

PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

January 26, 2009

9:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 9:03 a.m., Monday, January 26, 2009, in the Atrium Conference Room, 1200 "N" Street, Suite 206, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda mailed January 20, 2009. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, January 19, 2009. D. Blank chaired the meeting and V. Huber recorded the minutes.

MEMBERS PRESENT: DENIS BLANK, CHAIR
 SGT. GLENN ELWELL, VICE-CHAIR
 DALE KAHLA
 MARK SHEPARD
 RICHARD WASSINGER
 DON PEDERSON
 DAVE BOMBERGER, EX-OFFICIO

MEMBERS ABSENT: ELAINE STUHR
 JUDGE GLENN CAMERER

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	MARY JOCHIM Sterling Financial Advisors
RANDY GERKE Deputy Director	NANCY REIMER Ameritas
JOE SCHAEFER Legal Counsel	KATE ALLEN Legislative Retirement Committee
JAN FOX Training Supervisor	VIRGIL HORNE Retired School System
JOHN WINKELMAN Training Specialist	DALE D RATHE AARP-Retired Teachers
MIDEN EBERT Retirement Plan Supervisor	JANIS ELLIOTT PERB Nominee
JERRY BROWN IT Manager	ERIC ASBOE Supreme Court
TERESA ZULAUF Internal Auditor	VICKI HUBER Staff Assistant
GARY BUSH DAS - State Budget Administrator's Office	

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 January 26, 2009, Board Meeting to order at 9:03 a.m. Present at roll call: D. Blank, G. Elwell, D. Kahla, M. Shepard, R. Wassinger, and D. Bomberger. Absent: D. Pederson, G. Camerer and E. Stuhr.

Agenda Item 4 – Approval of Minutes: R. Wassinger moved for approval of the minutes of the December 22, 2008, Board Meeting. Motion was seconded by G. Elwell. Members voted as follows: For: G. Elwell, D. Kahla, M. Shepard, R. Wassinger, and D. Blank. Against: None. Motion carried.

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

D. Pederson joined the meeting at 9:07 a.m.

Agenda Item 6 – Public Comments or Correspondence from Citizens: V. Horne, a retired School member, addressed the Board regarding a concern he had about the refund of contributions capped at 7%.

Agenda Item 7 – Information System Update: J. Brown reported the IT testing is 96% complete. User testing is 71% complete and integration testing is 30% complete. Formal user training is complete. He stated Saber is offering additional training by managers' request. Training should be done by the end of this week. Open testing is continuing.

J. Brown reported the implementation plan is virtually complete; however, it continues to be revised. The original cutover date was planned for February 14-16, 2009. A meeting with NPERS managers and the NPRIS project team is scheduled for Tuesday, January 27th to discuss the progression of testing. He discussed the possibility of moving the cutover date to February 28, 2009. With this change, there will be one day of "down time" with no access to the system. Dry run cutovers will take place to determine how long the cutover will take.

J. Brown reported the project is within budget and no problems are anticipated.

J. Brown reported completing an initial screening of 29 applications for his position. Interviewing is scheduled to begin February 3, 2009.

J. Brown reported J. Winkelman, from Education Services, has been creating "fillable forms" on the NPERS website. This allows members to complete forms online, print out the form, sign it, and mail it to NPERS. Seven out of ten of the forms are complete. In the future, NPERS hopes to improve our technology to the next stage, to allow members to complete these forms online and send them to NPERS electronically. The third stage would update the Agency's data without requiring information to be re-keyed by staff.

D. Blank asked if this progression was the intention of the IT team. J. Brown discussed the advantages and stated it would be an expensive project that would have to be evaluated.

G. Elwell asked what software was used for the "fillable forms." J. Brown stated Adobe Acrobat software was used and is the same application used by the Office of the CIO (OCIO), so they can provide support. Sam Fifer, with the OCIO, created the form.

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

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

Agenda Item 8 – Legislative Update: J. Schaefer briefly reviewed the list of 19 legislative bills that are being introduced and commented on those that may affect NPERs in some respect. He made suggestions on bills the board may want to take a position on.

J. Schaefer stated some hearings are scheduled before the next board meeting so those would be a priority for the development of testimony.

D. Blank stated LB 365 and 366 provide benefit enhancement; consequently, the PERB would not take a position on them. LB188 is the sole bill requiring testimony before the next PERB meeting.

J. Schaefer mentioned the confirmation hearing of new board member, J. Elliott, is scheduled for Wednesday, February 11, 2009.

D. Pederson moved that legal counsel testify in support of LB188. R. Wassinger seconded the motion. Members voted as follows: For: M. Shepard, R. Wassinger, D. Pederson, D. Blank, G. Elwell, and D. Kahla. Against: None. Motion carried.

D. Kahla moved to approve the Legislative Report. G. Elwell seconded the motion. Members voted as follows: For: R. Wassinger, D. Pederson, D. Blank, G. Elwell, D. Kahla, M. Shepard. Against: None. Motion carried.

M. Shepard left the meeting at 9:47 a.m.

Agenda Item 9 – Investment Officer's Update: D. Bomberger reported the next Nebraska Investment Council (NIC) meeting will be Wednesday, February 18, 2009.

D. Bomberger reported the NIC is finalizing the report on the Defined Benefit and Cash Balance plans. He distributed a report summarizing the returns for the Defined Contribution and Deferred Compensation plans.

D. Bomberger reported no impact to date on State Street's announcement that losses were incurred on reserves. He stated the council will continue to monitor the exposure of NPERS investments.

He stated the NIC has not directed their position on LB23. There was a brief discussion how the bill would affect the NIC and the involvement of other State Treasurers and their respective investment councils. He reported the NIC will testify in a neutral capacity on LB140, regarding Sudan investments, and gave a brief review of this bill.

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

Agenda Item 10 – Director's Report: P. Chambers reported the Agency is actively working on all legislation impacting the Agency. J. Schaefer has been reviewing bill language. R. Gerke is estimating costs of the bills in order to provide fiscal notes.

She reported on the scheduling of the confirmation hearing for J. Elliott.

P. Chambers reported T. Zulauf is preparing the 2008 School, Judges and Patrol audit response. The response is due January 27th. There were seven audit points to address. She reported continuing to work on resolving previous audit points.

P. Chambers reviewed how the Agency utilizes the Berwyn Death Audit that is completed every year. NPERS is researching the query used in PIONEER for the death audit. She explained briefly how the Agency monitors deaths as they occur.

P. Chambers announced the PERB photo will be rescheduled for February 23, 2009.

P. Chambers reported speaking with G. Bush regarding the Governor's budget recommendations. She stated the Governor's recommendations did not include a rent increase or the disaster recovery plan. G. Bush was present and confirmed the Governor is not opposed to these items, but feels the current budget allows enough to cover those costs. P. Chambers reported the benchmarking study is included in the second year budget. She reported the Governor's recommendations did not include the additional State Patrol contribution in Program 515. She stated the Governor is suggesting increased State Patrol contributions resulting from LB425 will cover this allocation. G. Bush stated that the base was not reduced. He stated members entering the DROP will also provide a savings to the Agency that will transfer to Program 515.

P. Chambers reported a \$6,000 decrease in the PERB's expense budget as a result of the Board's prior history of expenses.

G. Bush pointed out the Governor's budget allows reappropriations of any unused appropriations. Reappropriations will carryover to the next biennium. He stated, historically, reappropriations are rarely included in the Governor's budget.

P. Chambers reported Ameritas has transferred funds with residual balances to Fund 51, a non-interest bearing account, in December, which has prompted a large number of refund requests.

P. Chambers complimented everyone involved in the IT conversion.

P. Chambers briefly reviewed the report titled "Pensions & Retirement Security: A Roadmap for Policy Makers." The report is based on research provided by the National Institute on Retirement Security.

She commented on the article, "In it for the Long Haul: The Investment Behavior of Public Pensions" and the table showing the diversification of assets of Public and Private Defined Benefit plans from the 1950's through 2007.

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

Agenda Item 11 – Board Committee Reports: There were no reports.

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

Agenda Item 13 – Presentation of Plaque to Board Member: D. Blank, on behalf of the Board and NPERS, presented D. Kahla with a plaque to recognize his years of service to the Board, NPERS, and its members. D. Kahla was also presented with an Admiralship from the Governor. D. Blank thanked D. Kahla for his work on the NPRIS Steering Committee and stated the Board desires he continue his contributions to the Committee until the IT conversion is complete.

Agenda Item 14 – Future Meetings/Agendas: The next meeting will be held on Monday, February 23, 2009, in the Atrium Conference Center, 1200 "N" Street, Suite 206, Lincoln, Nebraska.

Agenda Items 15 and 16 – Executive Session: At 10:18 a.m., R. Wassinger moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Disability Application of Retirement No. 128375, Emergency Deferred Compensation Application of Retirement No. 703853, and other legal matters. Motion was seconded by D. Kahla. D. Blank repeated the motion for the record. Members voted as follows: For: D. Kahla, R. Wassinger, D. Pederson, D. Blank, and G. Elwell. Against: None. Motion carried.

At 11:29 a.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: R. Wassinger, D. Pederson, D. Blank, G. Elwell, and D. Kahla. Against: None. Motion carried.

D. Kahla moved for approval of the Disability Application of Retirement No. 128375. G. Elwell seconded the motion. Members voted as follows: For: D. Pederson, D. Blank, G. Elwell, D. Kahla, and R. Wassinger. Against: None. Motion carried.

D. Kahla moved for approval of the Emergency Deferred Compensation Application of Retirement No. 703853. G. Elwell seconded the motion. Members voted as follows: For: D. Blank, G. Elwell, D. Kahla, M. Shepard, R. Wassinger, and D. Pederson. Against: None. Motion carried.

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

The meeting adjourned at 11:33 a.m.

Phyllis G. Chambers
Director