

PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

February 22, 2010

10:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 10:03 a.m., Monday, February 22, 2010, in the TierOne Conference Center, 1221 N Street, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda mailed February 12, 2010. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, February 15, 2010. D. Blank chaired the meeting and V. Huber recorded the minutes.

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

MEMBERS ABSENT: MARK SHEPARD
 ELAINE STUHR

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	JUDGE GLENN CAMERER Retiring PERB Member
RANDY GERKE Deputy Director	JUDY GRIMM Public
JOE SCHAEFER Legal Counsel	NANCY REIMER Ameritas
MIDEN EBERT Retirement Plan Supervisor	ERIC ASBOE Nebraska Supreme Court
FRED TURNER IT Manager	MITCH SNYDER Retirement Specialist II
TERESA ZULAUF Internal Auditor	ANGELA HATCHER Public Information Technician
GARY BUSH AS - State Budget Administrator's Office	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 22, 2010, Board Meeting to order at 10:03 a.m. Present at roll call: D. Blank, G. Elwell, R. Wassinger, D. Pederson, J. Elliott, and J. States. Absent: M. Shepard and E. Stuhr.

Agenda Item 4 – Approval of Minutes: D. Pederson moved for approval of the minutes of the January 19 and February 10, 2010, Board Meetings. R. Wassinger seconded the motion. Members voted as follows: For: G. Elwell, R. Wassinger, D. Pederson, J. Elliott, and D. Blank. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & January 2010 Retirement Report: J. Elliott moved to approve the budget status report and the January 2010 Retirement Report. G. Elwell seconded the motion. Members voted as follows: For: R. Wassinger, D. Pederson, J. Elliott, D. Blank, and G. Elwell. Against: None. Motion carried.

Agenda Item 6 addressed out of Agenda order below.

Agenda Item 7 – Public Comments or Correspondence from Citizens: There were no public comments or correspondence from citizens with business not scheduled on the agenda.

Agenda Item 8 – Approve Rules and Regulations, Chapter 1 – Board Management: J. Schaefer provided copies of changes to Rule 1 which was recommended by the Board Policy Committee. R. Wassinger moved to approve the changes as recommended. J. Elliott seconded the motion. Members voted as follows: For: R. Wassinger, D. Pederson, J. Elliott, D. Blank, and G. Elwell. Against: None. Motion carried.

Agenda Item 9 – Revise Board Policy #9 - Materiality: P. Chambers explained the changes recommended to the Board Policy regarding materiality which adds the State and County plan, the School refund buy-back purchase option, and revises the make-up contributions.

P. Chambers introduced M. Snyder who briefly explained the refund buy-back purchase option available to School plan members. He also explained the issues with rounding that occur during the calculation of the cost.

D. Pederson moved to approve the revisions to Board Policy #9. G. Elwell seconded the motion. Members voted as follows: For: D. Pederson, J. Elliott, D. Blank, G. Elwell, and R. Wassinger. Against: None. Motion carried.

Agenda Item 6 – Resolution and Presentation to Judge Glenn Camerer: D. Blank read a resolution honoring G. Camerer's career and presented him with a plaque to recognize his years of dedicated service to the Board, NPERS, and its members. G. Camerer was also presented with an Admiralship signed by Governor Heineman.

The Board took a break at 10:25 a.m. to congratulate G. Camerer and reconvened at 10:35 a.m.

Agenda Item 10 – Information System Update: F. Turner reported two warranty problem incident reports (PIRs) and 45 post-warranty PIRs as of February 16, 2010. He stated the Office of the Chief Information Officer (OCIO) developer will not be replaced while she is on maternity leave.

F. Turner reported Saber's training of the OCIO developers on the product called "Select" is complete. NPERS infrastructure and support analysts have completed their websphere training.

He reported NPERS continues to work on the disaster recovery project and a decision regarding an alternative platform will be made in the near future. NPERS is also working on internal disaster recovery plans.

F. Turner stated Saber management plans to attend the March PERB meeting and provide their status report.

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

Agenda Item 11 – Legislative Update: J. Schaefer gave a brief review of the status of all bills regarding retirement issues.

He reported testifying on behalf of the Board on LB 950 and updated its progress.

J. Schaefer stated the confirmation hearing for the newly appointed PERB member, Judge Randall L. Rehmeier, is scheduled for Thursday, February 25, 2010.

He stated on Wednesday, March 23, 2010, NPERS and the Nebraska Investment Council (NIC) will present their Annual Reports to the Legislature.

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

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

Agenda Item 12 – Investment Officer's Update: J. States distributed copies of pages from the January 2010 summary report provided by Ennis Knupp to the NIC. He reported the year-end calendar performance for the defined benefit plan was 22.1% and the fiscal year-to-date is up 17.6%.

He announced the NIC approved his request to create a deputy investment officer position at their February meeting and Joe Jurich has been appointed to that position.

J. States reported meeting with Governor Heineman and Senator Pankonin regarding actuarial assumptions and objectives and the impact they have on state funding. He reported the Governor stated he appreciates NIC's conservative approach to investments. J. States stated that he believes this conservative approach has led to Nebraska's high ranking nationally in recent reports of state performance.

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

Agenda Item 13 – Confirm Continuation of SSgA Funds for Hartford DCP: J. States briefly reviewed the history of Hartford's inclusion in the investment program and addressed the review of State Street and Hartford documents regarding this agreement. He stated State Street Global Asset (SSgA) funds have performed reasonably well and advised the PERB to continue to participate.

P. Chambers requested approval to sign a document to confirm the PERB has reviewed the State Street funds and agrees to continue to participate.

J. Elliott moved to approve the Director to sign the document confirming the continuation of SSgA funds as an investment option for Hartford DCP. D. Pederson seconded the motion. Members voted as follows: For: D. Pederson, J. Elliott, D. Blank, G. Elwell, and R. Wassinger. Against: None. Motion carried.

Agenda Item 14 – Director's Report: P. Chambers stated Judge Randall Rehmeier will meet with her on Thursday, February 25th for a NPERS orientation following his confirmation hearing.

P. Chambers reported working on NPERS' annual report. R. Gerke has been working on statistics for the report. She distributed statistics from the last two years and briefly reviewed the comparisons between 2008 and 2009 regarding member services, retirements, and distributions.

She stated NPERS continues to work on the disaster recovery plan and pointed out the highest priority is protecting the data base and being able to continue to pay benefits.

P. Chambers reported the Internal Control plan is in the process of review.

P. Chambers stated the School, Judges, and Patrol audit exit conference is scheduled for Tuesday, February 23rd, at 2:00 p.m. in the TierOne Conference Center. She reported fewer audit points than past years. She mentioned the State auditors have suggested NPERS change the calendar-year plans to fiscal-year reporting and the issue will be discussed at the exit conference.

P. Chambers gave highlights of the Pew Center report. She requested Board members contact her if they wish a complete copy of the report.

P. Chambers stated suggestions for Legislative studies are due in the next few weeks and requested the Board share their suggestions with J. Schaefer. She briefly reviewed possible studies that are being considered.

P. Chambers reported NPERS staff met to discuss how military service contributions will be managed. She stated it will be calculated manually for the present time since there are only one or two employees affected per year.

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

Agenda Item 15 – Board Committee Reports: There were no reports.

Agenda Item 16 – Board Education/Travel Requests: There were no requests.

Agenda Item 17 – Future Meetings/Agendas: The next meeting will be held on Monday, March 15, 2010, in the third floor conference room at Ameritas, 5900 O Street, Lincoln, Nebraska.

N. Reimer provided maps of Ameritas to the Board.

Agenda Items 18 and 19 – Executive Session: At 11:23 a.m., R. Wassinger moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Disability Applications for Retirement Nos. 820193 and 415224, Appeal No. 3-2009, Personnel Matters, and other legal matters. J. Elliott seconded the motion. D. Blank repeated the motion for the record. Members voted as follows: For: D. Blank, G. Elwell, R. Wassinger, D. Pederson, and J. Elliott. Against: None. Motion carried.

At 12:24 p.m., R. Wassinger moved that the Board exit Executive Session and reconvene in Regular Session. G. Elwell seconded the motion. Members voted as follows: For: G. Elwell, R. Wassinger, D. Pederson, J. Elliott, and D. Blank. Against: None. Motion carried.

R. Wassinger moved for approval of the Disability Applications of 820193 and 415224. J. Elliott seconded the motion. Members voted as follows: For: R. Wassinger, D. Pederson, J. Elliott, D. Blank, and G. Elwell. Against: None. Motion carried.

D. Pederson moved to accept the recommendations of the hearing officer in Appeal No. 3-2009 and authorize the Chairperson to sign the Order. R. Wassinger seconded the motion. Members voted as follows: For: D. Pederson, J. Elliott, D. Blank, G. Elwell, and R. Wassinger. Against: None. Motion carried.

G. Elwell moved to follow Governor Heineman's request for the freezing of wages of upper management within the State of Nebraska, and the Board freeze the Director's wages for one year, effective July 1, 2010. R. Wassinger seconded the motion. Members voted as follows: For: J. Elliott, D. Blank, G. Elwell, R. Wassinger, and D. Pederson. Against: None. Motion carried.

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

The meeting adjourned at 12:27 p.m.

Phyllis G. Chambers
Director