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
Chairman Balen at 3:00 p.m., February 14, 2006, in the PERS’ Board Room, 693 West Nye
Lane, Carson City. Members present: Mark Balen, Susan DeFrancesco, Purisimo Hernandez, David Kallas, Charles Silvestri, George Stevens and Warren Wish. Members absent: None.

FEBRUARY 14, 2006
BOARD EDUCATION SESSION

I. INVESTMENTS

A. Staff discussed the Federal Reserve’s function, policy tools, former
chairman Greenspan’s legacy, the incoming chairman and possible impact
on PERS’ investments.

II. ADMINISTRATION

A. Staff reviewed the Board’s fiduciary obligations to PERS, its members
and beneficiaries.

III. PUBLIC COMMENT

IV. RECESS

Chairman Balen recessed the meeting at 4:25 p.m.

FEBRUARY 15, 2006
BOARD MEETING

The Board meeting of the Public Employees’ Retirement Board was called to order by Chairman
Balen at 8:00 a.m., February 15, 2006, in the PERS’ Board Room, 693 West Nye Lane, Carson
City. Members present: Mark Balen, Susan DeFrancesco, Purisimo Hernandez, David Kallas,
Charles Silvestri, George Stevens, and Warren Wish. Members absent: None.

I. DISABILITIES
A. On motion of Warren Wish, the Board voted unanimously to:


3. Deny the reemployment request of disability recipient Wade Penegor.

II. INVESTMENTS

A. Andy Johnson and Bob Schank of Lehman Brothers were unable to attend the meeting due to weather complications. Staff will reschedule this presentation for a later date.

B. Staff informed the Board that WestLB, WestAM’s parent company, has decided to exit the fixed income business and dissolve the Houston office. Dick Graf, Director of Client Service has notified PERS of its formal termination with WestAM. With the uncertainty of WestAM’s ownership situation, staff arranged for alternate management of the portfolio with UBS Global Asset Management. UBS was chosen based on their long-term relationship with PERS and their experience managing U.S. bonds.

1. On motion of Charles Silvestri the Board voted unanimously to terminate the System’s relationship with WestAM effective February 28, 2006.

2. On motion of George Stevens the Board voted unanimously to retroactively amend the Investment Management Agreement between UBS Global Asset Management and the Public Employees’ Retirement System of Nevada effective February 6, 2006.

3. On motion of Purisimo Hernandez the Board voted unanimously to retroactively approve the Investment Performance Guidelines for a Lehman Aggregate Index mandate between UBS and Nevada PERS, effective February 6, 2006.
C. Staff and Ruthann Moomy of Callan Associates presented the quarterly performance update for the PERS’, Legislators’, and Judicial funds for the period ending December 31, 2005.

D. Staff discussed the recommended changes to the Interim Investment Directives for the PERS’ fund. On motion of David Kallas, the Board voted unanimously to approve the Interim Investment Directives, PERS’ fund, as submitted. There were no recommended changes to the Legislators’ or the Judicial Retirement System Interim Investment Directives.

III. BOARD

A. Staff informed the Board that Christina Cannella, Assistant Investment Officer, has resigned and will be leaving PERS on March 10, 2006. Staff recommends the confirmation of the appointment of Stephen Edmundson to serve as the System’s Assistant Investment Officer effective March 13, 2006. He will be compensated at Step 2 of the Assistant Investment Officer 9-step pay range. On motion of Purisimo Hernandez, the Board voted unanimously to confirm the appointment of Steve Edmundson to serve as the System’s Assistant Investment Officer effective March 13th, 2006.

B. On motion of Susan DeFrancesco, the Retirement Board voted unanimously to approve the minutes of the Retirement Board education session and meeting held January 17 and 18, 2006, as submitted.

C. There were no changes to the Retirement Board meeting dates.

D. On motion of Susan DeFrancesco, the Retirement Board voted unanimously to amend the education curriculum calendar for 2006 to replace the October topic “Beating the Market” with the April topic “Indices” and make “Securities Litigation” the April topic.

IV. ADMINISTRATION

A. Staff reviewed the minutes and recommendations from the Police and Firefighter’s Retirement Fund Advisory Committee meeting held January 26, 2006. On motion of Warren Wish, the Board voted unanimously to approve staff and committee recommendations as set forth in the minutes of the January 26, 2006, Police and Firefighter’s Retirement Fund Advisory Committee meeting.

V. RATIFICATION AGENDA

On motion of Purisimo Hernandez, the Board voted unanimously to:

A. Approve the Administrative Fund disbursements.
B. Approve all personnel action since the last report.

C. Approve the contract renewal with PricewaterhouseCoopers to perform financial audits of the Public Employees’ Retirement System, Legislators’ Retirement System, and the Judicial Retirement System for the fiscal year ending June 30, 2006, for a fee not to exceed $107,800.00.

D. Approve the Final Benefit Audit Report for February 2005.

E. Approve the Benefit Payment Audit Report for the quarter ending December 31, 2005.

VI. **APPEALS**

A. Staff provided background information on Timothy Smith’s request for continued payment of his monthly benefit using the monthly average compensation that reflects his employer’s initial reports. Timothy Smith retired from the Tahoe-Douglas Fire Protection District (TDFPD) on January 1, 2003. His preliminary benefit was based on wage and contribution reporting through November 30, 2002. At some point after August 16, 2002, PERS became aware that the compensation agreement between Mr. Smith and TDFPD included sick leave pay. On February 18, 2003, correspondence was sent to TDFPD notifying them that a public employer may not include sick leave payments as a part of an employee’s compensation for purposes of reporting monthly contributions to PERS. The employer was instructed to provide a corrected wage and contribution report to reflect the appropriate compensation by payroll reporting periods, for all pay periods during which sick leave payments were reported as compensation to PERS.

The requested corrections were received from TDFPD and posted to Mr. Smith’s account on April 9, 2003. The final calculation of Mr. Smith’s benefit payment was scheduled to be completed in July 2003. At that time, an internal computer system issue prevented the payment from being finalized. The account was not reviewed again until November 2005. When the final calculation was completed, it was determined that the average compensation used at the time of preliminary payment of benefit had been overstated by $873.88 per month resulting in a $577.94 per month overpayment of benefits. The total overpayment of benefits from January 1, 2003, through January 31, 2006, is $19,450.38.

Mr. Smith is asking the Retirement Board to consider his request for continued payment of his monthly benefit using the monthly average compensation that reflects initial employer reporting. Mr. Smith was not notified of the final benefit payment calculation until December 2005. Staff has reviewed all related member records, agency correspondence, Nevada Revised Statutes, Attorney General
Opinions, and extenuating circumstances. Therefore, staff feels that an error or inequity may exist in this case. Under the provisions of NRS 286.190(3) and (4) the Retirement Board has discretion to determine when an error or inequity has occurred and the ability to act to correct that error or inequity.

The Senior Deputy Attorney General stated for the record that Mr. Smith has relied on this monthly payment for a number of years and to take that away at this time might be seen as unfair in a court of law.

After discussion, on motion of David Kallas, the Retirement Board voted unanimously to approve the request by Timothy Smith for continued payment of the monthly benefit using a monthly average compensation that reflects initial employer reporting.

Mr. Smith addressed the Board and thanked them for their understanding of his situation.

VII. DENIALS

VIII. REPORTS

IX. PUBLIC COMMENT

A. Mr. Tim Cristilli addressed the Board regarding a lawsuit involving himself and EICON that has just been settled. He is a retiree who may have new rights under this lawsuit and would like to discuss them with the board. The Deputy Attorney General suggested the Board wait until PERS has received directions from the court before they hear Mr. Cristelli’s request. Mr. Cristelli agreed to wait until PERS receives their instructions from the court regarding its decision.

B. The Deputy Attorney General had no report.

C. Administrative report by Staff.

   Investment Officer: 1. After 25 years, Laura Wallace, PERS’ Investment Officer, announced her intention to step down in August. She will work closely with the Executive Officer to ensure an orderly transition.

   Operations Officer: 1. The Operations Officer reminded the Board members about the NCPERS conference in
Ft. Lauderdale, Florida, April 30 to May 4, 2006.

2. The Operations Officer thanked the Board for their support at the Interim Retirement and Benefits Committee meeting. Staff had one homework assignment and that assignment has been completed.

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

Charles Silvestri requested a comparison chart of the System’s REIT’s versus the private real estate market.

X. ADJOURNMENT – The meeting was adjourned at 10:35 a.m. by Chairman Balen.

The following is the time schedule for the meeting:

On February 14, 2006, the Education Session was called to order at 3:00 p.m. by Chairman Balen and recessed at 4:25 p.m. The February 15, 2006, Board meeting was called to order at 8:00 a.m. and closed by motion of David Kallas to discuss disability retirements. The meeting was re-opened on motion of George Stevens at 8:09 a.m. One break was taken at 9:15 for approximately ten minutes. The meeting was recessed from 9:47 a.m. until 10:03 a.m. The meeting adjourned at 10:33 a.m.

L. MARK BALEN
Chairman, Retirement Board

DANA K. BILYEÜ
Executive Officer