

PUBLIC EMPLOYEES' RETIREMENT BOARD
MEETING MINUTES FOR
Tuesday, March 23, 2010 and Wednesday, March 24, 2010

The agenda for this meeting was mailed to every public employer, the news media, and other groups and individuals as requested.

The Retirement Board Education Session of the Public Employees' Retirement Board was called to order by Vice Chairman Vincent at 3:00 p.m., March 23, 2010, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: Mark Vincent, James Green, David Kallas, David Olsen, and Charles Silvestri. Members absent: George Stevens and Bart Mangino.

March 23, 2010
Education Session

I. ADMINISTRATION

- A. Staff reviewed the employer reporting process with the Board.

II. INVESTMENTS

- A. Staff discussed the international stock management structure in the PERS' fund.

III. PUBLIC COMMENT

There were no public comments offered.

IV. RECESS

Vice-Chairman Vincent recessed the meeting at 4:50 p.m.

March 24, 2010
Board Meeting

The Retirement Board Meeting of the Public Employees' Retirement Board was called to order by Chairman Stevens at 8:00 a.m., March 24, 2010, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: George Stevens, Mark Vincent, James Green, David Kallas, Bart Mangino, David Olsen, and Charles Silvestri. Members absent: None.

I. DISABILITIES

- A. For the record, Bart Mangino abstained from voting on Ms. Shelia Fasching as she was a previous employee of the Clark County School District; George Stevens abstained from voting on Ms. Judith Marion as she was a previous employee of the University Medical Center; and James Green abstained from voting on Ms. Marialuz Rodriguez-Flores as she was a previous employee of the City of Henderson. On motion of Mark Vincent, the Retirement Board voted unanimously to:

1. Approve permanent and total disability retirement for: Karen Avalos, Michele Cervantes, Terri Claiborne-Berry, Ken Clements, Gaynell Crenshaw, Theresa Cress, John Ernsberger, Sheila Fasching, Martin Fritz, Dennis Gee, James Gooss, Roberta Grim, Garner Houston, Daaiyah Jolly-Boyd, Joanna Kopacz, Albina Lopez, Judith Marion, Chantal McAtee, Denise Miller, Anthony Muhamad, Deborah Nickle, Laura Otero, Laura Perkins-Martin, Helen Price, Lori Salmanowitz, Lucy Spotted Eagle, Shawna Stanfield, and Kathleen Swoboda.
2. Approve reemployment requests by disability recipients: Michaelene Carman, Sylvia Gutierrez, Scott Hopkins, Lili Lagan, Marialuz Rodriguez-Flores, Betty Sheer, Peggy Smith, Matthew Steinhardt, and M. Susan Warren.
3. Deny the reemployment request by disability recipient Susan Chandler.

Ms. Ginger Cape addressed the Board and read a statement into the record regarding her current reemployment which the Board was doing a six-month review on. After discussion, on motion of Mark Vincent, the Board voted 6-yeas and 1-no to extend Ms. Cape's approved reemployment request through December 31, 2010. David Olsen voted no.

II. INVESTMENTS

- A. Staff discussed the international stock structure in the PERS' fund. Staff mentioned that there are two active management firms that have generated poor performance since they were hired in 2007; Goldman Sachs and Quantitative Management Associates. Members from the firms are here to provide an update on their performance to the Retirement Board under agenda items II. B and II. C.
- B. Stephanie Ivy of Goldman Sachs apologized to the Board for their firm's underperformance and thanked Ken Lambert and Steve Edmundson for their patience and guidance during this difficult time. She also expressed Len Ioffe's disappointment for not being able to attend the meeting as he was delayed in Colorado due to a winter storm. Stephanie presented an organizational overview and a performance update on their international stock portfolio for the PERS' fund. After discussion, on motion of Charles Silvestri, the Retirement Board voted 6-yeas and 1-no to immediately terminate Goldman Sachs Asset Management and authorize Mellon Capital Management to temporarily index the account to the MS EAFE index. David Kallas voted no.
- C. John Van Belle of Quantitative Management Associates (QMA) apologized for Margaret Stumpp as she was unable to attend the meeting due to a winter storm in Colorado. John also apologized for their firm's underperformance and thanked Ken Lambert and Steve Edmundson for their patience and guidance during this time. He also thanked the Board for the opportunity to work with them and appreciates the opportunity to speak to them. John presented a performance update on their international stock portfolio for the PERS' fund. After discussion, on motion of Mark Vincent, the Retirement Board voted unanimously to immediately terminate

Quantitative Management Associates and authorize Mellon Capital Management to temporarily index the account to the MS EAFE index.

- D. Staff presented the recommended changes to the Interim Investment Directives to the PERS' fund. On motion of David Kallas, the Retirement Board voted unanimously to approve the Interim Investment Directives for the PERS' fund, as submitted.

III. BOARD

- A. Staff provided background information on the Request for Proposal (RFP) for an independent actuarial firm to perform a second opinion review which is required every 10-years by the Retirement Board's Monitoring and Reporting Policy. The last review was conducted in 2000. Staff mentioned that 15 national actuarial firms were identified and sent the RFP invitation. Eight firms decided to respond to the RFP and sent proposals by the deadline indicated. The Executive staff reviewed and discussed all the proposals and recommended that Cavanaugh Macdonald Consulting, Inc. be awarded the contract. After discussion, on motion of David Kallas, the Retirement Board voted unanimously to authorize staff to engage Cavanaugh Macdonald Consulting, Inc. to perform a second opinion actuarial review in keeping with the Board's Monitoring and Reporting Policy.
- B. On motion of James Green, the Retirement Board voted unanimously to approve the minutes of the Retirement Board's education session and meeting held February 16 and 17, 2010, as submitted.
- C. There were no recommended changes to the Retirement Board meeting dates.
- D. On motion of Mark Vincent, the Retirement Board voted unanimously to make the April Investment Education Topic ~ *Custodial Banking*.

IV. ADMINISTRATION

- A. Staff presented the results of CEM Benchmarking, Inc's defined benefit administration benchmarking analysis of PERS. On motion of Mark Vincent, the Retirement Board voted unanimously to accept the Defined Benefit Administration Benchmarking Analysis prepared by CEM Benchmarking, Inc., as presented by staff.

V. LEGISLATION

- A. Staff reviewed the process for preparing bill draft requests for the 2011 legislative session. Staff must request any bill draft requests through the Department of Administration by May 1, 2010. Staff mentioned that PERS normally requests two placeholder BDR's; one for fiscal legislation and one for technical legislation. At this time no fiscal legislation is being requested and the only technical changes pending are possible modifications to the Statute once the Internal Revenue Service rules on the compliance of all three retirement plans; PERS, LRS, and the JRS. On motion of David Kallas, the Retirement Board voted unanimously to direct staff to submit two bill draft requests to the Department of Administration by May 1, 2010.

VI. RATIFICATION AGENDA

On motion of James Green, the Retirement Board voted unanimously to:

- A. Approve the Administrative Fund disbursements.
- B. Approve the personnel action taken since the last report.
- C. Approve out-of-state travel for Charles Silvestri to participate as a moderator at the pension Bridge Annual Conference in San Francisco, California, April 6-7, 2010, at no cost to the System.
- D. Approve the Deceased Recipient Review Report for the quarter ending December 31, 2009.
- E. Approve the Final Benefit Audit Report for January 2009.

VII. DENIALS

VIII. REPORTS

IX. PUBLIC COMMENT

- A. There were no individual statements and/or requests by the members, retired employees and/or the public.
- B. The Senior Deputy Attorney General had nothing to report.
- C. Administrative report by Staff:

- Investment Officer:
 - 1. The Investment Officer mentioned that there was a question regarding what was included in the MSCI Emerging Market index. He provided the Board with a handout that discussed the framework and classification process for market indexes.
 - 2. The Investment Officer stated that as part of the state budget reconciliation PEBP will be withdrawing most its funds from the Retirement Benefits Investment Fund (RBIF) at the end of the month in order to pay future retiree health care subsidies. He also mentioned that Washoe County expressed interest in placing funds in RBIF.

- Executive Officer:
 - 1. The Executive Officer encouraged the Retirement Board to attend the annual National Association of State Retirement Administrators' conference in August which will be held in Seattle, Washington.

2. The Executive Officer mentioned that Senate Bill 3 of the Special Session would have required all state agencies to go to 4 ten hour work weeks with the office closed on Friday. The Governor vetoed Senate Bill 3 and issued an Executive Order for all agencies to examine the possibility of innovative work weeks including 4-10's. The Operations Officer is currently analyzing this and we will provide the Board with a report at a future meeting.

- Operations Officer:
1. The Operations Officer provided an update on the Chief Accountant position and the Employer and Production Services position that are currently vacant at PERS.

D. There were no questions and/or comments by members of the Retirement Board.

X. ADJOURNMENT

The meeting was adjourned by Chairman Stevens at 11:40 a.m.

The following is the time schedule for the meeting:

The Retirement Board education session held on March 23, 2010, was called to order at 3:00 p.m. by Vice Chairman Vincent and recessed at 4:50 p.m. The March 24, 2010, Retirement Board meeting was called to order at 8:00 a.m. by Chairman Stevens. Two breaks were taken; one at 9:25 for approximately five minutes and one at 10:18 for approximately ten minutes. The meeting was adjourned at 11:40 a.m.