

PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

March 16, 2009

9:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 9:01 a.m., Monday, March 16, 2009, in the New Third Conference Room, Ameritas Life Insurance Corp., 5900 "O" Street, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda mailed March 9, 2009. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, March 9, 2009. D. Blank chaired the meeting and V. Huber recorded the minutes.

MEMBERS PRESENT:

- DENIS BLANK, CHAIR
- SGT. GLENN ELWELL, VICE-CHAIR
- MARK SHEPARD
- JUDGE GLENN CAMERER
- RICHARD WASSINGER
- DON PEDERSON
- ELAINE STUHR
- JANIS ELLIOTT
- JOE JURICH, EX-OFFICIO

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	BEN MATTERN Ameritas
RANDY GERKE Deputy Director	NANCY REIMER Ameritas
JOE SCHAEFER Legal Counsel	MARY KLUG Ameritas
JERRY BROWN IT Manager	DAVE BUTLER Ameritas
TERESA ZULAUF Internal Auditor	DENNIS ANDERSON Ameritas
FRED TURNER NPERS	SCOTT HOLECHEK Ameritas
GARY BUSH DAS - State Budget Administrator's Office	LIZ LEBER State Auditor's Office
NEIL BATEMAN Retired Teachers	VICKI HUBER Staff Assistant
MARY JOCHIM Sterling Financial Advisors	

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 March 16, 2009, Board Meeting to order at 9:01 a.m. Present at roll call: D. Blank, G. Elwell, M. Shepard, G. Camerer, R. Wassinger, D. Pederson, E. Stuhr, J. Elliott, and J. Jurich. Absent: None.

B. Mattern welcomed the PERB to Ameritas and introduced the Ameritas staff in attendance.

At this time D. Blank presented a plaque to B. Mattern and the Ameritas staff in appreciation of their many years of service to PERB and NPERS.

Agenda Item 4 – Approval of Minutes: E. Stuhr moved for approval of the minutes of the February 23, 2009, Board Meeting. Motion was seconded by D. Pederson. Members voted as follows: For: G. Elwell, M. Shepard, G. Camerer, R. Wassinger, D. Pederson, E. Stuhr, J. Elliott, and D. Blank. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & February Retirement Report: R. Wassinger moved to approve the budget status report and the February 2009 Retirement Report. Motion was seconded by G. Elwell. Members voted as follows: For: M. Shepard, 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 – Ameritas Annual Report: B. Mattern gave a brief history of Ameritas operations and its work with NPERS. He provided a brief background of UNIFI and stated UNIFI's purpose to enhance the portfolio of products offered by Ameritas and provide an efficient office operations system. He reported excellent ratings among mutual holding companies.

A copy of the Annual Plan Review for December 31, 2008, was provided to the Board prior to the meeting. N. Reimer reviewed the entire report, presenting an overview of the retirement plans and their assets.

N. Reimer highlighted accomplishments for 2008 and reported monthly meetings continue to be held with NPERS staff, the allocation of Cash Balance dividends on October 3, 2008, the addition of the Deferred Retirement Option Plan (DROP) for Patrol plan members, the creation of the residual balance account fund, and the introduction of new participant statements.

She stated future plans of Ameritas include continuing monthly meetings with NPERS staff, providing support for data clean-up with the NPRIS system, and providing assistance with changes required as a result of legislation.

G. Camerer questioned how funds are held by Ameritas. B. Mattern stated State Street is the custodian and a net trade of money occurs daily. He explained Ameritas bank accounts hold only money for daily business transactions.

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

Agenda Item 8 – Information System Update: J. Brown introduced F. Turner as his replacement, effective May 1, 2009. He provided a brief background of F. Turner and the experience he brings to NPERS.

J. Brown reported NPRIS implementation began on Friday, February 27, 2009, and verification was completed by 1:30 p.m. Sunday, March 1st. He reported Problem Incident Reports (PIRs) are documented, classified in a severity level, and then fixed in order of priority.

J. Brown stated NPRIS is now in its 90-day warranty period, which started March 2, 2009, and will conclude May 30, 2009. He stated Saber is responsible for fixing all PIRs that are identified during the warranty period and the final project payment will not be made until all PIRs are resolved.

J. Brown reported there are 74 pre-implementation PIRs and stated 34 are resolved and ready for testing. He stated 62 PIRs have been reported post-implementation and four are fixed and ready for testing.

J. Brown stated a weekly deployment will occur and briefly explained the process of resolving PIRs.

J. Brown stated he is currently preparing draft agreements between NPERS, the Office of the CIO (OCIO), and Saber regarding ongoing support for NPRIS. He stated an agreement should be in place by the end of the warranty period and will include additional resources for support.

P. Chambers stated the plan is for Saber to contract directly with the OCIO rather than with NPERS.

D. Blank asked if there would be any additional cost and when the change would occur. P. Chambers stated J. Brown will present a recommendation regarding this agreement to the Board at the April PERB meeting.

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

The Board took a break at 10:03 a.m. and reconvened at 10:21 a.m.

Agenda Item 9 – Legislative Update: J. Schaefer provided a list of priority bills and briefly reviewed each bill and updated their progress.

J. Schaefer reported testifying in opposition to LB 449, which would allow School plan members receiving disability retirement benefits to work up to 15 hours under the committee amendment proposed to the bill.

D. Pederson questioned whether LB 121 reverts State employees back to County. J. Schaefer confirmed that it does and stated the bill would move certain State property tax assessment employees back to the County plan in the nine counties which had previously transferred assessment duties to the State.

J. Schaefer stated, per the Board's prior motion, he will testify in a neutral capacity on LB 427, the County Law Enforcement Retirement Act, on Wednesday, March 25, 2009.

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

Agenda Item 10 – Investment Officer's Update: J. Jurich introduced himself and gave a brief review of his current duties.

He reported the Chief Investment Officer Search Committee has retained a search firm and is completing the agreement procedure.

J. Jurich reported on the extension of services with Ennis Knupp. Ennis Knupp will provide consulting in the areas of general, private equity, and real estate investments. He stated this will enhance the tracking of private investments and all assets will be well preserved.

J. Jurich stated the Nebraska Investment Council (NIC) Annual report is at the printer and will be distributed at the next NIC meeting, scheduled for March 31, 2009. He will provide the report to the PERB at the April Board meeting.

He stated his plans include refining operations and developing efficiency. He stated there is a great opportunity to diversify at this time.

D. Pederson questioned the progress of recent acquisitions of global assets. J. Jurich reported the global portfolio moved from 5% to 15% and has performed well.

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

Agenda Item 11 – Director's Report: P. Chambers reported the IT conversion went smoothly. She complimented the Saber team, J. Brown, Robin Goracke (NPRIS project manager), and the NPERS staff for their hard work. She stated staff worked extra hours.

P. Chambers reported meeting with D. Blank, G. Elwell, NPERS staff, and the State Auditor for an exit conference regarding the Berwyn Death Audit Report on March 3, 2009.

P. Chambers reported the completion of all State and County member account reconciliations. She complimented R. Gerke, T. Zulauf and NPERS staff.

P. Chambers reported meeting with Senator Pankonin and Senator Heidemann regarding Buck Consultants' updated plan projections based on December 31, 2008 returns. Senator Pankonin presented the projections to the Legislature on March 5, 2009. No additional contributions are needed for the Cash Balance plan for the next two years and a \$33 million additional contribution is projected for next year for the Defined Benefit plans.

She reported speaking to the Nebraska Rural Schools Association and reported no notable opposition to increased contributions.

P. Chambers reported presenting the 2009 Annual Report to the Legislative Retirement Committee on March 11, 2009, and provided a copy to the Board.

P. Chambers stated NPERS will have their budget hearing before the Appropriations Committee on Friday, March 20, 2009.

P. Chambers reported attending monthly Independent Agency meetings for State agencies that have boards and directors. She commented on how well the PERB functions compared to other boards.

P. Chambers requested permission to attend the National Council on Teacher Retirement (NCTR) Director's Conference, June 17-20, 2009, in Newport, Rhode Island, with estimated expenses between \$2,000 and \$2,500.

D. Blank questioned if action was required by the Board to increase the frequency of Berwyn Death Audit reports from annual to semi-annual. No action was required by the Board; however, P. Chambers stated the agency will proceed with a second report. She noted the cost of \$1800 for two audits per year versus \$1200 for one report.

P. Chambers reminded the Board members that accountability and disclosure statements are due April 1, 2009.

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

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

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

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

Nebraska. G. Elwell and R. Wassinger stated they would not be able to attend the April meeting. To ensure a quorum is in attendance at the April meeting, D. Blank requested members contact the Board if they also will not be able to attend.

Agenda Items 15 and 16 – Executive Session: At 11:03 a.m., R. Wassinger moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Emergency Deferred Compensation Application for Retirement No. 702795, Contested Case No. 2-2008 (Shepherd), Personnel Matters and other Legal Matters. Motion was seconded by J. Elliott. D. Blank repeated the motion for the record. Members voted as follows: For: D. Blank, G. Elwell, M. Shepard, G. Camerer, R. Wassinger, D. Pederson, E. Stuhr, and J. Elliott. Against: None. Motion carried.

At 11:54 a.m., G. Camerer moved that the Board exit Executive Session and reconvene in Regular Session. Motion was seconded by E. Stuhr. Members voted as follows: For: G. Elwell, M. Shepard, G. Camerer, R. Wassinger, D. Pederson, E. Stuhr, J. Elliott, and D. Blank. Against: None. Motion carried.

G. Camerer moved for denial of the Emergency Deferred Compensation Application of Retirement No. 702795. J. Elliott seconded the motion. Members voted as follows: For: M. Shepard, G. Camerer, R. Wassinger, D. Pederson, E. Stuhr, J. Elliott, D. Blank, and G. Elwell. Against: None. Motion carried.

G. Camerer moved the Board adopt the findings of the hearing officer in Contested Case No. 2-2008 (Shepherd) and authorize the Chairperson to sign the Order as presented to the Board. G. Elwell seconded the motion. Members voted as follows: For: G. Camerer, R. Wassinger, D. Pederson, E. Stuhr, J. Elliott, D. Blank, G. Elwell, and M. Shepard. Against: None. Motion carried.

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

The meeting adjourned at 11:57 a.m.

Phyllis G. Chambers
Director