclosure - Lehman Brothers, Commonwealth Associates	Lehman Brothers, Ajax Investments, LLC	LB - \$269,314; Ajax \$375,000	LB - 0.5% up to \$200MM in commitments w/ \$100MM min. required, 2.25% over \$200MM in commitments; Ajax - 1.5% of NMERB commitment	None disclosed				
7. Fletcher Spaight Ventures II	2008	\$ 20.00	Tres Ea Inc. & Beampot CIC	Richard Polanco	\$ 300,000.00	1.5% of commitment	None disclosed				
8. GF Capital Private Equity Fund	2007	\$ 15.00	None	SDN Advisors, LLC	\$ 300,000.00	2.0% of commitment	None disclosed				
9. Goode Partners Consumer Fund I	2007	\$ 20.00	Chumplain Advisors	Marco Correa	\$ 400,000.00	2% of commitment	None disclosed				
10. RM Capital (Sector Performance Fund)	2007	\$ 20.00	Bear Stern & Ajax Investments, LLC	Marco Correa	\$ 400,000.00	2% of commitment	None disclosed				
11. Industrial Opportunity Partners	2007	\$ 15.00	Park Hill Group, LLC	Dan Pendergast	\$ 300,000.00	2% of commitment	None				
12. KCH Growth (Vicente Capital Partners)	2007	\$ 10.00	Cabrera Capital Markets, Inc.	Robert Aguilar, Marc Correa, Julio Ramirez	\$ 200,000.00	2% of commitment	None disclosed				
13. Levine Lieberman Deep Value Fund	2007	\$ 20.00	Wetherly Capital; Pacific Ventures; O'Neil	DAV/Wetherly Financial, L.P. (subsidiary of Wetherly Capital Group, LLC)	\$ 400,000.00	2% of commitment	Ajax Investments, LLC	ERB was verbally informed M. Correa was associated with sub-agent)	\$ 200,000.00	50% of Wetherly fee	

New Mexico Educational Retirement Board
Third Party Marketers

FUND NAME	Year Committed	ERB Commitment (\$Millions)	Primary Marketer			Sub-Agent		
			GP Disclosed Marketer	Associated Name	Fee (\$)	Terms	Sub-Agent	Associated Name
14. Levine Leitchman Capital Partners IV	2008	\$ 50.00	Original Disclosure - None; Subsequent Disclosure - Webster Capital	DA V/Wetherly Financial, L.P. (and Dan Weinstein, Vicky Schiff)	\$ 1,000,000.00	7% of commitment; 5 semi-annual \$200M pmis; 1 pm made.	Ajax Investments, LLC	ERB was verbally informed M. Correa was associated with (sub-agent)
15. Leeds Equity Partners V	2008	\$ 20.00	None	None				
16. Lexington Partners VI	2006	\$ 20.00	N/A - commitment prior to Aldus being awarded contract	None				
17. Lion Capital II	2007	\$ 30.00	Cligroup	Cligroup				
18. Newstone Capital Partners Fund I	2007	\$ 20.00	Finnsela Trust Partners & Jupiter Capital Group	Ajax Investments, LLC	\$ 400,000.00	0.35% to 0.50% of commitments	None disclosed	
19. Persius Partners VII	2007	\$ 15.00	Firefly Capital; Diamond Edge Capital Partners; Morgan Stanley North Bridge Capital; W.J. Hopper & Co.; Campbell Laytons and Warburg Alternatives	Marc Correa		7.0% of commitment	None disclosed	
20. Platinum Equity Partners II	2008	\$ 30.00	Cligroup	Douglas Blagden/Scott White	\$ 75,000.00	0.25% of first \$1.0B; 1.5% up to \$2.0B; 2% of amount over \$2.0B	None	
21. Pallos Group Partners III	2007	\$ 10.00	Diamond Edge Capital Partners					
22. VSS Structured Capital II	2008	\$ 40.00	None					
23. Vanderbilt Financial Trust (i)	2006	\$ 40.00	N/A - commitment made prior to Aldus being awarded contract	Awaiting Response - See Note Below				
24. Approved P/E, Not Closed. ERB Board approved investment; investment suspended pending second due diligence review and approval by ERB Board								
26. Lexington Partners	2009	\$ 45.00	Original Disclosure - Parkhill Group Subsequent Disclosure - None					
27. Leo Equity (i)	2008	\$ 30.00	Webster Capital	Dan Weinstein, Vicky Schiff	400,000 (Fee not paid at this time)	1.5% of commitment	Ajax Investments, LLC	Marc Correa
28. Sixth Roam	2008	\$ 30.00	None					
29. NGP Energy Technology Partners	2009	\$ 30.00	None					
30								

New Mexico Educational Retirement Board
Third Party Marketers

FUND NAME		Year Committed	ERB Commitment (\$Millions)	GP Disclosed Marketer	Associated Name	Fee (\$)	Term	Sub-Agent	Associated Name	Fee (\$)	Term
31	Recommended P/E, Not ERB Approved, Aldus Equity recommended investment, ERB staff rejected recommendation.	2008									
32	Aves Corporate Opportunities Fund III										
33	21st Century Equity Fund II	2008	\$ 30.00	Gold Bridge Capital LLC	Darius Anderson, Nick Smith and Kirk Anderson						
34	Capital Point	2008	\$ 30.00	Investment Memorandum not received from Aldus	Unknown						
35	Newstone Capital Partners Fund II ⁽⁶⁾	2009	\$ 30.00	Investment Memorandum not received from Aldus	Unknown						
36	Thoma Bravo IX	2008	\$ 25.00	Pinnacle Trust Partners & Jupiter Capital Group	Marc Correa						
37				None	Marc Correa						
38	P/E Notes										
39	1. Aldus Equity advised ERB only on private equity investments; it did not advise on other investments.										
40	2. Vanderbilt is checking its records; a Vanderbilt representative informed an ERB staff member that Vanderbilt Capital Group paid Marc Correa a \$2MM placement fee on the total \$90MM State of New Mexico investment (ERB \$40MM; SIC \$50MM);										
41	VFT did not reimburse VCG for the fee.										
42	3. Verbally disclosed sub-advisor to an ERB Representative										
43	4. Newstone Capital Partners Fund II engaged Ajax and Mr. Correa on Feb. 13, 2009 but subsequently terminated the relationship.										
44											
45											

New Mexico Educational Retirement Board
Third Party Marketters

FUND NAME	Year Committed	ERB Commitment (\$Millions)	GP Disclosed Marketter	Primary Marketter		DATE:	Sub-Agent	
				Associated Name	Fee (\$)	Terms	Associated Name	Fee (\$)
45 Absolute Return Strategies (Fund-of-Hedge Funds)			(Aldus was not an adviser on any investments appearing below)					
46 DB Topiary Trust	2006	\$ 100.00	Cabrera Capital Markets Inc			First 2 yrs, 25% of mgmt & incentive fees; thereafter 20% of such fees		
47 Gontex Market Neutral	2006	\$ 100.00	None					
48 Gontex Market Neutral Plus	2006	\$ 120.00	None					
49 Austin Capital Mgt.	2006	\$ 130.00	Brecon Capital Partners	Alfred Jackson		33% of annual mgmt fees; annual fee cap - 0.50% of EBB NAV invested		
50 HEV	2006	\$ 50.00	None					
51 TAG ⁽¹⁾	2008	\$ 50.00	Cabrera Capital Markets Inc	Martin Cabrera, Robert Aguilar, Marc Correa		Total Commitment ≤ \$250 MM, 25% of all fees & profit allocations; Total Commitment ≥ \$250 MM, 27.5% of all fees & profit allocations		
52 Benchmark Plus	2006	\$ 225.00	None					
53 ARS Notes								
54 TAG was the sub-advisor to HEV Asset Management LP until March 2008, upon assuming the role of primary advisor, TAG agreed to engage Cabrera Capital Markets as a third party marketter.								
55								
56								
57 Real Estate/Real Assets								
58 Guggenheim Structured Real Estate III	2007	\$ 25.00	None					
59 Greenfield	2007	\$ 25.00	None					
60 AMB Institutional Alliance REIT III	2008	\$ 20.00	None					
61 AMB Institutional Alliance Europe Fund I	2008	\$ 7.00	None					
62 Puma Mortgage Investment Trust LLC	2008	\$ 50.00	None					
63								
64 Infrastructure								
65 CITI Infrastructure Partners	2008	\$ 50.00	None					
66 Alinda Infrastructure Partners	2008	\$ 50.00	None					
67								
68								
69 Timber & Agriculture								
70 NMERB Milligton Banking Fund	2008	\$ 25.00	None					
71 Conservation Forestry	2008	\$ 25.00	None					
72								
73 Public Securities								
74 Alliance-Bernstein	2004	\$ 430	None	None				
75 Barings	2007	\$ 168	None	None				
76 Beach Point	2004	\$ 379	None	None				
77 BGI	2002	\$ 302	Awaiting response	None				

New Mexico Educational Retirement Board
Third Party Marketers

FUND NAME	Year Committed	ERB Commitment (\$Millions)	Primary Marketer				Sub-Agent			
			GP Disclosed Marketer	Associated Name	Fee (\$)	Terms	Sub-Agent	Associated Name	Fee (\$)	Terms
78. Broadview	2007	\$ 282	None	None						
79. Goldman Sachs	2003	\$ 397	None	None						
80. MetLife	2007	\$ 36	None	None						
81. Neuberger	2006	\$ 541	None	None						
82. Peninvest	2007	\$ 94	None	None						
83. Pyramis	2003	\$ 978	None	None						
84. Robeco	2008	\$ 250	None	None						
85. Rothschild	2002	\$ 136	None	None						
86. Wachovia Securities Lending	2005	N/A	None	None						
87. WAMCO	2006	\$ 478	None	None						
88. Wells Capital	2007	\$ 51	None	None						
89.										
90. Consultants										
91. NERC	2006		None							
92. Counseland Partners	2007		None							
93. ORG	2007		None							
94. Alpha Equity	2007		Requested							

Use of Third-Party Marketers/Placement Agents by NM PERA GP (data thru 5/1/09)

NR=No Response; DR=Declined to Respond;
 **See "Notes"

GP Name	PERA Commitment	Vintage Year	Approx. Fund Size (\$MM)	Name of Marketer/Placement Agent			Sub Agent	New Mexico Sub Agent	Fee Terms	Ant Rec'd by Indiv/firm for PERA
				Asset Type	Individual	Third Party Marketer/Placement Agent				
1 Wayzata Opportunities Fund II, L.P.	30,000,000	3,500	PE	Y	None	Park Hill	None	None	**	0.35% on \$30MM Commitment = \$105,000
2 Blackstone Real Estate Partners Europe III, LP	25,000,000	2,500	PE	Y	None	Park Hill	None	None	**	1.0% on \$25MM Commitment = \$250,000
3 Seleno Residential Mortgage Opportunity Fund LP	30,000,000	2,000	PE	Y	Clay K. Deniger	Capstone Partners	None	None	**	1.0% on \$30MM Commitment = \$300,000
4 Cerberus Institutional Partners, L.P. - Series Four	25,000,000	7,525	PE	Y	None	Monument Group	None	None	**	DR
5 Lincolnshire Equity Fund IV, L.P.	25,000,000	835	PE	Y	NR	UBS	NR	NR	NR	NR
6 The Resolute Fund II, L.P.	25,000,000	3,500	PE	Y	None	Credit Suisse	None	None	**	0.5% on \$25MM Commitment = \$113,354
7 Kelso Investment Associates VIII, L.P.	30,000,000	5,125	PE	Y	None	Credit Suisse	None	None	**	0.143% on \$30MM Commitment = \$43,045
8 Collier International Partners V, L.P.	25,000,000	4,500	PE	Y	DR	Credit Suisse	DR	DR	DR	DR
9 Onex Partners III, L.P.	25,000,000	3,500	PE	Y	None	Credit Suisse	None	None	**	\$325,000
1 BPG Investment Partnership VIII	25,000,000	850	RE	N	N/A	N/A	N/A	N/A	N/A	N/A
2 Carlyle Partners V, L.P.	30,000,000	17,000	PE	N	N/A	N/A	N/A	N/A	N/A	N/A
3 Carlyle Realty V, L.P.	30,000,000	2,875	RE	N	N/A	N/A	N/A	N/A	N/A	N/A
4 CVC European Equity Partners V	28,194,000	15,605	PE	N	N/A	N/A	N/A	N/A	N/A	N/A
5 EnCap Energy Capital VII, L.P.	30,000,000	2,500	RA	N	N/A	N/A	N/A	N/A	N/A	N/A
6 First Reserve Fund XII, LP	30,000,000	12,000	RA	N	N/A	N/A	N/A	N/A	N/A	N/A
7 Hellman & Friedman Capital Partners VI	21,750,000	8,400	PE	N	N/A	N/A	N/A	N/A	N/A	N/A
8 Hellman & Friedman Capital Partners VII	20,000,000	10,000	PE	N	N/A	N/A	N/A	N/A	N/A	N/A
9 JMI Equity Fund VI, L.P.	17,500,000	600	PE	N	N/A	N/A	N/A	N/A	N/A	N/A
10 Kayne Anderson Energy Fund	20,000,000	1,200	RA	N	N/A	N/A	N/A	N/A	N/A	N/A
11 KRG Capital Fund IV, L.P.	30,000,000	1,960	PE	N	N/A	N/A	N/A	N/A	N/A	N/A
12 Lime Rock Partners V, L.P.	10,000,000	1,400	RA	N	N/A	N/A	N/A	N/A	N/A	N/A
13 Natural Gas Partners IX	30,000,000	4,000	RA	N	N/A	N/A	N/A	N/A	N/A	N/A
14 NEA13, LP	20,000,000	2,500	PE	N	N/A	N/A	N/A	N/A	N/A	N/A
15 Nordic Capital Fund VII	23,864,900	6,069	PE	N	N/A	N/A	N/A	N/A	N/A	N/A
16 OCM Opportunities Fund VII, L.P.	15,000,000	3,500	PE	N	N/A	N/A	N/A	N/A	N/A	N/A
17 OCM Opportunities Fund VIIb, L.P.	15,000,000	10,600	PE	N	N/A	N/A	N/A	N/A	N/A	N/A
18 Praedium Fund VII	20,000,000	900	RE	N	N/A	N/A	N/A	N/A	N/A	N/A
19 Providence Equity Partners VI, L.P.	25,000,000	12,000	PE	N	N/A	N/A	N/A	N/A	N/A	N/A
20 Quantum Energy Partners IV, L.P.	20,000,000	1,250	RA	N	N/A	N/A	N/A	N/A	N/A	N/A
21 Quantum Energy Partners V, L.P.	30,000,000	2,000	RA	N	N/A	N/A	N/A	N/A	N/A	N/A
22 R/C Global Energy & Power Fund IV	30,000,000	6,000	RA	N	N/A	N/A	N/A	N/A	N/A	N/A
23 R/C Renewable and Alt. Energy II	20,000,000	4,000	RA	N	N/A	N/A	N/A	N/A	N/A	N/A
24 Rockwood Capital Partners	20,000,000	1,500	RE	N	N/A	N/A	N/A	N/A	N/A	N/A
25 Starwood Global Opportunity Fund VIII, LP	25,000,000	2,000	RE	N	N/A	N/A	N/A	N/A	N/A	N/A
26 Sun Capital Partners V, L.P.	20,530,000	6,000	PE	N	N/A	N/A	N/A	N/A	N/A	N/A
27 Technology Crossover Ventures VII, L.P.	35,000,000	3,000	PE	N	N/A	N/A	N/A	N/A	N/A	N/A
28 TPG Asia V, LP	30,000,000	4,000	PE	N	N/A	N/A	N/A	N/A	N/A	N/A
29 TPG Partners VI, LP	30,000,000	19,800	PE	N	N/A	N/A	N/A	N/A	N/A	N/A
30 Walton Street Real Estate Fund VI	30,000,000	2,500	RE	N	N/A	N/A	N/A	N/A	N/A	N/A
1 Charterhouse Capital Partners	25,000,000	4,500	PE	NR	NR	NR	NR	NR	NR	NR
2 Madison Dearborn Capital Partners VI, L.P.	25,000,000	6,000	PE	NR	NR	NR	NR	NR	NR	NR

As Commitment

Notes

0.35% of aggregate commitments

1.0% on commitments

1.0% on commitments with management fee offsets; payable over a 3-year period.

100% of placement agent fee paid by GP.

Base fee of \$3MM -incentives for funds raised in excess of \$2B and \$3B; Jordan paid CS 0.5% of funds raised.

\$7MM flat fee on total fund, or 0.143% of the total fund

CS and Onex agreed to maintain the confidentiality of the terms of the Agreement, except as required by applicable law or legal process or pursuant to any legal, regulatory or self-regulatory body's request for information or documents. Nonetheless, Onex and CS are pleased to make the information below available to PERA. Pursuant to the Agreement, Onex agreed to pay CS a fee composed of a fixed dollar amount for CS's assistance to Onex with respect to the existing investors as well as a percentage of the aggregate principal amount of limited partnership interests in the Fund sold to new investors.

as the Advisor has reason to believe or becomes aware of any such benefit, that the Advisor shall promptly provide, within two (2) business days, notice and detail of such benefit to NMERB.

The Advisor further agrees that receipt of such benefit shall be a breach of this Agreement, and NMERB shall have the right, notwithstanding Section IV herein, to terminate this Agreement on three days' notice.

XXII. CONFLICT OF INTEREST:

The Advisor warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance or services required under the Agreement. The Advisor certifies that the requirements of the Governmental Conduct Act, Sections 10-16-1 through 10-16-18 NMSA 1978, regarding contracting with a public officer or State employee, have been followed.

The Contractor and its officers and employees are prohibited from soliciting or receiving campaign contributions, for or on behalf of any NMERB Board member, candidate for NMERB Board member, or any political candidate in the State of New Mexico, or any political candidate or elected official in the State of New Mexico for statewide office, from any investment company or brokerage firm, including its officers and employees, which has engaged in any financial transaction with NMERB within the preceding twelve (12) months prior to the solicitation or receipt of the contribution or which reasonably expects within the next twelve (12) months to engage in financial transactions with the NMERB. This restriction is not intended to prohibit a formal campaign committee from engaging in lawful political solicitations, provided that full disclosure is made, as required by law, to the appropriate authorities. The Contractor may not make campaign contributions to NMERB Board members, except to formal campaign committees. Violation of this Paragraph constitutes a breach by the Contractor of its Agreement with NMERB.

XXIII. PLACEMENT AGENTS:

The Contractor shall send written notice to Agency of any transaction that involves a placement agent. Such notice shall be made to Agency within thirty (30) days of such transaction and shall include at a minimum the name of the placement agent and a list of any other public funds that may be involved in the transaction.

XXIV. COVENANTS:

At all times during the term of this Agreement, Saul Meyer, Matthew O'Reilly and Marcellus Taylor shall collectively own at least a controlling percentage of the voting power associated with partnership interests in the Advisor and at least a controlling percentage of the economic rights associated with partnership interests in the Advisor. (For purposes of the foregoing, Saul Meyer, Matthew O'Reilly and Marcellus Taylor shall be deemed to hold any economic or voting rights associated with a partnership interest in the Advisor that is held ((e.g., through an estate planning vehicle)) by or for the benefit of Saul Meyer, Matthew O'Reilly and Marcellus Taylor or their respective immediate family members.)

IN WITNESS WHEREOF, the parties hereto have executed this PROFESSIONAL SERVICES AGREEMENT.

RENAISSANCE PRIVATE EQUITY
PARTNERS, L.P.

By:
General Partner Adelus Management
Company, LLC

By:
Name: SAUL M MEYER
Title: MANAGER

Date: 10/20/06

STATE OF NEW MEXICO
EDUCATIONAL RETIREMENT BOARD

By:
Evalynne Hunemuller
Executive Director

Date: 10/20/06

The New Mexico Taxation and Revenue Department has determined that this figure is exempt from gross receipts taxes as the work under contract is performed outside of the State of New Mexico.

TAXATION AND REVENUE
DEPARTMENT

By: _____

Date: _____

APPROVED AS TO LEGAL FORM

By:
Robert J. Schulman
General Counsel, NMERB

Date: 10/20/06

Attachment F Board and Council Members

NMERB Board of Trustees

The management of the Educational Retirement Board is vested in a board of seven members. The Board stands in a fiduciary relationship to the members covered under the Educational Retirement Act. Administrative management of the fund is vested in a Director who is appointed by the Board of Trustees. Board meetings are open to the public. *For Meeting schedule, location, and board approved minutes go here.*

Bruce F. Malott, Chairperson

Responsibilities: Bruce Malott has served on the board since 1999 and has been Chairperson since August 2004.

He is responsible for leading the fund's board meetings including development of the agenda. He coordinates the board with the fund's investment function and all board member committee appointments are made by him.

Committee Assignments: Educational Retirement Board Chairperson, Investment Committee Chairperson, Audit Committee Chairperson, Administrative Appeals Chairperson, Director's Evaluation Committee Member, Disability Appeals Member.



Career Path: Bruce Malott is Certified Public Accountant as well as a Certified Financial Planner and Certified Valuation Analyst. Bruce is the Managing Principal and a founding partner of Meyners + Company, LLC, one of New Mexico's largest Public Accounting firms. His credentials include over 25 years of experience in a broad array of capacities including accounting, tax, and consulting services for professional service firms, retailers, manufacturers, distributors, and service organizations.

Bruce has appeared weekly on multiple television and radio stations offering tax tips and advice as a resident expert in the field, and holds the status of a Diplomat of the American Board of Forensic Accounting. He also serves on the State Board of Accountancy. He previously served on the New Mexico Retiree Healthcare Board and the Executive Committee of the AICPA's (American Institute of Certified Public Accountants) Management Consulting Services Division and has served on the editorial advisory board of Partner-to-Partner Advisory, a Harcourt Brace Publication.

Education: Arizona State University Bachelor of Science

Mary Lou Cameron, Vice Chairperson

Responsibilities: As the elected member to the New Mexico Educational Retirement Board representing the National Education Association of New Mexico, Mary Lou Cameron's responsibility is to communicate regularly to the membership the financial condition of the fund, proposed or signed legislation impacting the

Attachment F Board and Council Members

fund, and other issues which might have an impact on the members of the ERB. She is the only elected active educational employee on the ERB and serves as vice chairperson.

Committee Assignments: Educational Retirement Board Vice-Chairperson, Administrative Appeals Vice-Chairperson, Director's Evaluation Committee Member, Audit Committee Member.

Career Path: Teacher Corpus Christi, Texas, ISD 1966-1968, Teacher, Staff Development Coordinator, Literacy Specialist and Associate Superintendent in Deming Public Schools 1976-Present. Served as President of National Education Association of New Mexico 1996-2001. Mary Lou Cameron has been elected for an additional four-year term as National Education Association-New Mexico's representative on the New Mexico Educational Retirement Board. Ms. Cameron represents the National Education Association members' issues and concerns. Her term expires July 14, 2009.



Education: Undergraduate degree – bachelor of science in education from North Texas State University in Denton, Texas. Graduate degree – master of arts from Western New Mexico University in Silver City.

Gary Bland, Secretary

Responsibilities: State Investment Officer (SIO) Gary Bland was appointed by the Governor and confirmed by the Senate, and is the executive in charge of the State Investment Office. Under his direction, the State Investment Office is charged with the responsibility of carrying out the policies of the SIC in day-to-day investment management functions.

Committee Assignments: Educational Retirement Board Secretary, Director's Evaluation Committee Chairperson, Investment Committee Member, Disability Appeals Member, Audit Committee Member.

Career Path: Governor Bill Richardson appointed Gary Bland as New Mexico's state investment officer in 2003. Gary has extensive experience in real estate development, venture capital and private-equity investing, and came to New Mexico after 28 years at The Boeing Company in Seattle, the last 16 of those years as vice president of trust investments. At Boeing he oversaw investment of Boeing's \$62 billion employee trust funds, and established a track record for innovative efforts to involve minority communities in the aviation giant's investment strategy. Before his time at Boeing, he attended University at Washington State and served a tour of duty for the Army in Vietnam. Gary is a history buff and an avid outdoorsman.



Education: Bland earned his bachelor's degree in business administration from Washington State University; completed his graduate studies work in business management with a focus on small business

Attachment F Board and Council Members

at Eastern Washington University and participated in the Resident Investment Management Program at Stanford University.

Veronica Garcia

Responsibilities: Dr. Veronica Garcia was appointed as New Mexico's first cabinet secretary of Education in October of 2003. As a cabinet secretary, Dr. Garcia has direct access to Governor Bill Richardson and the other cabinet secretaries. As Secretary of Education she is the Constitutional Officer charged with oversight of the 89 NM school districts, 36,000 employees of the public schools, and an annual operating budget of over 2 billion dollars.

Committee Assignments: None

Career Path: Dr. Garcia has been an educator in New Mexico for 30 years. She has experience as a teacher, principal, assistant director of special education, school psychologist, assistant superintendent, and associate superintendent. Dr. Garcia served as superintendent for Santa Fe Public Schools. Upon her retirement, Dr. Garcia assumed the position of executive director for NMCSA.

Education: University of New Mexico: bachelor' degree in special education, 1973; master's degree in special education, 1978; and a doctorate in educational leadership, 2003.

James B. Lewis

Responsibilities: The State Treasurer serves as the elected chief banking officer of the state and is entrusted with keeping, investing, and disbursing all state money, unless otherwise provided by law. Additionally, the State Treasurer is charged with a variety of other duties directed toward ensuring prudent management of the state's financial resources as set forth in various sections of the statutes.

Committee Assignments: Investment Committee Member

Career Path: Served as NM State Treasurer 1985-1991

Enhanced public trust and confidence in the office

Established sound management practices

Established the Remote Electronic Banking System (REBA)

Automated the warrant and collateral compliance system

Created the Cash Manager's Office in the Treasury

Created physical security process

Started courier service of securities to the Fiscal Agent Bank

Hired competent, conscientious, qualified staff

Helped pass legislation allowing local government's to be included in the Overnight Investment Pool



Attachment F Board and Council Members

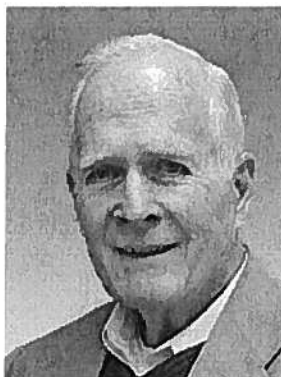
Education: Master's Degree Public Administration,
B.S. Degree Education, B.S./A.S. Degree Business
Administration

Russell Goff

Russell is the representative for the New Mexico Association of Educational Retirees (NMAER). He has served as the Executive Director for NMAER since 2002. Russell began his career as a teacher for Adobe Acres Elementary in 1964 and ended in 2001 as principal of Eldorado High School. Russell has a Masters in Education Administration and a Bachelor's in Physical Education both from UNM.

Committee Assignments: Administrative Appeals
Member

Beulah Woodfin, Ph.D



Bio Coming Soon!

Attachment F
Board and Council Members
PERA Board

Mission Statement

The mission of the Board of the Public Employees Retirement Association is to preserve, protect, and administer the trust to meet its current and future obligations and provide quality services to Association members.

Officers



*Cynthia D. Borrego
Chair, Municipal
Member*

With 26 years experience as an urban land use planner, Cynthia Borrego is currently a Division Manager for the City of Albuquerque Planning Department, Metropolitan Redevelopment Agency. Managing a staff of 8, she staffs the Albuquerque Redevelopment Commission and does strategic planning for the City's redevelopment areas. She was formerly a senior planner managing the City Development Process Manual, developing regulatory procedures for wireless telecommunications facilities.

She was the Bernalillo County Planner for over two years before the County Planning Department was established, and for over 8 years was a Community and Economic Development Planner in the Downtown and surrounding neighborhoods. Key achievements include placing the City Development Process Manual on the WEB, Project Manager of the City Case Tracking System, assisting in the implementation of the "City One Stop Shop" and the development of the South Baretas Revitalization Project and Trumbull Infill Housing Project.

Ms. Borrego's educational background includes a Master's Degree in Public Administration from UNM. She is a Life Member of the National Registry of Who's Who.

She is currently Vice President of the State of New Mexico Public Employees Retirement Board (PERA), as well as a member of the Robert O. Anderson School of Public Administration Advisory Council. She belongs to the American Planning Association and the New Mexican Hispanic Culture Preservation League. She was formerly President of the New Mexico Supervisors and Professionals Association and the American Society of Public Administrators Alumni Association, and a board member of the Albuquerque/Santa Fe/Los Alamos EEO Council. A

Attachment F
Board and Council Members

Leadership Albuquerque graduate, she is currently its Alumni Board Treasurer. She also serves on the Richland Hills Homeowners Association Architectural Review Committee.



Nancy Hewitt
Vice Chair, State
Member

Contact Information:
New Mexico Public Defender Department
301 North Guadalupe
Santa Fe, NM 87501
Phone 827-3909
Fax 476-0273
E-mail: nancym.hewitt@state.nm.us

Ex-Officio Members



James B. Lewis
New Mexico State
Treasurer

James B. Lewis is the 29th treasurer of the state of New Mexico. Elected to his second term on November 7, 2006, Treasurer Lewis is the only elected state official to serve on all financial and investment boards and commissions. Treasurer Lewis has a combined fiduciary responsibility for more than \$45 billion. He manages an annual operating budget of \$4.6 million. Treasurer Lewis is senior vice president of the National Association of State Treasurers and an executive committee member of the National Association of State Auditors, Comptrollers and Treasurers. He holds degrees in Public Administration, Education and Business Administration.

Attachment F
Board and Council Members



Mary E. Herrera
Secretary of State

The Honorable Mary Herrera, Secretary of State, has been a public servant for over 35 years. As New Mexico Secretary of State she is the second highest ranking Hispanic Elected Official in the country, second only to New Mexico Governor Bill Richardson. Madame Secretary Herrera is one of only two state-wide elected Hispanic women and is the highest ranking state elected Hispanic woman in the United States. Madame Secretary Herrera is second in line (after the Lieutenant Governor) to succeed the Office of Governor.

Madame Secretary Herrera works closely with New Mexico's thirty-three county clerks and enjoys a positive working relationship with them. She has gained the respect of all parties and is known throughout the state for her honesty, integrity, work ethic, and commitment to serving the public.

State Members



Annette Martinez-Varela
13th Judicial District
Attorney's Office

Annette Martinez-Varela is an 18 year state employee, having worked in the legislative, executive and judicial branches of state government. She has worked as a clerk, secretary, court clerk, administrator and currently serves as a special programs director for the 13th Judicial District Attorney. Annette is very devoted to public service and to the public employees who make up the membership of PERA. Her husband and family are also public servants who maintain a reputation for sincere public service. Annette currently resides in Rio Rancho with her husband Jeff and her daughters Christina and Camille.

Attachment F
Board and Council Members



Oscar J. Arevalo
Administrative Office of
the Courts

Oscar has an MBA in Finance and is the Chief Financial Officer for the Administrative Office of the Courts. He is a PERA state member since 1993. He was awarded the AGA 2007 Financial Manager of the Year. Oscar volunteers at his local church as a lector. He is married to a beautiful wife and they have three wonderful children. He has served on the PERA Board since Sept. 2007. Oscar is committed to protecting the trust to ensure that his retirement income, the income of those already retired, and the income of future retirees is taken care of in a manner that will allow all of us to fulfill our hopes and dreams.



Francis Page
Corrections Department

I am a native New Mexican born and raised in Albuquerque, with family ties to Santa Rosa and Puerto De Luna. I have been married for 21 years to Josie and have a daughter Jaclyn. I am a graduate of UNM with an undergraduate degree in Business Administration and hold a graduate degree in Public Affairs/Administration from NMHU. I spent eight and half years in the Army/Army Reserve and currently I am a Selective Service Board Member. I am also a Certified Fraud Examiner and a member of various service groups (American Legion, Catholic War Veterans and Knights of Columbus).

Municipal Members



Susan Biernacki
City of Albuquerque
Legal Department

Susan is a native of Albuquerque, NM and attended the University of New Mexico (B.S. 1984, with distinction) and the University of New Mexico School of Law (J.D. 1987). Susan is a member of the Supervisory Committee for the Rio Grande Credit Union and a member of the board of the Albuquerque Academy Parent Association. Susan celebrated 25 years of wedded bliss with her husband, Robert, in May, 2008, and together they have two children, Katie (17 yrs.) and Beau (13 yrs.). In her spare time, Susan enjoys assisting Katie with her college applications, snow skiing, scuba diving, mountain biking, cooking, watching her kids downhill race for Durango Mountain (Purgatory) ski team, and cheering them on at their numerous sporting events.

Attachment F
Board and Council Members



Patricia French
City of Albuquerque
Police Department

Patricia French has been employed by the Albuquerque Police Departments Records Division for over 20 years. Patricia was elected to the PERA Board in 2005 and is serving her second term. She has served on the Investment Committee, Audit & Budget, Rules & Administrative, and the Disability Committee. She is a Board member for the Albuquerque City Ethics (ACE) Coalition. She is the secretary for the "Word for Deliverance" radio and TV ministry and serves on the corporate board for Saints Harbor Cathedral Embassy Federation. Patricia is a native of Kansas but has lived in Albuquerque since 1987. She has three children, two sons and a daughter. She states her greatest joy is her grandchildren, which range in age from two (2) yrs old to 16 yrs old.

County Members



David A. Baca
County Member
Risk Management Director
Contact Information:

Bernalillo County
111 Union Square, S.E., Suite 201
Albuquerque, NM 87102
Phone: 314-0440
Fax: 314-0472
E-mail: dbaca@bernco.gov
Contact: Sandra Anaya - 314-0440

Retiree Members



Victor A. Montoya
Santa Fe County Treasurer's Office
Contact Information:

Santa Fe County Treasurer's Office
102 Grant Avenue
Santa Fe, NM 87501
Phone: 986-6244
Fax: 995-2731
E-mail: vamontoya@co.santa-fe.nm.us



John Lucero

John R. Lucero retired after 28 years of New Mexico government service as the Director of the Bernalillo County, Zoning, Building and Planning Department for a period of 10 years. He also worked as a Planner for the City of Albuquerque for 13 years. During that period he worked with the public and boards such as the County Commission, County Planning Commission, City Planning Commission and City Commission. Another phase of his employment was at the NM State Highway Department in Santa Fe working with the Traffic Division, Road Design, and Road Location (surveying, drafting, office manager). He was a PERA Board member from 1998-1999.

Investment Committee:

The Board President appoints the committee members, which are all voting members of the committee. Other board members that regularly attend the monthly meeting are nonvoting. This committee meets monthly and includes the following Board members:

David Baca, Chair

Susan Biernacki, Vice Chair

Oscar Arevalo

Nancy Hewitt

James Lewis

Victor Montoya

**Attachment F
Board and Council Members**

The State Investment Council is chaired by Governor Bill Richardson and composed of nine members: the Governor, the State Investment Officer, the State Treasurer, the Commissioner of Public Lands, the Secretary of the Department of Finance and Administration, the Chief Financial Officer of a state institution of higher learning and three public members appointed by the Governor for five year terms.

SIC Members as of 09/22/08:



Governor Bill Richardson



State Investment Officer Gary B. Bland



State Treasurer James Lewis



State Land Commissioner Patrick Lyons



DFA Secretary Katherine Miller



Public Member David Harris



Public Member Andrew Davis



Public Member Stephen L. Feinberg

Attachment F
Board and Council Members

**Private Equity Investment
Advisory Committee**

The Private Equity Investment Advisory Committee is composed of the State Investment Officer and four members appointed by the Governor. All appointees have extensive experience in investment and finance fields and serve their fiduciary roles as a public service. In addition to the SIO Gary Bland, the following individuals serve on this committee.



Andrew Davis, Chair



THOMAS BONAFAIR



WILLIE GIRON



WILLIAM C. ENTOE



GARY BLAND
STATE INVESTMENT OFFICER

Andrew Davis was appointed to the SIC and PEIAC by Governor Richardson in 2003. Has been with Davis Advisors since 1993, and is a Portfolio Manager. He has over 15 years of investment management experience. Previously, he was employed at PaineWebber, Inc. as Vice President, managing both its Convertible Security Research and Closed-End Bond Fund Research departments. He is a graduate of Colby College.

Governor Bill Richardson appointed **Tom Bonafair** to the State of New Mexico Private Equity Investment Advisory Committee in 2004. Mr. Bonafair came to New Mexico in 1985 as owner of New Mexico Beverage Company, a statewide beverage distributor. He

Attachment F
Board and Council Members

currently owns Pella Windows & Doors of New Mexico and Orlando, Florida, is the General Partner of Bonafair Capital Group LLC, and serves on the board of ComVest, a private investment firm located in West Palm Beach. Before coming to New Mexico, Mr. Bonafair worked with Ford Motor Company, General Foods Corporation, Coca Cola Company and was President of Brentano's Book Chain. Mr. Bonafair and his wife Cindy have two children, Phillip and Sara. Mr. Bonafair was a Senior Advisor to Chemical Venture Partners, Chase Capital Partners and J.P. Morgan Chase Capital Partners. Mr. Bonafair played football at the University of Detroit on a football scholarship, and he holds a BS and MBA.

Governor Bill Richardson appointed **Mr. Giron** to the Private Equity Investment Advisory Committee in 2004. Mr. Giron has more than 30 years of real estate development experience and continues to be active in this field. He retired as Chairman of the Board of The Bank of Belen earlier this year, 12 years after co-founding the institution. Under his guidance, the bank's assets grew from \$2 million to more than \$100 million, and became the first New Mexico bank to achieve "trustee bank" status for the Department of Energy. Mr. Giron is past president of the Belen Chamber of Commerce and founded the Valencia Hispanic Chamber of Commerce. He is past president of the University of New Mexico Valencia Foundation, and chaired the committee that helped establish the UNM Valencia campus. Mr. Giron is also the former president of the Kiwanis Club of Belen.

William C. Enloe is Chairman and Chief Executive Officer of Los Alamos National Bank, a position he has held since 1994. Enloe began his career with Los Alamos National Bank in 1971, and it has spanned over 33 years of the bank's 41-year history. Mr. Enloe has played a key role in developing the bank's strategic and operational focus and maximizing its performance. LANB serves all commercial and consumer deposit and financing needs with an emphasis on commercial and residential real estate development in Northern New Mexico. Over the years Mr. Enloe has been active in helping venture capital business get started in New Mexico and has served on several economic development committees locally, on the state level and nationally.

State Investment Officer (SIO) **Gary Bland** was appointed by Governor Richardson to a second term in 2008, and unanimously reconfirmed by the New Mexico Senate. The Investment Officer is the executive in charge of the day-to-day operations of the State Investment Office and is responsible for the management of the State Permanent Funds. Mr. Bland has extensive experience in real estate development, venture capital and private equity investing. He came to New Mexico after 28 years at The Boeing Company in Seattle, the last 16 of those years as Vice President of Trust Investments. At Boeing he oversaw investment of Boeing's \$62 billion employee trust funds, and established a track record for innovative efforts to involve minority communities in the aviation giant's investment strategy. Before his time at Boeing, he attended University at Washington State and served a tour of duty for the Army in Vietnam.

ATTACHMENT G
AGENCY INVESTMENT STAFF

Educational Retirement Board (ERB)

ERB

Bob Jacksha, Chief Investment Officer – oversight of all investment areas

Steve Neel - Private Equity/Hedge Funds/Commodities

Mark Canavan – Real Estate and related Real Assets (Timber, Farmland, Mitigation Banking, Infrastructure)/Commodities

LeAnne Larranaga-Ruffy – Public Securities Managers/Internal Index Funds

Selma Arnold – Investment Operations and Reporting

PERA

Terry Slattery, Executive Secretary

Robert E. Gish, Director of Investments, overall responsibility for advising and reporting to the Executive Secretary and board and implementing board policy

Joelle Mevi, Deputy Director of Investments, provides backup assistance to the Director of Investments and as Portfolio Management for Public Equities, is responsible for monitoring the external managers for U.S. and non-U.S. equities.

Julian Baca, Portfolio Management for Private Equity, Real Estate and Real Assets responsible for monitoring all private equity managers.

Jason Goeller, Portfolio Management for fixed-income, Securities Lending, Currencies and Hedge Funds, responsible for monitoring all investment activities conducted by external investment managers

Sandy Perez, Financial Analyst responsible for custodian accounting records and Alternative Investment Accounting files.

Debbie O'Dell, Financial Analyst responsible for capital calls on private equity accounts, cash management, monthly and quarterly internal analysis and Board reports

Doug Williams administrative assistant responsible for daily reports, quarterly reports to LFC and DFA.

State Investment Council

Senior Investment Staff:

Gary Bland, State Investment Officer

Adam Levine, Sr. Deputy State Investment Officer; All Alternatives, incl. Absolute Return (Fund of Hedge Funds), Private Equity, Real Estate, ETIs and Derivatives strategies

Kay Chippeaux, Deputy State Investment Officer; Fixed Income, Credit & Structured Finance

Public Equities

Todd Frybarger, Sr. Portfolio Manager

David Lee, Portfolio Manager

Bart Stucky, Portfolio Manager

Paul Heine, Portfolio Manager

Michael Capitani, Equity Trader

ATTACHMENT G
AGENCY INVESTMENT STAFF

SIC, Continued

Fixed Income

Connie Lee, Manager

Alternative Investments

Scott Smith, Director Real Estate

Greg Kulka, Director Private Equity, Film, Economically Targeted Investments

Lori Romero, Financial Analyst (PE, Film)

Legal Staff

Bryan Otero, General Counsel

Rosalyn Nguyen, Asst. General Counsel

Michelle Ortega, Paralegal

Administrative Services/Accounting

Rick Scroggins, CFO/ASD Director

Pam Hamilton, Accountant

Cyndy Lynch, Investment Accounting Manager

Angela Romero, Financial Analyst

Nicole Gallegos, Financial Analyst

Kelley Koehler, Financial Analyst

Mary Martinez, Financial Analyst

New Mexico State Investment Council

Governor Bill Richardson - Chair

Gary Bland, State Investment Officer

Patrick Lyons, State Land Commissioner

James Lewis, State Treasurer

Katherine Miller, DFA Secretary

David Harris, Public Member; CFO University of New Mexico

Andrew Davis, Public Member; Portfolio Manager, Davis Funds

Stephen L. Feinberg, Public Member; Chairman and CEO of Dorsar Investment Co.

Tom Bonafair; CEO Bonafair Management Group, Pella Windows & Doors Distributor

Private Equity Investment Advisor Committee

Andrew Davis – Chair; Portfolio Manager, Davis Funds

Gary Bland, State Investment Officer

Tom Bonafair; CEO Bonafair Management Group, Pella Windows & Doors Distributor

Willie Giron; Retired, Founder Bank of Belen

Bill Enloe; Chairman & CEO Los Alamos National Bank