

PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

February 23, 2009

9:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 9:00 a.m., Monday, February 23, 2009, in the Atrium Conference Room, 1200 "N" Street, Suite 206, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda mailed February 17, 2009. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, February 16, 2009. D. Blank chaired the meeting and V. Huber recorded the minutes.

MEMBERS PRESENT: DENIS BLANK, CHAIR
SGT. GLENN ELWELL, VICE-CHAIR
JUDGE GLENN CAMERER
RICHARD WASSINGER
DON PEDERSON
ELAINE STUHR
JANIS ELLIOTT
DAVE BOMBERGER, EX-OFFICIO

MEMBERS ABSENT: MARK SHEPARD

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	NANCY REIMER Ameritas
RANDY GERKE Deputy Director	MARY JOCHIM Sterling Financial Advisors
JOE SCHAEFER Legal Counsel	KATE ALLEN Legislative Retirement Committee
JAN FOX Training Supervisor	KRISTA DAVIS State Auditor's Office
MIDEN EBERT Retirement Plan Supervisor	ERIC ASBOE Nebraska Supreme Court
JERRY BROWN IT Manager	JOE JURICH Nebraska Investment Council
TERESA ZULAUF Internal Auditor	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 February 23, 2009, Board Meeting to order at 9:00 a.m. Present at roll call: D. Blank, G. Elwell, G. Camerer, R. Wassinger, D. Pederson, E. Stuhr, Janis Elliott, and D. Bomberger. Absent: M. Shepard.

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

At this time D. Blank welcomed new board member, J. Elliott.

Agenda Item 4 – Approval of Minutes: It was noted that absent members should be removed from the vote record in the minutes of the January 26, 2009, Board Meeting. R. Wassinger moved for approval of the minutes of the January 26, 2009, Board Meeting as corrected. Motion was seconded by G. Camerer. Members voted as follows: For: G. Camerer, R. Wassinger, D. Pederson, E. Stuhr, J. Elliott, D. Blank, and G. Elwell. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & January Retirement Report: E. Stuhr moved to approve the budget status report and the January 2009 Retirement Report. Motion was seconded by G. Elwell. Members voted as follows: For: G. Camerer, R. Wassinger, D. Pederson, 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 – Annual Report Sterling Financial Advisors: M. Jochim stated members in all plans have been affected by the recent market. She presented myths and realities of retirement preparedness of 2008.

M. Jochim offered to distribute a printed copy of her report.

G. Camerer moved to approve the report from Sterling Financial Advisors. R. Wassinger seconded the motion. Members voted as follows: For: R. Wassinger, D. Pederson, E. Stuhr, J. Elliott, D. Blank, G. Elwell, and G. Camerer. Against: None. Motion carried.

The Board took a break at 10:06 a.m. and reconvened at 10:15 a.m.

Agenda Item 8 – School, Judges & Patrol Audit: D. Blank stated the audit was provided to the Board members in advance. K. Davis reported on the School, Judges & Patrol Audit for the period of July 1, 2007, through June 30, 2009, completed on January 30, 2009. She reviewed the comments and recommendations of the State Auditor's Office listed in the report.

She stated statutory changes and revisions will resolve many of the audit issues and NPERS and NIC have provided cooperation with the auditors at all times.

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

Agenda Item 9 – Information System Update: J. Brown reported open system testing has replaced some user script testing. Formal integration testing is complete. Problem Incident Reports (PIRs) have been prioritized and the major ones are being resolved. Some PIRs will be resolved during the warranty period. He reported there are 20 major PIRs and approximately 67 medium and minor PIRs.

J. Brown reported users are retesting major PIRs and formal user training is complete. He stated users are reporting being pleased with the new system.

J. Brown reported cutover testing was successful. He stated, currently, implementation is scheduled for February 27 through March 1, 2009. He reported a Steering Committee meeting is scheduled for Tuesday, February 24th at 1:00 p.m. and NPERS managers and the Office of the Chief Information Officer (OCIO) will decide to go ahead with the conversion on that weekend or will reschedule, if necessary.

J. Brown reported the project is within budget.

J. Brown stated the project includes a three-month warranty period. PIRs are included in the project cost and will be identified within the warranty period.

D. Blank questioned when the warranty starts. J. Brown stated it begins at cutover and is a common warranty period. He stated the majority of problems will be found during the three months and only issues discovered after the warranty period would not be covered.

J. Brown mentioned, since more staff will be using the system after cutover than performed user acceptance testing, this will assist in finding problems faster. He added Saber representatives will be on site to support the users.

J. Brown reported eight out of ten fillable forms are available on the website for the participants use.

E. Stuhr moved to approve the IT report. G. Elwell seconded the motion. Members voted as follows: For: E. Stuhr, J. Elliott, D. Blank, G. Elwell, G. Camerer, R. Wassinger, and D. Pederson. Against: None. Motion carried.

Agenda Item 10 – 7% Cap Refund Policy: J. Schaefer reported discussing the statute regarding the 7% cap with the legislative committee.

E. Stuhr moved that requests from retired School Plan members for refunds of retirement contributions submitted in excess of the 7% cap in statute be denied and that such future requests for refunds also be denied. G. Camerer seconded the motion. Members voted as follows: For: J. Elliott, D. Blank, G. Elwell, G. Camerer, R. Wassinger, D. Pederson, and E. Stuhr. Against: None. Motion carried.

Agenda Item 11 – Legislative Update: J. Schaefer provided a list of current legislation. He briefly reviewed the list and recent developments on the bills having an interest with retirement. He mentioned legislation scheduled for future hearings and reviewed the contents of those bills.

D. Bomberger discussed the Nebraska Investment Council's (NIC) position on LB 140, regarding Sudan divestment.

Members discussed LB 427, the adoption of the County Law Enforcement Retirement Act, and LB 449 which would change School disability provisions.

G. Camerer moved that legal counsel testify in a neutral capacity on LB 140 and LB 427 and in opposition to LB 449. R. Wassinger seconded the motion. Members voted as follows: For: D. Blank, G. Elwell, G. Camerer, R. Wassinger, D. Pederson, E. Stuhr, and J. Elliott. Against: None. Motion carried.

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

Agenda Item 12 – Investment Officer's Update: D. Bomberger distributed a prepared performance report on the Defined Benefit Plan prepared by the NIC and briefly identified its contents.

D. Bomberger announced his acceptance of a new position as deputy investment officer at Colorado Public Employees Retirement Association (PERA). His last day at NIC will be February 27, 2009. Joe Jurich has been appointed as interim Investment Officer.

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

Non Agenda Item – Recognize Board Member: D. Blank, on behalf of the Board and NPERS, presented D. Bomberger with a plaque to recognize his years of service and commitment.

Agenda Item 13 – Director's Report: P. Chambers reported the agency has been busy with the IT conversion and thanked NPERS staff and Saber for their hard work.

P. Chambers reported receiving budget recommendations from the fiscal office. She reported the rent increase, disaster recovery and reduction in the PERB budget were included back in the budget. She stated she does not anticipate any budget deficit requests other than additional plan contributions.

P. Chambers reported Dale Kahla has signed an agreement to continue to serve on the NPRIS Steering Committee.

She reported signing a contract addendum with D. Slishinsky, from Buck Consultants, to do a projection for 2009, based on December 31, 2008, investment returns. The report should be available in the next two weeks and will be provided to the legislature.

The board was provided a draft copy of the NPERS Annual Report prior to the meeting. The report includes the accomplishments and goals of the agency. P. Chambers stated the Annual Report can be used as a valuable reference as it contains PERB policies and an explanation of the plans. She stated the PERB picture will be included in the final copy.

R. Wassinger mentioned a correction for the report. E. Stuhr complimented the report as being very "readable."

P. Chambers reported staff is continuing with the reconciliation of accounts with Ameritas.

P. Chambers reported Ameritas will be presenting their annual report at the March PERB meeting and they have asked to host the meeting at their location. She distributed a map of their location at 5900 O Street in Lincoln.

P. Chambers reported being asked by the office of Omaha Mayor Fahey, to be on a task force for their police pension plan. She reported declining the invitation for a variety of reasons.

P. Chambers reported on the search for the IT manager position and stated an announcement should be made by the end of the week.

P. Chambers reported being asked to be on the search committee for D. Bomberger's replacement. She reported the committee is interviewing search companies at this time.

P. Chambers reported she and D. Bomberger spoke at a meeting of NSEA retirees. She stated she is scheduled to speak for another school group in March.

P. Chambers stated accountability disclosure forms are due from the board members the first of April. The forms will be provided to members at the March meeting or they can be completed online and printed prior to the meeting. D. Peterson requested Board members be provided a copy of what they submitted last year for reference in completing this year's form. P. Chambers will follow up on his request.

D. Pederson asked if P. Chambers has sufficient information to request additional funds to support the deficiency from the legislature. D. Blank stated it was requested by the senator as a confidential report and D. Slishinsky is preparing the report.

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

Agenda Item 14 – Board Committee Reports: D. Blank reported J. Elliott will replace Dale Kahla in his committee assignments. She will serve on the Policy and Planning Committee and the Education and Retreat Committee.

Agenda Item 15 – Board Education/Travel Requests: There were no requests.

Agenda Item 16 – Future Meetings/Agendas: The next meeting will be held on Monday, March 16, 2009, in the third floor conference room at Ameritas, 5900 O Street, Lincoln, Nebraska.

Agenda Items 17 and 18 – Executive Session: At 11:32 a.m., G. Camerer moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Disability Applications of Retirement Nos. 406788, 411308, and 102210. Motion was seconded by R. Wassinger. D. Blank repeated the motion for the record. Members voted as follows: For: D. Pederson, E. Stuhr, J. Elliott, D. Blank, G. Elwell, G. Camerer, and R. Wassinger. Against: None. Motion carried.

G. Camerer left the meeting during executive session.

At 12:14 p.m., R. Wassinger moved that the Board exit Executive Session and reconvene in Regular Session. Motion was seconded by D. Pederson. Members voted as follows: For: E. Stuhr, J. Elliott, D. Blank, G. Elwell, R. Wassinger, and D. Pederson. Against: None. Motion carried.

R. Wassinger moved for approval of the Disability Applications of Retirement Nos. 406788, 411308, and 102210. E. Stuhr seconded the motion. Members voted as follows: For: J. Elliott, D. Blank, G. Elwell, R. Wassinger, D. Pederson, and E. Stuhr. Against: None. Motion carried.

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

The meeting adjourned at 12:16 p.m.

Phyllis G. Chambers
Director