

PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

October 19, 2010

10:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 10:00 a.m., Tuesday, October 19, 2010, in the Great Western Bank Conference Center, 1221 "N" Street, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda mailed October 8, 2010. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, October 11, 2010. D. Blank chaired the meeting and V. Huber recorded the minutes.

MEMBERS PRESENT: DENIS BLANK, CHAIR
 SGT. GLENN ELWELL, VICE-CHAIR
 MARK SHEPARD
 RICHARD WASSINGER
 DON PEDERSON
 ELAINE STUHR
 JANIS ELLIOTT
 JEFF STATES, EX-OFFICIO

MEMBERS ABSENT: JUDGE RANDALL REHMEIER

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	NANCY REIMER Ameritas
RANDY GERKE Deputy Director	KATE ALLEN Legislative Retirement Committee
MIDEN EBERT Retirement Plan Supervisor	ERIC ASBOE Nebraska Supreme Court
FRED TURNER IT Manager	JASON HAYES Plan Member
TERESA ZULAUF Internal Auditor	ROD ANDERSON AS - Building Division
MITCH SNYDER Retirement Specialist II	ANGELA HATCHER Public Information Technician
GARY BUSH AS - State Budget Administrator's Office	VICKI HUBER Administrative Secretary

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 table by the doors.

Agenda Items 2 and 3 – Meeting Called to Order: D. Blank called the October 19, 2010, Board Meeting to order at 10:00 a.m. Present at roll call: D. Blank, G. Elwell, M. Shepard, R. Wassinger, D. Pederson, E. Stuhr, J. Elliott, and J. States. Absent: R. Rehmeier and D. Pederson.

Agenda Item 4 – Approval of Minutes: R. Wassinger moved for approval of the minutes of the September 20, 2010, Board Meeting. E. Stuhr seconded the motion. Members voted as follows: For: G. Elwell, M. Shepard, R. Wassinger, E. Stuhr, J. Elliott, and D. Blank. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & September 2010 Retirement Report: E. Stuhr moved to approve the budget status report and the September 2010 Retirement Report. J. Elliott seconded the motion. Members voted as follows: For: M. Shepard, R. Wassinger, E. Stuhr, J. Elliott, D. Blank, and G. Elwell. 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 – Employee Recognition: P. Chambers stated October is Employee Recognition Month for the State of Nebraska and announced M. Snyder and M. Ebert as NPERS' employee and manager of the year respectively. She explained the selection process and gave a brief background of each recipient's work within the agency. D. Blank presented both honorees with a framed certificate.

The Board took a break for pictures at 10:10 a.m. and reconvened at 10:12 a.m.

Agenda Item 8 – Information System Update: F. Turner reviewed the problem incident report (PIR) status and stated there were 23 open PIRs at the end of August. During September, 25 new PIRs came in, and 16 of the PIRs were resolved. He provided the Board with a document tracking the PIRs issued from September 1, 2007, through September 2009, and briefly reviewed the totals. He gave examples of PIRs and the five levels of severity used to determine their prioritization.

He reported receiving notification that Saber Software, Inc.'s legal name has changed to Hewlett-Packard State and Local Enterprise Services, Inc. (HPSL) as of October 1, 2010.

D. Pederson joined the meeting at 10:14 a.m.

F. Turner reported Saber's technology environment life cycle plan continues to be reviewed and revised.

He stated the agency's disaster recovery plan is 65% complete and probably will not be completed by November as expected. He reported waiting for a response from the Building Division of Administrative Services (AS) in regards to an off-site location.

G. Elwell moved to approve the Information System Update. M. Shepard seconded the motion. Members voted as follows: For: R. Wassinger, D. Pederson, E. Stuhr, J. Elliott, D. Blank, G. Elwell, and M. Shepard. Against: None. Motion carried.

Excuse Board Members: G. Elwell moved to excuse R. Rehmeier. J. Elliott seconded the motion. Members voted as follows: For: D. Pederson, E. Stuhr, J. Elliott, D. Blank, G. Elwell, M. Shepard, and R. Wassinger. Against: None. Motion carried.

Agenda Item 9 – Assurity Building Discussion and Action: P. Chambers reported working with D. Pederson on a letter identifying the Board's concerns regarding the proposed NPERS move from the Great Western Bank location to the Assurity Building, at 1526 K Street. A draft of the letter was provided to the Board prior to the meeting. P. Chambers reviewed the letter and highlighted concerns which include the lack of member accessibility and adequate space. She reported touring the Assurity building and stated the location does not meet the needs of the agency and its members, such as: ample parking, a secure lobby, and private, confidential office meeting space. She pointed out the agency's expenses, including rent, are funded by NPERS plan members and it is important to serve their needs.

D. Pederson expressed similar concerns on the proposed move and gave history of the original discussions regarding the purchase of the Assurity building. As he recalled, the purchase was to be made with the idea the location would be ideal for agencies that use the Capitol often. P. Chambers stated earlier that NPERS' business at the Capitol is infrequent. D. Pederson urged that all are made aware of reasons the Board feels NPERS should not move and how detrimental it would be to its daily operation.

D. Blank introduced R. Anderson from Administrative Services (AS), Building Division. R. Anderson explained the decision making process in this issue and welcomed the PERB's letter so that his division can review the concerns and hopefully provide a response.

On behalf of the PERB, D. Blank stated the Board wishes to work with the Building Division to continue to seek other options and requested a fair evaluation of the Board's concerns.

Board members thanked R. Anderson for attending the meeting and expressed their appreciation for his assistance with the issue.

The Board members discussed the proactive approach, organization of the letter, and to whom the letter should be addressed.

E. Stuhr moved the letter, subject to modifications, be signed by the Chairman and sent to Governor Heineman, with a copy to Carlos Castillo, Administrative Services- Director, and the AS-Building Division. D. Pederson seconded the motion. Discussion: The Board discussed the difference in cost of the alternate location and the amount of useable space. Members

voted as follows: For: E. Stuhr, J. Elliott, D. Blank, G. Elwell, M. Shepard, R. Wassinger, and D. Pederson. Against: None. Motion carried.

Agenda Item 10 – Investment Officer’s Update: J. States reported first quarter fund performance of the fiscal year is estimated by State Street to be up approximately 9.5% and the numbers are promising for this quarter so far.

He reported the Nebraska Investment Council (NIC) approved an additional core investment in the real estate portfolio, which will provide stable income.

J. States informed the Board that Kevin Vandolder has assumed a broader role within the new entity resulting from the merger of Hewitt Associates, Inc. and Aon Corp. He commented that there may be some concerns in the availability of Mr. Vandolder as he has assumed more responsibilities. The Council will continue to monitor the support he is able to provide.

J. Elliott moved to approve the Investment Officer’s Update. G. Elwell seconded the motion. Members voted as follows: For: J. Elliott, D. Blank, G. Elwell, M. Shepard, R. Wassinger, D. Pederson, and E. Stuhr. Against: None. Motion carried.

Agenda Item 11 – Director’s Report: P. Chambers introduced NPERS’ new legal counsel, J. Hayes, and announced he will begin November 1, 2010. J. Hayes stated he was very eager to get started.

P. Chambers reported Teresa Miller, a lead worker in the benefits department, will be moving out of state and management staff is currently interviewing candidates to fill her position. P. Chambers anticipates a replacement will be hired by the end of the month.

P. Chambers reported that office safety is important to NPERS. NPERS had a fire safety presentation at the last agency meeting including a fire extinguisher demonstration. NPERS also had six employees attend CPR classes.

She reported 226 School retirements were processed in September compared to 193 in September of 2009. There were 1052 total School retirements year-to-date compared to 937 at this time last year. She also reported a record number of 368 School refunds processed in September.

P. Chambers reported staff from Ameritas and NPERS worked on a Department of Corrections (DOC) project during September and October regarding a wage settlement dispute. The settlement awarded additional wages to 1900 State employees, which in turn involved contributions to retirement. The additional retirement contributions were deposited into active and inactive DOC employees who still had an account with NPERS. Ameritas made 450 distributions, totaling \$1721, to inactive members. She thanked Ameritas staff members for their assistance in completing the project.

P. Chambers stated she wrote a letter to Carlos Castillo, requesting to be included in future settlement discussions involving retirement contributions. She also provided information on

grievance cases, where members involuntarily terminated have taken distributions of their retirement accounts. Problems often occur when the members are reinstated and required to repay the distribution.

She stated the joint meeting with the NIC is scheduled for Monday, November 15, 2010, at the Embassy Suites. The format will be the same as last year's joint meeting.

Dave Slishinsky will be here to present the actuary reports at the November meeting. He will also present his report to Governor Heineman on Tuesday, November 16, 2010, at 9:30 a.m. and the Legislative Retirement Committee at 11:00 a.m.

P. Chambers announced the NIC and the PERB will meet at 7:45 a.m., prior to the joint meeting on November 15th, for group photos.

P. Chambers reported attending the Legislative briefing, LR 542, with R. Gerke on September 24, 2010. NPERS' Biennium Budget was discussed, along with the proposed modifications to Program 515. She stated the Retirement Committee asked questions regarding the PERB's fiduciary duties, the retirement plans sustainability and possible benefit changes.

She reported receiving a letter from Senator Pankonin, requesting information on the revised policy of mandatory retirement enrollment for part-time State and County employees. She responded to the letter and a copy of the correspondence was provided to the Board in their packets.

P. Chambers discussed an issue regarding a school district with a pattern of delinquent retirement contributions. She reported working with the office of the Attorney General on the matter. Contacts have been made with the school board, superintendent, and the Department of Education to resolve the issue.

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

Agenda Item 12 – Board Committee Reports: There were no reports.

Agenda Item 13 – Board Education/Travel Requests: There were no requests.

Agenda Item 14 – Future Meetings/Agendas: The next meeting will be the joint meeting with the Nebraska Investment Council and will be held on Monday, November 15, 2010, at the Embassy Suites, Lincoln, Nebraska.

Agenda Items 15 and 16 – Executive Session: At 11:24 a.m., R. Wassinger moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Disability Application for Retirement No. 417424, personnel matters, and other legal matters. G. Elwell seconded the motion. D. Blank repeated the motion for the record.

Members voted as follows: For: G. Elwell, M. Shepard, R. Wassinger, D. Pederson, E. Stuhr, J. Elliott, and D. Blank. Against: None. Motion carried.

D. Pederson left the meeting during Executive Session.

At 12:17 p.m., G. Elwell moved that the Board exit Executive Session and reconvene in Regular Session. E. Stuhr seconded the motion. Members voted as follows: For: M. Shepard, R. Rehmeier, R. Wassinger, E. Stuhr, J. Elliott, D. Blank, and G. Elwell. Against: None. Motion carried.

R. Wassinger moved for denial of the Disability Application of Retirement No. 417424. J. Elliott seconded the motion. Members voted as follows: For: R. Wassinger, E. Stuhr, J. Elliott, D. Blank, G. Elwell, and M. Shepard. Against: None. Motion carried.

Adjournment: G. Elwell moved that the meeting adjourn. R. Wassinger seconded the motion. Members voted as follows: For: E. Stuhr, J. Elliott, D. Blank, G. Elwell, M. Shepard, and R. Wassinger. Against: None. Motion carried.

The meeting adjourned at 12:19 p.m.

Phyllis G. Chambers
Director