

PUBLIC EMPLOYEES' RETIREMENT BOARD  
EDUCATION SESSION AND MEETING MINUTES FOR  
Tuesday, December 9, 2008 and Wednesday, December 10, 2008

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

The Education Session and Board Meeting of the Public Employees' Retirement Board was called to order by Chairwoman Susan DeFrancesco at 3:00 p.m., December 9, 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.

December 9, 2008  
Board Education Session

I. INVESTMENTS

- A. Staff reviewed the investment manager search process.

II. ADMINISTRATION

- A. Staff reviewed and discussed PERS' Legislative Process in preparation for the upcoming 2009 session.

III. PUBLIC COMMENT

There were no public comments offered.

IV. RECESS

Chairwoman DeFrancesco recessed the meeting at 4:20 p.m.

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December 10, 2008  
Board Meeting

The Retirement Board Meeting of the Public Employees' Retirement Board was called to order by Chairwoman Susan DeFrancesco at 8:15 a.m., December 10, 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

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- A. For the record, Elizabeth Fretwell stated that she is familiar with Thelonious Adams situation and would abstain from the vote on his disability retirement request. On motion of David Kallas, the Retirement Board voted unanimously to:
1. Approve permanent and total disability retirement for: Marvin Allen, Laurie Boswell, Mary Crocco, James Edwards, Kathryn Frank, Kathleen Harris, Robert Hougham, Selma Lee, David McClellan, Kathleen McReynolds, Michelle Molina-Price, Jocelyn Reeves, Rafael Santana, Cynthia Shane, and Evangelina Stevens.
  2. Approve reemployment requests by disability recipients: Neil Alderson, Sandra Bain, William Harp, Thomas Jones, Andrew Marjie, Frank Slaughter, Colleen Towery, Phyllis Wesson, and Craig Zahrt.

In a separate motion by Warren Wish, the Retirement Board voted 6-yeas and 1-abstention, to approve permanent and total disability retirement for Thelonious Adams. Elizabeth Fretwell abstained from this vote due to her relationship with Mr. Adams.

## II. INVESTMENTS

- A. Kathy Malitz and Ron Zuzack of Blackrock Realty Advisors presented an annual private real estate portfolio review for the PERS' fund and provided an overview of the current real estate market.
- B. Maggie Stumpp and John Van Belle of QMA Associates presented a performance update on their international stock portfolio for the PERS' fund. Paul Troup of Callan Associates also provided insight into the current international market environment.
- C. Staff and Paul Troup and Greg DeForest of Callan Associates reviewed the investment manager search process for U.S. bond index candidates to select for interview. After discussion, on motion of Warren Wish, the Retirement Board voted unanimously to invite Mellon Capital and State Street Global Advisors to the Board's January 2009 meeting to interview for a U.S. bond index management assignment.
- D. There were no recommended modifications to the Interim Investment Directives for the PERS', Legislators', and Judicial funds.

## III. BOARD

- A. Warren Wish, Chairman of the Retirement Board Sub-Committee, provided an update on the Sub-Committee's progress.
- B. Warren Wish, Chairman of the Retirement Board Sub-Committee, reviewed the proposed modifications to the Retirement Board's Strategic Planning and Budgeting Process Policy. On motion of Charles Silvestri, the Retirement Board voted unanimously to approve the Strategic Planning and Budgeting Process Policy as proposed by the Board's Sub-Committee, as submitted.

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- C. Warren Wish, Chairman of the Retirement Board Sub-Committee, stated that the Sub-Committee and Executive Staff reviewed the Charters for the Board Chair and Vice-Chair and felt they were sufficient as written and recommends the Retirement Board re-adopt the Charters as written. On motion of Charles Silvestri, the Retirement Board voted unanimously to re-adopt the Charters for the Retirement Board Chair and Vice-Chair, as submitted.
  - D. On motion of Elizabeth Fretwell, the Retirement Board voted unanimously to approve the minutes of the Retirement Board's education session and board meeting held November 12 and 13, 2008, as submitted.
  - E. There were no changes to the Retirement Board meeting dates.
  - F. There were no changes to the Retirement Board education curriculum calendar for 2009.

#### IV. ACCOUNTING

- A. Staff introduced Tom Heseltine of Clifton Gunderson who reviewed some highlights from the fiscal year 2008 financial statements and the management letter prepared by his firm. Mr. Heseltine also complimented PERS' staff on the process and work preparation done for the financials for fiscal year 2008 for the Public Employees' Retirement System, the Legislators' Retirement System and the Judicial Retirement System. After discussion, on motion of David Kallas, the Retirement Board voted unanimously to accept the Fiscal Year 2008 audited financial statements for the Public Employees' Retirement System, the Legislator's Retirement System, and the Judicial Retirement System in addition to the management letter with staff responses.

#### V. ADMINISTRATION

- A. Staff highlighted the proposed modifications to PERS' Official Policies. On motion of Elizabeth Fretwell, the Retirement Board voted unanimously to approve the proposed deletion 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. Brad Ramirez of The Segal Company presented the results of the critical labor shortage experience study for the period of July 1, 2001 through October 31, 2008. After discussion, on motion of David Kallas, the Retirement Board voted unanimously to direct staff to transmit the experience study of the critical labor shortage exemption to the Interim Retirement and Benefits Committee of the Legislature, as submitted.
- C. Staff provided an update on the Java language conversion project.

VI. LEGISLATION

- A. Staff provided an update on the Bill Draft Request list for the 2009 Legislative Session. Staff mentioned that PERS' BDR #308 has been prefiled as Senate Bill 41 and PERS' BDR #547 has been withdrawn. Staff will also be removing BDR #300 from staff's list as it has been prefiled as Senate Bill 20 and will not impact PERS.

Staff also mentioned that they have been preparing a compendium of benefit improvements to the System at the request of LCB staff. Staff will share this information with the Board once it has been completed.

VII. RATIFICATION AGENDA

On motion of David Kallas, the Retirement Board voted unanimously to:

- A. Approve the Administrative Fund disbursements.
- B. Approve the personnel action taken since the last report.
- C. Retroactively approve out-of-state travel for the Executive Officer and the Investment Officer to visit Capital Guardian, Western Asset Management, and Pathway Capital Management to perform due diligence December 2-3, 2008.
- D. Approve out-of-state travel for Charles Silvestri to participate as a speaker at the *2009 Taft Hartley Benefits Summit* in Puerto Rico, January 25-27, 2009, at no cost to the System.
- E. Approve out-of-state travel for the Executive Officer to attend the NASRA Winter Director's Meeting in Washington, DC, January 24-27, 2009.
- F. Approve a contract extension with Employer's Insurance Company to provide worker's compensation insurance to PERS.
- G. Approve the Quarterly Deceased Recipient Review Report for the period ending September 30, 2008.

VIII. DENIALS

IX. REPORTS

X. 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 had nothing to report.

C. Administrative report by Staff.

Executive Officer: 1. The Executive Officer presented Patty Machal with a 10-year plaque in appreciation for her service to PERS and thanked her for all she does for the members and the System. Patty thanked Dana Bilyeu, Executive Officer, for the plaque and said it was a pleasure to work with everyone at PERS.

Operations Officer: 1. The Operations Officer mentioned that the 5<sup>th</sup> Annual Liaison Officer Conference held at the Peppermill in November was well attended and staff received many positive comments on the conference survey reviews.  
2. The Operations Officer complimented PERS' staff on their presentations at the Liaison Officer Conference and the new format that was implemented was a huge success. She also gave special recognition to Cheryl Price who coordinated and organized the event for the first time. Everything ran very smoothly.  
3. The Operations Officer thanked the Retirement Board members and the Police and Fire Firefighter's Retirement Fund Advisory Committee members that attended the Liaison Officer Conference.

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

Susan DeFrancesco: 1. On behalf of the entire Board, Chairwoman DeFrancesco thanked Patty Machal for her service to PERS' members and beneficiaries. She also wished all the staff a happy and safe holiday season.  
2. Chairwoman DeFrancesco also thanked the staff that worked on the Liaison Officer Conference as it was very well organized and all the programs were very informative and presented professionally.

David Kallas: 1. Mr. Kallas asked if staff could include a discussion on contribution rates in an upcoming education session.

XI. ADJOURNMENT

The meeting was adjourned by Chairwoman DeFrancesco at 12:00 noon.

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The following is the time schedule for the meeting:

The December 9, 2008, Retirement Board education session was called to order by Chairwoman DeFrancesco at 3:00 p.m. and recessed at 4:20 p.m. The December 10, 2008, Retirement Board meeting was called to order at 8:15 a.m. by Chairwoman DeFrancesco. One break was taken at 9:50 a. m. for approximately ten minutes and a second break was taken at 11:45 for approximately three minutes. The meeting was adjourned at 12:00 noon.