

PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

June 21, 2010

10:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 10:00 a.m., Monday, June 21, 2010, in the TierOne Conference Center, 1221 "N" Street, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda mailed Monday, June 14, 2010. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, June 14, 2010. D. Blank chaired the meeting and V. Huber recorded the minutes.

MEMBERS PRESENT: DENIS BLANK, CHAIR
SGT. GLENN ELWELL, VICE-CHAIR
MARK SHEPARD
JUDGE RANDALL REHMEIER
DON PEDERSON
ELAINE STUHR
JANIS ELLIOTT
JEFF STATES, EX-OFFICIO

MEMBERS ABSENT: RICHARD WASSINGER

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	GARY BUSH AS - State Budget Administrator's Office
RANDY GERKE Deputy Director	MARY JOCHIM Sterling Financial Advisors
JOE SCHAEFER Legal Counsel	NANCY REIMER Ameritas
JOHN WINKELMAN Training Supervisor	KRISTA DAVIS State Auditor's Office
MIDEN EBERT Retirement Plan Supervisor	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 21, 2010, Board Meeting to order at 10:00 a.m. Present at roll call: D. Blank, G. Elwell, M. Shepard, R. Rehmeier, E. Stuhr, and J. Elliott. Absent: R. Wassinger, D. Pederson, and J. States.

Agenda Item 4 – Approval of Minutes: M. Shepard moved for approval of the minutes of the May 17, 2010, Board Meeting. E. Stuhr seconded the motion. Members voted as follows: For: G. Elwell, M. Shepard, R. Rehmeier, E. Stuhr, J. Elliott, and D. Blank. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & May 2010 Retirement Report: E. Stuhr moved to approve the budget status report and the May 2010 Retirement Report. G. Elwell seconded the motion. Members voted as follows: For: M. Shepard, R. Rehmeier, 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.

J. States joined the meeting at 10:04 a.m.

Agenda Item 7 – Education Services Update: J. Winkelman updated the Board on changes the department of Education Services has made during the last year. He stated all retirement newsletters are now sent by email and staff is working with the State of Nebraska regarding coding and the use of free servers to allow images to be included in the newsletters. He reported an overall positive response from members on the new format.

J. Winkelman stated there has been no change in the seminars. The retirement planning seminars are using the same materials and presenter. He stated the department has been exploring new locations for the seminars that offer meeting space at no charge, without reducing the quality or size of the accommodations.

He reported on plans to enhance the promotion of the financial planning seminars through the use of employer contacts by email and providing additional videos on NPERS' website.

J. Elliott commended J. Winkelman and his staff on the School seminar she attended.

D. Blank thanked the Education Services staff for the individual session that was recently provided to his agency.

R. Rehmeier moved to approve the Education Services Update. J. Elliott seconded the motion. Members voted as follows: For: R. Rehmeier, E. Stuhr, J. Elliott, D. Blank, G. Elwell, and M. Shepard. Against: None. Motion carried.

Agenda Item 8 – United of Omaha Annuity Contract for the DCP: R. Gerke reported the annual contract with United of Omaha expires on June 30, 2010, and provided brief information on statistics and interest rates. He requested the Board approve to extend the contract for one year.

D. Pederson joined the meeting at 10:17 a.m.

G. Elwell moved to renew the United of Omaha Annuity Contract for the DCP for one year beginning July 1, 2010. J. Elliott seconded the motion. Members voted as follows: For: D. Pederson, E. Stuhr, J. Elliott, D. Blank, G. Elwell, M. Shepard, and R. Rehmeier. Against: None. Motion carried.

Agenda Item 9 – Approve County DC Plan Fees: R. Gerke requested the Board approve reducing the County Defined Contribution (DC) fees from 25 to five basis points. He pointed out the current fees for the State DC plan and Deferred Compensation Plan (DCP) is also five basis points.

M. Shepard moved to set the County DC plan fees at five basis points effective June 25, 2010. E. Stuhr seconded the motion. Members voted as follows: For: E. Stuhr, J. Elliott, D. Blank, G. Elwell, M. Shepard, R. Rehmeier, and D. Pederson. Against: None. Motion carried.

Agenda Item 10 – NPRIS Project Costs: P. Chambers distributed a notification to pay outstanding Saber invoices prepared by Fred Turner. She reviewed the invoice and explained NPERS held back 15% until all pre-warranty problem incident reports (PIRs) and change control requests (CCRs) were resolved. Additional handouts included a list of prior invoices paid to date and total project cost detailed by fiscal year.

She asked the Board to approve the final payment for this fiscal year. After discussion, the Board decided timing of the payment would be an administrative decision and no action was needed by the Board.

Agenda Item 11 – Approve Rules and Regulations Nos. 2, 18, 21, and 22: J. Schaefer briefly reviewed the content of Rules and Regulations Nos. 2, 18, 21, and 22.

On behalf of the Policy and Planning Committee, J. Elliott recommended Nos. 18, 21, and 22 be approved and stated the Committee will further review No. 2.

J. Schaefer advised the Board of an additional technical correction to the wording of Rule No. 22 that was made since the time drafts were provided to the Committee.

J. Elliott moved to approve Rules and Regulations Nos. 18, 21, and 22 as corrected. D. Pederson seconded the motion. Members voted as follows: For: J. Elliott, D. Blank, G. Elwell, M. Shepard, R. Rehmeier, D. Pederson, and E. Stuhr. Against: None. Motion carried.

D. Blank thanked the Committee for their work on the revisions.

Agenda Item 12 – Investment Officer's Update: J. States reported as of last Friday, June 18th, the calendar year to date performance was slightly ahead, in the range of 17%, which is similar to reports for December 31, 2009.

He stated the Nebraska Investment Council's annual retreat is scheduled for July 14-15, 2010, and stated asset allocations will be reviewed.

J. States explained BP's exposure with our investments. He stated the State will forgo some dividend income which does not create an issue and investment managers are not acting on it at this time.

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

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

Agenda Item 13 – Director's Report: P. Chambers reported the reconciliation account will be depleted after this month. She stated member account statements will reflect the adjustment and an announcement will also be placed in the retirement newsletter indicating fees will return to the standard assessment. On behalf of the Board she thanked N. Reimer for her help and monthly reports from Ameritas.

P. Chambers reported receiving an annual report from The Hartford as a follow up to their presentation to the Board in May. She requested Board members let her know if they desire an electronic copy. She summarized the report, which included member participation with The Hartford, the investments, asset allocations, and retirement options utilized by NPERS' members.

She reviewed her visit to the Colorado Public Employees' Retirement Association (PERA) and highlighted comparisons with NPERS and recent changes the Colorado PERA has made to offset recent market concerns.

P. Chambers reported talking to Dave Slisinsky, who indicated there are some Governmental Accounting Standards Board (GASB) changes proposed and he requested the opportunity to provide details to the Board at a future meeting.

She reported Great Western Bank has taken over most of the TierOne Bank, which will not have an effect on the Board's use of the Conference Room space, at this time.

P. Chambers reported the Benefits department is currently processing 366 School retirement applications with a June 1 effective date, 200 more with a July 1 effective date, and 13 for August 1. She stated the number of retirements is similar to prior years.

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

Agenda Item 14 – Board Committee Reports: There were no reports.

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

Agenda Item 16 – Future Meetings/Agendas: The next meeting will be the Annual PERB Education Retreat held on Thursday, July 15, 2010, in the Nebraska Room of the Peter Kiewit Lodge, Mahoney State Park, Ashland, Nebraska.

Agenda Items 17 and 18 – Executive Session: At 11:10 a.m., R. Rehmeier moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Disability Applications for Retirement Nos. 086365, 430045, 096369, 081572, and 406045; Contested Case No. 2-2009; personnel matters; and other legal matters. J. Elliott seconded the motion. D. Blank repeated the motion for the record. Members voted as follows: For: R. Rehmeier, D. Pederson, E. Stuhr, J. Elliott, D. Blank, G. Elwell, and M. Shepard. Against: None. Motion carried.

At 12:34 p.m., G. Elwell moved that the Board exit Executive Session and reconvene in Regular Session. E. Stuhr seconded the motion. Members voted as follows: For: D. Pederson, E. Stuhr, J. Elliott, D. Blank, G. Elwell, M. Shepard, and R. Rehmeier. Against: None. Motion carried.

R. Rehmeier, in regard to Contested Case No. 2-2009, moved the Board recommend, subject to final decision of the Attorney General's office, that the Order entered through the District Court of Lancaster County be accepted. G. Elwell seconded the motion. Members voted as follows: For: E. Stuhr, J. Elliott, D. Blank, G. Elwell, M. Shepard, R. Rehmeier, and D. Pederson. Against: None. Motion carried.

E. Stuhr moved for approval of the Disability Applications of Retirement Nos. 086365, 430045, 096369, 081572, and 406045. D. Pederson seconded the motion. Members voted as follows: For: J. Elliott, D. Blank, G. Elwell, M. Shepard, R. Rehmeier, D. Pederson, and E. Stuhr. Against: None. Motion carried.

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

The meeting adjourned at 12:35 p.m.

Phyllis G. Chambers
Director