

PUBLIC EMPLOYEES' RETIREMENT BOARD
EDUCATION SESSION AND MEETING MINUTES FOR
Tuesday, December 11 and Wednesday, December 12, 2007

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

The Education Session of the Public Employees' Retirement Board was called to order by Chairwoman DeFrancesco at 3:00 p.m., December 11, 2007, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: Susan DeFrancesco, Purisimo Hernandez, Charles Silvestri, George Stevens and Warren Wish. Members absent: Elizabeth Fretwell and David Kallas.

December 11, 2007
Board Education Session

I. INVESTMENTS

- A. Staff discussed the aspects of behavioral finance which explains how individual investors make their investment decisions.

II. ADMINISTRATION

- A. Staff reviewed the process for preparing the Comprehensive Annual Financial Report for the Public Employees' Retirement System.

III. PUBLIC COMMENT

There were no public comments.

IV. RECESS

Chairwoman DeFrancesco recessed the meeting at 4:35 p.m.

December 12, 2007
Board Meeting

The Board meeting of the Public Employees' Retirement Board was called to order by Chairwoman DeFrancesco at 8:15 a.m., December 12, 2007, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: Susan DeFrancesco, Elizabeth Fretwell (via telephone), Purisimo Hernandez, David Kallas (via telephone), Charles Silvestri, George Stevens and Warren Wish. Members absent: None.

I. DISABILITIES

- A. For the record, Susan DeFrancesco disclosed that she is familiar with James Dixon and Rebecca Watson's situation, who were Clark County School District employees and Elizabeth Fretwell disclosed she is familiar with Gary Clifford who was a City of Las Vegas employee. Neither Board member felt this would

affect their vote. On motion of Charles Silvestri, the Retirement Board voted unanimously to:

1. Approve permanent and total disability retirement for: Kimberly Beneschott, Diane Boschee, Belle Bundy, Gary Clifford, James Dixon, Lisa Dutra, William Ferguson, Scott Hopkins, Steven Johnson, Lea Ann Kelley, William Knight, Donna Knipchild, Kitty Mentaberry, Stanley Nelson, Linda Novak, Art Ramiscal, Maureen Rees, Dale Rich, Deborah Richards, David Trainer, Gina Vannucci, and Rebecca Watson.
2. Approve reemployment requests by disability recipients: Thomas Buchner, Stephan Burke, Diane Coleman, Jacqueline Dales, Jimmy Faulkner, Rymal Haggerton, Mashake McConner, Randy Paar, Jose Rodriguez, and Debbie.

II. INVESTMENTS

- A. Chae Hong and Eileen Kwei of Callan Associates, Inc. provided Callan's observations, trends, expectations, and a historical performance review of both the public and private real estate markets.
- B. Kevin Johnson, Paul Michaels, and Steve Shafranek of Invesco Realty Advisors presented an annual portfolio review of PERS' private real estate fund.
- C. Jill Hatton and Kathy Malitz of Blackrock Realty Advisors presented an annual portfolio review of PERS' private real estate fund.
- D. There were no recommended changes to the Interim Investment Directives for the PERS', Legislators', and Judicial funds.

III. BOARD

- A. Staff presented the Annual Governance Compliance Report for fiscal year 2007. The report was quite positive, indicating an overall high level of commitment to good governance practices. There were only two minor recommendations for the Board to discuss at a later meeting. On motion of Warren Wish, the Retirement Board voted unanimously to accept the 2007 Governance Compliance Report prepared by Cortex Applied Research, Inc., as submitted.
- B. On motion of George Stevens, the Retirement Board voted unanimously to approve the minutes of the Retirement Board Education Session and Meeting held November 13 and 14, 2007, as submitted.
- C. There were no recommended changes to the Retirement Board meeting dates.
- D. There were no recommended changes to the Retirement Board education curriculum calendar.

IV. ACCOUNTING

- A. Terry Klas of PricewaterhouseCoopers (PWC) presented the results of the Fiscal Year 2007 Audited Financial Statements, Management Letters, and staff responses for the Public Employees' Retirement System, the Legislators' Retirement System, and the Judicial Retirement System. Tina Leiss, the Operations Officer for PERS, acknowledged the Accounting Division and the Internal Audit Division for all their hard work in assisting PricewaterhouseCoopers with this audit. Terry Klas, of PWC also thanked the staff for their cooperation and diligence which enabled PWC to complete the audit in a timely manner. On motion of Charles Silvestri, the Retirement Board voted unanimously to accept the Fiscal Year 2007 audited financial statements for the Public Employees' Retirement System, the Legislators' Retirement System, and the Judicial Retirement System in addition to the management letter with staff responses.

V. ADMINISTRATION

- A. Staff presented the proposed contract with Apex Computing, Inc. to migrate the C*A*R*S*O*N system from Forte to Java. Staff discussed the milestones and payment schedule for completion of this project. On motion of David Kallas, the Retirement Board voted unanimously to approve the Contract for Services with Apex Computing, Inc., at a cost not to exceed \$3,852,455.00, subject to successful negotiations.

VI. RATIFICATION AGENDA

On motion of Charles Silvestri, the Retirement Board voted unanimously to:

- A. Approve the Administrative Fund disbursements.
- B. Approve the personnel action taken since the last report.
- C. Approve the amended Management Fee Agreements with Blackrock Realty Advisors and Invesco Realty Advisors.
- D. Approve out-of-state travel for Board member Charles Silvestri to attend the Institutional Investors Forum February 7-8, 2008, in Monterey, California, at no cost to the System.
- E. Approve out-of-state travel for the Executive Officer and the Investment Officer to attend the Callan Investment Institute's National Conference in San Francisco, California and conduct on-site due diligence visits at Barclays Global Investors, Dodge & Cox, and Mellon Capital, January 28-30, 2008.
- F. Approve out-of-state travel for the Executive Officer to attend the NASRA Winter Director's Meeting in Washington, DC, February 2-5, and participate in the American Academy of Actuaries Roundtable in New York City on February 6, 2008.

- G. Approve out-of-state travel for appropriate staff to attend the national Government Finance Officers Association in Fort Lauderdale, Florida, June 15-18, 2008.

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 Deputy Attorney General wished everyone a Happy Holiday.
- C. Administrative report by Staff.

- Executive Officer:
1. The Executive Officer, Staff, and the Retirement Board honored 3- employees that have completed 10-years of service at PERS. Sonya Hellwinkel, Manager of Counseling Services, Mickie Betkey, Employer Reporting Services, and Kathi Quilici, Manager of Support Services, were each presented with a commemorative plaque that depicts their tenure at PERS.
 2. The Executive Officer announced that the Interim Retirement and Benefits Committee has scheduled their next meeting for Wednesday, January 23rd, 2008, at 3:00 p.m. If you would like to attend, please let Karen know so she can make your travel arrangements.
 3. The Executive Officer updated the Board on the status of Federal Legislation regarding Sudan divestment and information sent to Nevada legislators; Senator Raggio and Speaker Buckley.
 4. The Executive Officer mentioned that a letter was sent to Budget Director Andrew Clinger regarding the Judicial Retirement System's amortization payment that could have possibly been targeted for budget cuts.
 5. The Executive Officer attended the RPEN Holiday luncheon in Reno on December 10th and was their guest speaker.
 6. The Executive Officer, Operations Officer and the Investment Officer participated in a meeting with the Las Vegas Chamber of Commerce's

Governmental Affairs Sub-Committee which went very well. Retirement Board Vice-Chairman Silvestri and Leslie Johnstone, Executive Director of PEBP also attended the meeting which went very well.

7. The Executive Officer was invited to participate in a Roundtable Discussion on pension fund disclosures in New York City along with Gary Findlay, Executive Officer of MOSERS and Lauri Hackney, Past-President of NASRA on February 6th, 2008, which is co-sponsored by the American Academy of Actuaries and the Society of Actuaries.
8. The Executive Officer mentioned that the AG Opinion request has made it through the process and should be signed and returned to PERS shortly.
9. The Executive Officer updated the Board on the audit performed on Carson City by PERS' internal audit staff. There were a couple of reporting errors that have been corrected and should be reconciled by the end of March 2008.
10. The Executive Officer wished everyone a Happy Holiday Season.

Operations Officer:

1. The Operations Officer introduced Pamela Young, Administrative Assistant IV to the Board.
2. The Operations Officer mentioned that the furniture for the second Las Vegas Office (Summerlin) has been delivered and the information technology staff has set up all the computer stations.
3. The Operations Officer stated that the 4th Annual Liaison Officer Conference was a great success. The attendees loved the format, staff participation, and the breakout sessions.
4. The Operations Officer wished everyone Happy Holidays.

D. Questions and/or comments by members of the Retirement Board.

Susan DeFrancesco:

1. Chairwoman Susan DeFrancesco requested that the new addition to the PERS' building be memorialized. Staff indicated that a celebration was conducted at the opening of the addition.
2. Chairwoman Susan DeFrancesco thanked all the staff that worked on the Liaison Officer Conference for all their hard work. The conference was a huge success.

3. Chairwoman Susan DeFrancesco, on behalf of the Board, extended Holiday Wishes to all the staff.

X. ADJOURNMENT

The meeting was adjourned by Chairwoman DeFrancesco at 11:30 a.m.

The following is the time schedule for the meeting:

On December 11, 2007, the Education Session was called to order at 3:00 p.m. by Chairwoman DeFrancesco and recessed at 4:33 p.m. The December 12, 2007, Board meeting was called to order at 8:15 a.m. Two breaks were taken for approximately five minutes each. The meeting was adjourned at 11:30 a.m.