

PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

July 28, 2008

9:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 9:00 a.m., Monday, July 28, 2008, in the Atrium Conference Room, 1200 "N" Street, Suite 206, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda mailed July 18, 2008. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, July 21, 2008. D. Blank chaired the meeting and V. Huber recorded the minutes.

MEMBERS PRESENT: DENIS BLANK, CHAIR
DALE KAHLA
MARK SHEPARD
JUDGE GLENN CAMERER
RICHARD WASSINGER
DON PEDERSON
ELAINE STUHR

MEMBERS ABSENT: SGT. GLENN ELWELL, VICE-CHAIR
DAVE BOMBERGER, EX-OFFICIO

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	TOM CONROY Office of the CIO
RANDY GERKE Deputy Director	GARY BUSH DAS - State Budget Administrator's Office
JOE SCHAEFER Legal Counsel	MARY JOCHIM Sterling Financial Advisors
JAN FOX Training Supervisor	BEN MATTERN Ameritas
MIDEN EBERT Retirement Plan Supervisor	SANJAY GUPTA Saber Corporation
JERRY BROWN IT Manager	SRIRAM RAMANUJAM Saber Corporation
TERESA ZULAUF Internal Auditor	SANKAR VIRUTHACHALAM Saber Corporation
ROBIN GORACKE NPRIS Project Manager	KRISHNA KISHORE NORI Saber Corporation.
CHAD SCHLOTFELD IT Systems Support Analyst	SHEILA LINDER Administrative Assistant
BEVERLEE BORNEMEIER Office of the CIO	VICKI HUBER Staff Assistant

Agenda Item 1: D. Blank stated this meeting will follow the Nebraska Open Meetings Act and a copy of the Act is located on the front table.

Agenda Items 2 and 3 – Meeting Called to Order: D. Blank called the July 28, 2008, Board Meeting to order at 9:01 a.m. Present at roll call: D. Blank, D. Kahla, G. Camerer, R. Wassinger, and E. Stuhr. Absent: G. Elwell, D. Bomberger, D. Pederson and M. Shepard.

Excuse Board Members: E. Stuhr moved to excuse G. Elwell and D. Bomberger. R. Wassinger seconded the motion. Members voted as follows: For: D. Kahla, G. Camerer, R. Wassinger, E. Stuhr and D. Blank. Against: None. Motion carried.

Agenda Item 4 – Approval of Minutes: G. Camerer moved for approval of the minutes of the June 23, 2008, Board Meeting. Motion was seconded by D. Kahla. Members voted as follows: G. Camerer, R. Wassinger, E. Stuhr, D. Blank and D. Kahla. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & June 2008 Retirement Report: D. Kahla moved to approve the budget status report and the June 2008 Retirement Report. Motion was seconded by E. Stuhr. Members voted as follows: For: R. Wassinger, E. Stuhr, D. Blank, D. Kahla and G. Camerer. Against: None. Motion carried.

Agenda Item 6 – Public Comments or Correspondence from Citizens: There were no public comments or correspondence from citizens with business not scheduled on the agenda.

Agenda Item 7 – Information System Update: J. Brown reported on the current system, PIONEER. No new Problem Investigation Requests (PIRs) are being opened. They have closed out four PIRs. Five PIRs remain open, but the majority are data based.

Email migration is scheduled for July 31, 2008. NPERS will be on the centralized email system with the Office of the CIO. Training on the new email system is scheduled for Wednesday, July 30, 2008.

The State Patrol Deferred Retirement Option Plan (DROP) software was deployed today. IT staff will be testing this week and users will start testing on August 4th. Implementation into production is scheduled for August 27th, meeting the September 1st deadline. Current applications will be used to test.

It was previously decided not to put the Cube purchase of service method in PIONEER because of costs. NPERS staff are using a spreadsheet provided by Buck and then entering it into PIONEER. At this time there are no problems. The Cube method will be automated in the new system.

Phase II final documentation has been completed on all 15 modules. This includes the Cube Method and the DROP plan. All have been signed off except for the Optional Service Credit.

Phase II development continues by Saber off-shore. Six out of the 15 functional areas are completed and the remainder are in progress. Phase II testing is expected to start in September or October.

Phase III batch requirement validation is in progress on all 18 areas. Requirements have been signed off on eight of the 18. It is anticipated that sign-offs will be done by next week.

The Quality Assurance team now has access to the project plans. The Quality Assurance team has filled the vacancy of Paul Hakenkamp with Todd Brindley. The project end date has not changed and the project is currently within budget.

J. Brown stated he had nothing to report on the Nebraska Information Technology Commission (NITC) panel. They did not meet this month.

M. Shepard and D. Pederson joined the meeting at 9:08 a.m.

D. Kahla moved to approve the IT report. G. Camerer seconded the motion. Members voted as follows: For: D. Pederson, E. Stuhr, D. Blank, D. Kahla, M. Shepard, G. Camerer and R. Wassinger. Against: None. Motion passed.

Agenda Item 8 – NPRIS Presentation: A presentation on the new NPRIS system was given by K. Nori, S. Viruthachalam, S. Gupte and S. Ramanujam from Saber. Saber presented a visual demonstration of the user screens and compared them to the PIONEER system.

Agenda Item 9 – Saber Report: S. Gupte, Vice President of Saber Corp., reported Saber has a new CEO and a new CO, Mike Freeze. Hewlett Packard has announced they are going to purchase EDS, creating a company with 210,000 employees. They expect this to occur by the end of the year. The boards have approved the purchase.

Agenda Item 10 – Director’s Report: P. Chambers stated a new contact information sheet was provided in the Board packets.

P. Chambers reported the Benefits department has been answering approximately 623 calls a week, handling 13 office visit appointments per week and are averaging 21 “walk-ins” a week. They also processed 250 retirements with June effective dates.

Education Services has been very busy with school employer workshops. There were 316 school representatives who attended workshops throughout the state. This number is up about 30 from last year.

P. Chambers and R. Gerke are working on the biennium budget. They met with Gary Bush and Kathy Tenopir and discussed projections for the Program 515 plan. Projections have not been done in the past. Buck Consulting will do a two-year projection at a cost of \$5,000, which will be included in the biennium budget. R. Gerke and P. Chambers met with Sara McCarter regarding the lease with TierOne Center. The lease will expire May of 2010. A projected renewal lease increase of a flat 6% will be included in the budget. The budget will

be presented, discussed and up for approval at the August PERB Retreat. The budget is due to the Governor's Budget Office by September 15, 2008.

The Government, Military and Veterans Affairs Committee is conducting a four-year survey of Boards and Commissions. The agency's survey responses will be submitted by August 1st.

P. Chambers met with Brenda Decker regarding the project charter for the NPRIS system. We included a commitment from the Office of the CIO (OCIO) to support the system after the conversion. The charter was made flexible so that the PERB will have the option to determine who will support the system. It could be the OCIO, Saber or another resource. The intent is to be working with the OCIO.

P. Chambers stated the agency has been receiving a number of survey requests and our staff has started to track them. The requests are received from financial planners, graduate students, organizations, vendors and others. She stated due to the Freedom of Information Act we are obligated to respond, but legally the agency does not need to create a report. We only need to provide what information is already available in reports. The NPERS website has been helpful in addressing these requests.

The State and County audit was completed and our response was sent a week ago.

P. Chambers did not know if any information on the audit will be released to the media. Krista Davis from the State Auditor's office has requested to report at the September Board meeting.

P. Chambers reported meeting with Ameritas and the IT users group regarding programming requests. The Cash Balance issue has been moved to the top of the list. The DROP plan has been at the top. The group is working on how we can cease interest to the members that have a residual balance and reporting dividends on statements. A new 4th quarter statement is being developed. The decision of when to pay out the dividends will be discussed at the Board Retreat.

The actuary audit is still in progress. Milliman continues to gather information from Buck Consultants and a report is planned for the September PERB meeting.

P. Chambers visited Mary Jochim at her office at Sterling Financial in June and also visited Mike Smith with Omaha School Employees Retirement System (OSERS).

There has been a push for federal legislation regulating commodities investing by pension funds. She referred to an article provided in the packet. We will continue to monitor the situation.

P. Chambers referred to the June investment returns. Some funds are down. The next investment report will be the third week in August. Because of the timing of the report, the last quarter returns will be used for the budget instead.

P. Chambers reminded the Board that she will be attending the NASRA Annual Conference for the State Retirement Administrators in Snowbird, Utah, August 1st through the 6th.

R. Wassinger moved to approve the Director's Report. E. Stuhr seconded the motion. Members voted as follows: For: E. Stuhr, D. Blank, D. Kahla, M. Shepard, G. Camerer, R. Wassinger and D. Pederson. Against: None. Motion carried.

Agenda Item 11 – Board Committee Reports: R. Wassinger was asked to give his report under Agenda Item 13.

Agenda Item 12 – Board Education/Travel Requests: There were no requests.

Agenda Item 13 – Future Meetings/Agendas: The next meeting will be the Regular Meeting and Planning and Education Retreat held on Sunday and Monday, August 24th and 25th, at the Wingate Hotel in Kearney, Nebraska. R. Wassinger reported that the Retreat will begin at 10:30 a.m. on Sunday. He asked that each board member prepare a brief biography of themselves. He went over the draft of the agenda. He asked managers attending the retreat to discuss what they do on a daily basis. He also reported that on Monday, August 25th, the meeting will start at 8:30 a.m.

Agenda Item 14 and 15– Executive Session: At 10:15 a.m., G. Camerer moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Disability Applications for Retirement Nos. 059448, 077227, 075160, 149476, 111261, 402342, 126921, 418964, 087978, and 078879; Emergency Deferred Compensation Applications regarding Retirement Nos. 700016, 704341 and 703439; Contested Case No. 1-2008; and other legal matters. Motion was seconded by D. Kahla. D. Blank repeated the motion for the record. Members voted as follows: For: D. Blank, D. Kahla, M. Shepard, G. Camerer, R. Wassinger, D. Pederson and E. Stuhr. Against: None. Motion carried.

At 12:04 p.m., D. Kahla moved that the Board exit Executive Session and reconvene in Regular Session. Motion was seconded by G. Camerer. Members voted as follows: For: D. Kahla, M. Shepard, G. Camerer, R. Wassinger, D. Pederson, E. Stuhr and D. Blank. Against: None. Motion carried.

G. Camerer moved for approval of the disability applications of Retirement Nos. 059448, 077227, 075160, 149476, 111261, 402342, 126921, 418964, 087978, and 078879. D. Kahla seconded the motion. Members voted as follows: For: M. Shepard, G. Camerer, R. Wassinger, D. Pederson, E. Stuhr, D. Blank and K. Kahla. Against: None. Motion carried.

D. Kahla moved for the approval of Emergency Deferred Compensation Applications for Retirement Nos. 704341 and 703439. E. Stuhr seconded the motion. Members voted as follows: For: M. Shepard, G. Camerer, R. Wassinger, D. Pederson, E. Stuhr, D. Blank and D. Kahla. Against: None. Motion carried.

D. Kahla moved for denial of the Emergency Deferred Compensation Application for Retirement No. 700016. R. Wassinger seconded the motion. Members voted as follows: For: R. Wassinger, D. Pederson, E. Stuhr, D. Blank, D. Kahla and M. Shepard. Against: None. Abstained: G. Camerer. Motion carried.

E. Stuhr moved to approve Contested Case No. 1-2008. R. Wassinger seconded the motion. Members voted as follows: For: R. Wassinger, D. Pederson, E. Stuhr, D. Blank, D. Kahla, M. Shepard and G. Camerer. Against: None. Motion carried.

Adjournment: G. Camerer moved that the meeting adjourn. Motion was seconded by M. Shepard. Members voted as follows: For: D. Pederson, E. Stuhr, D. Blank, D. Kahla, M. Shepard, G. Camerer, and R. Wassinger. Against: None. Motion carried.

The meeting adjourned at 12:09 p.m.

Phyllis G. Chambers
Director