

PUBLIC EMPLOYEES' RETIREMENT BOARD
EDUCATION SESSION AND MEETING MINUTES FOR
Tuesday, June 17, 2008 and Wednesday, June 18, 2008

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 Susan DeFrancesco at 3:00 p.m., June 17, 2008, in the PERS' Conference Room, 693 West Nye Lane, Carson City. Members present: Susan DeFrancesco, Charles Silvestri, Elizabeth Fretwell, Purisimo Hernandez, David Kallas, George Stevens, and Warren Wish. Members absent: None.

June 17, 2008
Board Education Session

I. ADMINISTRATION

- A. Staff reviewed the operational risks and protections in place on the administrative side of pension administration.

II. INVESTMENTS

- A. Staff discussed the operational risks and protections in place on the investment side of pension administration.

III. PUBLIC COMMENT

There were no public comments.

IV. RECESS

Chairwoman DeFrancesco recessed the meeting at 5:00 p.m.

June 18, 2008
Board Meeting

The Retirement Board Meeting of the Public Employees' Retirement Board was called to order by Chairwoman Susan DeFrancesco at 8:00 a.m., June 18, 2008, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: Susan DeFrancesco, Charles Silvestri, Elizabeth Fretwell, Purisimo Hernandez, David Kallas, George Stevens, and Warren Wish. Members absent: None.

I. DISABILITIES

- A. For the record, Susan DeFrancesco mentioned that two disability retirement requests, one reemployment request, and one denial for a reemployment request are known to

her but she felt this would not impair her vote. On motion of Elizabeth Fretwell, the Retirement Board voted unanimously to:

1. Approve permanent and total disability retirement for: Shannon deLugo, LaMont Dukart, Maria Egan, Hillary Gaut, Mark Jordan, Gerald Mayberry, Marsha McCormick, Darla Mortensen-Moore, Cheryl Nauss, Lydia Neville, Giang Ngo, George Rothermel, Francisco Sanchez, Loretta Sellars, Diane Sumner, Roxanne Ware, Sheryl Washington, and Tina Wilson.
2. Approve reemployment requests by disability recipients: Rena Abragan, Teresa Ashway, Lavonne Brubeck, Dennis Bryan, Jeanne Bush, Michaelene Carman, Regina Daniel, Norma Dennis, Kurt Fristed, Sally Gannon, Sherry Gluskin, Elizabeth Goeken, Lula Lewis, Don MacMullen, John Matthews, Joel Mooneyham, Krisann Morel, Wade Penegor, Judith Penman, Doretha Robinson, Everlean Sampson, Alice Schleicher, Marla Scott, Andrew Steen, Gayle Wilson, and Ruby Winston.
3. Deny the reemployment requests by disability recipients: Jeanne Bush, Sally Gannon, Girard Herrmann, and Andrew Marjie.

II. INVESTMENTS

- A. Tamara Doi Aoyagi, Tracy Gage, and Andy Johnson of Lehman Brothers presented an overview of their organization, market expectations, and a performance update on their U.S. bond index portfolio for the PERS' fund.
- B. Staff and Eileen Kwei of Callan Associates lead a discussion regarding the U.S. bond portfolio structure in the PERS' fund. Discussions on this item will continue at the July meeting.
- C. Jamie Shen and Sara Snyder of Callan Associates presented a review of the current real estate market, future expectations, and how they relate to the PERS' private real estate portfolio.
- D. There were no recommended changes to the PERS', Legislators', and Judicial funds.

III. BOARD

- A. Chairman of the Board Sub-Committee, Warren Wish and Staff reviewed the recommended modifications to the Retirement Board's Legislative Policy as proposed by the Board's Sub-Committee. On motion of Warren Wish, the Retirement Board voted unanimously to approve the Retirement Board's Legislative Policy as submitted.
- B. Chairman of the Board Sub-Committee, Warren Wish and Staff reviewed the recommended modifications to the Retirement Board's Operations Policy as proposed by the Board's Sub-Committee. On motion of Warren Wish, the Retirement Board voted unanimously to approve the Retirement Board's Operations Policy as submitted.

- C. Warren Wish, Chairman of the Retirement Board's Sub-Committee provided an update on the committee's progress.
- D. On motion of David Kallas, the Retirement Board voted unanimously to approve the minutes of the Retirement Board meeting held May 21, 2008, as submitted.
- E. There were no changes to the Retirement Board meeting dates.
- F. On motion of David Kallas, the Retirement Board voted unanimously to change the July Investment Education topic from Investment Industry Trends to U.S. Bond Structure and change the October Investment Education topic from Index Management to Alternative Investments. Investment Industry Trends will be included in other discussions throughout the remainder of the year.

IV. ACCOUNTING

- A. Staff presented the proposed fiscal years 2010-2011 biennial budget for the PERS', Legislators', and Judicial funds. The Board directed staff to include the addition of a 10th Step for the non-classified employees in the upcoming biennial budget.

V. ADMINISTRATION

- A. Staff reviewed the proposed changes to PERS' Official Policies, dated September 1, 2007, regarding the definition of call-back pay. After discussion, on motion of Charles Silvestri, the Retirement Board voted 6-yes and 1-no (David Kallas voted no) to approve the proposed additions and revisions to PERS' Official Policies, as submitted, and directed staff to file the policy revisions with the Secretary of State in accordance with NRS 286.200.
- B. Staff presented the proposed policies for the Judicial Retirement System and requested authority to notify employers of the proposed adoption of these policies. On motion of Elizabeth Fretwell, the Retirement Board voted unanimously to authorize staff to notify employers of the proposed adoption of the Judicial Retirement System Official Policies, in accordance with NRS 1A.100.
- C. Staff reviewed the Status of External Audit Recommendation report. On motion of Elizabeth Fretwell, the Retirement Board voted unanimously to accept the Status of External Audit Recommendations Report, as submitted.
- D. Staff presented the contract with APEX Computing, for information technology consulting services for fiscal year 2009. On motion of Elizabeth Fretwell, the Retirement Board voted unanimously to approve the consulting contract with APEX Computing Inc., for the System's main offices, in an amount not to exceed \$670,800.00.
- E. Staff discussed the contract with APEX Computing, for information technology consulting services for PERS' disaster recovery site for fiscal year 2009. On motion of Warren Wish, the Retirement Board voted unanimously to approve the consulting

contract with APEX Computing Inc., for PERS' disaster recovery site, in an amount not to exceed \$223,600.00.

- F. Staff reviewed the proposed accounts receivable write-off for overpaid benefits to Barbara Davis. On motion of Charles Silvestri, the Retirement Board voted unanimously of those present to approve the accounts receivable write-off of the benefit overpayment to Barbara Davis in the amount of \$46,353.14. Elizabeth Fretwell and David Kallas were not present for this vote.
- G. Staff presented the nominations for the appointment to the Police and Firefighter's Retirement Fund Advisory Committee. On motion of Purisimo Hernandez, the Retirement Board voted unanimously to reappoint Raymond McAllister to a three-year term on the Police and Firefighter's Retirement Fund Advisory Committee, effective July 1, 2008.
- H. Staff provided an update on the JAVA language conversion project.

VI. RATIFICATION AGENDA

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

- A. Approve the Administrative Fund disbursements.
- B. Approve the personnel action taken since the last report.
- C. Approve a contract with CEM Benchmarking for fiscal year 2009, for an amount not to exceed \$35,000.00.
- D. Retroactively approve out-of-state travel for appropriate staff to attend the Certificate of Achievement in Public Plan Policy (CAPPP) training course in Chicago, Illinois, June 10-13, 2008, sponsored by the International Foundation of Employee Benefit Plans.
- E. Approve out-of-state travel for the Operations Officer to attend the National Association of Public Pension Attorneys' (NAPPA) annual conference in Boston, Massachusetts, June 24-27, 2008.
- F. Approve out-of-state travel for the Information Technology Professional IV to attend the Project Management Training Institute's technology course in San Jose, California, June 23-26, 2008.

Elizabeth Fretwell and David Kallas were not present for this vote.

VII. DENIALS

VIII. REPORTS

IX. PUBLIC COMMENT

- A. Marti Beine addressed the Board and requested her retirement situation be heard as an official appeal. She reviewed her circumstances to the Retirement Board.

Dana Bilyeu, Executive Officer presented a 10-year plaque to Shirley Klavon and a 20-year clock to Brian Snyder in appreciation for their dedicated service to PERS.

- B. The Deputy Attorney General had nothing to report.

- C. Administrative report by Staff.

Investment Officer: 1. The Investment Officer mentioned that lately there has been a lot of press regarding the Lehman Brothers organization and that staff will continue to monitor and inform the Board of any pertinent developments in this regard.

Executive Officer: 1. The Executive Officer distributed a letter drafted to the Academy of Actuaries from NASRA requesting participation in their review of public pension reporting. The Academy will not issue their statement yet and will have a comment period.

2. The Executive Officer met with David Powell, Tax Counsel, to discuss IRS plan determinations on PERS, LRS, and JRS. The meeting went very well and Mr. Powell may have some information back to us in July.

3. The Executive Officer and the Operations Officer met with individuals from The Segal Company, PERS' Actuarial Firm, to discuss the cost studies for the upcoming legislative session. The studies may be completed by the September meeting.

4. The Executive Officer mentioned the Governor is calling for a special legislative session next week to tackle the state budget deficits.

5. The Executive Officer has submitted a request for an Attorney General Opinion regarding PERS' ability for social investing.

6. The Executive Officer reported that staff has received an inquiry from a school district for information on investing in the Retirement Benefits Investment Fund.

7. The Executive Officer distributed copies of the new NV PERS pamphlet "*Positive Impact for Nevada*" to all board members. This pamphlet has been placed on PERS' website.

- Operations Officer:
1. The Operations Officer mentioned that all board members should have received an email from Michael Long of Cortex, containing the Retirement Board's Annual Self-Assessment survey. The results of this survey will be presented at the July meeting.

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

- Susan DeFrancesco:
1. Chairwoman, Susan DeFrancesco, congratulated the Executive Officer on the wonderful new publication. She would also like to see us develop a PowerPoint presentation with talking points from this pamphlet. Ms. DeFrancesco thanked the Executive Officer for the great job and noted that it was very well done.
 2. Chairwoman, Susan DeFrancesco, thanked all the staff and wanted them to know how much she appreciates everything they do for our members and beneficiaries.

- Charles Silvestri:
1. Mr. Silvestri thanked the Board for the opportunity to attend the EIRE conference in Ireland, which he paid for himself, as it was a great meeting. It is a smaller audience than our national conferences and is very well done. Mr. Silvestri particularly enjoyed the Alternative Investments presentation. He asked staff to incorporate an education session on this topic in the coming months.
 2. Mr. Silvestri mentioned that he attended the Ronald McDonald House fund raiser this weekend.

- Warren Wish:
1. Mr. Wish requested that Marti Beine's request be heard before the Board as an official appeal.

X. ADJOURNMENT

The meeting was adjourned by Chairwoman DeFrancesco at 12:50 p.m.

The following is the time schedule for the meeting:

The June 18, 2008, Retirement Board meeting was called to order at 8:00 a.m. by Chairwoman DeFrancesco. Two breaks were taken at 9:05 a. m. and 10:45 a.m. for approximately five minutes each. The meeting was recessed for lunch at 12:00 noon until 12:20 p.m. The meeting was adjourned at 12:50 p.m.