

PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

June 15, 2009

9:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 9:00 a.m., Monday, June 15, 2009, in the Atrium Conference Room, 1200 "N" Street, Suite 206, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda mailed June 5, 2009. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, June 8, 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
JOE JURICH, EX-OFFICIO

MEMBERS ABSENT: JANIS ELLIOTT
MARK SHEPARD

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	MARY JOCHIM Sterling Financial Advisors
RANDY GERKE Deputy Director	WAYNE ROBINSON Sterling Financial Advisors
JAN FOX Training Supervisor	PAUL HAMMEL Omaha World Herald
MIDEN EBERT Retirement Plan Supervisor	NANCY REIMER Ameritas
FRED TURNER IT Manager	VICKI HUBER Staff Assistant
TERESA ZULAUF Internal Auditor	

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 June 15, 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, and J. Jurich. Absent: J. Elliott and M. Shepard.

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

Agenda Item 4 – Approval of Minutes: E. Stuhr moved for approval of the minutes of the May 18, 2009, Board Meeting. Motion was seconded by D. Pederson. Members voted as follows: For: G. Camerer, R. Wassinger, D. Pederson, E. Stuhr, D. Blank, and G. Elwell. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & May Retirement Report: G. Elwell moved to approve the budget status report and the May 2009 Retirement Report. Motion was seconded by R. Wassinger. Members voted as follows: For: R. Wassinger, D. Pederson, E. Stuhr, D. Blank, G. Elwell, 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: F. Turner reported the NPRIS three-month warranty concluded on May 30, 2009. He stated the majority of the Problem Incident Reports (PIRs) are on course to be completed by June 30, 2009. He reported 72 warranty PIRs remain open and 14 post-warranty PIRs have been created since June 1, 2009, for a total of 86 open PIRs to date.

F. Turner reported the project is within budget.

He stated the master agreement between NPERS and the Office of the Chief Information Officer (OCIO) has been completed, closed and approved. The service level agreement between NPERS and Saber has been approved by both sides and was submitted to State Purchasing for approval on June 12, 2009, along with a deviation from contractual services request. An interim letter of intent was executed since an agreement was not signed prior to June 1, 2009. This letter of intent will allow payments to be made to Saber while the formal agreement is in the process of being approved.

F. Turner reported the support team has relocated to the NPERS office. He stated the move saved money and is working very well. Training sessions have started with the IT personnel and Saber and will be completed mid-July.

F. Turner explained how PIRs are determined to be warranty issues or post-warranty reports and how the cost of resolving the issues is managed.

G. Camerer moved to approve the Information System Report. Motion was seconded by G. Elwell. Members voted as follows: For: D. Pederson, E. Stuhr, D. Blank, G. Elwell, G. Camerer, and R. Wassinger. Against: None. Motion carried.

Agenda Item 8 – Legislative Update: P. Chambers provided the legislative report on behalf of Joe Schaefer. Prior to the meeting, J. Schaefer provided documents outlining the progress and a summary of bills associated with retirement issues. P. Chambers reviewed his summary which included LB 187, under which the school plan members' contribution rate will increase from the current 7.28% to 8.28% and the state's contribution will increase from 0.7% to 1.0% beginning September 1, 2009, through August 31, 2014. On September 1, 2014, the rates will revert to the previous percentages.

D. Pederson asked why the change was made. P. Chambers explained it was to compensate for projections provided in the actuarial report.

The summary also included LB 188, under which there is an increase in the period that County and State plan members have to apply for vesting credit after they are hired from 30 days to 180 days; clarifies when defined benefit plans will be converted to cash balance accounts after a break in service; allows a "holiday" from Required Minimum Distributions (RMD) for plan year 2009; increases the period during which the spousal beneficiary of a deceased County or State plan member may elect to receive the benefit as an annuity from 120 to 180 days; allows State plan members to transfer all or part of their Cash Balance (CB) account to their Deferred Compensation Plan (DCP) account at retirement, which will allow them to take systematic withdrawals; provides an exception to the public records requirements for all plans; and increases the contribution rate for members of the State Patrol plan beginning July 1, 2009, from 13% to 15% of monthly compensation. On July 1, 2010, both the member and the employer rates will increase to 16% of compensation. LB 449 allows School plan members receiving disability retirement benefits to work up to 15 hours per week and continue receiving retirement benefits.

Other bills with retirement implications included LB 121, which transfers certain State property tax duties back to the County, consequently the State retirement accounts of employees affected by this change will be transferred to the County plan by July 1, 2013; and LB 403, in which participation in all public plans is limited to those employees who are either a United States citizen or a qualified alien, and are lawfully present in the state.

D. Blank questioned if there is legislation stating the employer is responsible for verifying employee's legal status. D. Pederson stated he was not aware of any statute regarding the matter of responsibility.

LB 414 was also reviewed, which increases salaries for Judges; increases member contribution rates for Judges by 1% for the 5 years beginning July 1, 2009; and increases the court fee for Judges' retirement by \$1 (to \$6) for the same time period.

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

Agenda Item 9 – Amendments to Deferred Compensation Plan: P. Chambers provided copies of pages 12, 18, and 19 of the revised DCP document that will be affected by LB 188. She reviewed the revisions and recommended amendments to the State of Nebraska DCP document.

E. Stuhr moved to amend the DCP document to allow for a RMD Holiday for 2009 and to allow CB transfers into the DCP which coincides with the Defined Contribution plan legislation in LB 188 and federal legislation. Motion was seconded by R. Wassinger. Members voted as follows: For: D. Blank, G. Elwell, G. Camerer, R. Wassinger, D. Pederson, and E. Stuhr. Against: None. Motion carried.

Agenda Item 10 – Investment Officer's Update: J. Jurich reported, as of the end of April, defined benefit plans were down only 1.25 % and the May report should show an increase. Earnings reports will be available in July.

He reported the Nebraska Investment Council (NIC) is planning two new private equity investments for this calendar year. He stated the Council is planning the consolidation of investment operations to expand service and lower costs.

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

Agenda Item 11 – Director's Report: P. Chambers reported the State Investment Officer (SIO) search committee has placed advertisements in several professional publications and in the Lincoln Journal Star and Omaha World Herald newspapers.

She reported participating in a conference call with R. Gerke, F. Turner and Sanjay Gupte, from Saber, to communicate and clarify items in the NPRIS support agreement.

P. Chambers reported the Agency is resuming efforts for a disaster recovery project and hopes to have a location identified this summer. NPERS purchased leased office furniture from Saber at a very reasonable cost. She stated some of the purchased furniture will be used by the OCIO and Saber staff that is now located in the NPERS office and some will be used at the disaster recovery site.

P. Chambers stated there are approximately 400 boxes of scanned documents in storage. She reported a temporary employee has been hired to assist with the agency's document retention project.

P. Chambers reported she and M. Shepard met with Dr. Roger Breed, Commissioner of Education, on May 27, 2009, to discuss retirement participation and how it relates to the Department of Education's hiring needs. She stated M. Ebert and J. Schaefer will meet with

the Department of Education's legal counsel and human resources representative to discuss guidelines for hiring former School plan members and identify possible changes in legislation that may need to be addressed.

P. Chambers reported NPERS staff has been working on education services and member education. She stated the PERB Education Committee will meet immediately following this meeting. M. Jochim and staff from Sterling Financial Advisors will make a presentation at that time. She also reported NPERS' Education Services department will make a presentation to the committee in July.

P. Chambers reported the State and County audit is in progress and will finish sometime in July 2009.

P. Chambers reported she and R. Gerke met with representatives from Broe Real Estate Services regarding the renewal of NPERS' lease of space in the Tier One Center and discussed enhancements the agency would like to make within the space. She mentioned making the visitor's office space more private by extending the current walls to the ceiling. She stated the cost of any modifications would be incorporated into the lease.

P. Chambers stated June 17th through the 20th she will be in Newport, Rhode Island, attending the National Council on Teacher Retirement System Directors' Meeting.

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

Agenda Item 12 – Board Committee Reports: R. Wassinger reported for the Education Committee and stated survey results indicated Board members preferred a long one day meeting and annual retreat held in Lincoln instead of traveling to Kearney, Nebraska. P. Chambers reported exploring the use of the facilities at the Cornhusker/Marriot. R. Wassinger stated mileage expenses alone would be \$200 per person plus lodging and having the retreat at the Cornhusker would be less expensive. D. Blank and R. Wassinger requested agenda topic suggestions be submitted to the committee.

P. Chambers stated the Audit Committee will meet briefly following the regular meeting.

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

Agenda Item 14 – Future Meetings/Agendas: The next meeting will be held on Monday, July 20, 2009, in the Atrium Conference Center, 1200 "N" Street, Suite 206, Lincoln, Nebraska.

Agenda Items 15 and 16 – Executive Session: At 9:49 a.m., R. Wassinger moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Disability Applications of Retirement Nos. 092498 and 100675 and Emergency Deferred Compensation Application of Retirement No. 704630, Director's evaluation and salary discussion, and other legal matters. Motion was seconded by G. Elwell. D. Blank repeated

the motion for the record. Members voted as follows: For: R. Wassinger, D. Pederson, E. Stuhr, D. Blank, G. Elwell, and G. Camerer. Against: None. Motion carried.

At 10:57 a.m., G. Camerer moved that the Board exit Executive Session and reconvene in Regular Session. Motion was seconded by G. Elwell. Members voted as follows: For: D. Pederson, E. Stuhr, D. Blank, G. Elwell, G. Camerer, and R. Wassinger. Against: None. Motion carried.

G. Camerer moved for approval of the Disability Applications of Retirement Nos. 0924989 and 100675 and the denial of Emergency Deferred Compensation Application of Retirement No. 704630. E. Stuhr seconded the motion. Members voted as follows: For: E. Stuhr, D. Blank, G. Elwell, G. Camerer, R. Wassinger, and D. Pederson. Against: None. Motion carried.

G. Camerer moved that the Director's salary be increased 2.9% effective July 1, 2009. D. Pederson seconded the motion. Members voted as follows: For: D. Blank, G. Elwell, G. Camerer, R. Wassinger, D. Pederson, and E. Stuhr. Against: None. Motion carried.

D. Blank stated there will be a Director's evaluation as a follow up and the evaluation will be discussed at the PERB retreat in August 2009.

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

The meeting adjourned at 11:00 a.m.

Phyllis G. Chambers
Director