

PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

March 15, 2010

9:30 A.M.

A regular meeting of the Public Employees Retirement Board convened at 9:32 a.m., Monday, March 15, 2010, 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 8, 2010. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, March 8, 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
 ELAINE STUHR
 JANIS ELLIOTT
 JEFF STATES, EX-OFFICIO

MEMBERS ABSENT: MARK SHEPARD
 JUDGE RANDALL REHMEIER

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	DENNIS ANDERSON Ameritas
RANDY GERKE Deputy Director	SANJAY GUPTA Saber Corporation
MIDEN EBERT Retirement Plan Supervisor	SRIRAM RAMANUJAM Saber Corporation
FRED TURNER IT Manager	KRISTA DAVIS State Auditor's Office
TERESA ZULAUF Internal Auditor	KRIS KUCERA State Auditor's Office
GARY BUSH AS - State Budget Administrator's Office	NEIL BATEMAN Retired Teachers
BEN MATTERN Ameritas	ERIC ASBOE Nebraska Supreme Court
NANCY REIMER Ameritas	VICKI HUBER Staff Assistant
MARY KLUG Ameritas	

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 15, 2010, Board Meeting to order at 9:32 a.m. Present at roll call: D. Blank, G. Elwell, R. Wassinger, D. Pederson, E. Stuhr, J. Elliott, and J. States. Absent: M. Shepard and R. Rehmeier.

Agenda Item 4 – Approval of Minutes: D. Pederson moved for approval of the minutes of the February 22, 2010, Board Meeting. J. Elliott seconded the motion. Members voted as follows: For: G. Elwell, R. Wassinger, D. Pederson, E. Stuhr, J. Elliott, and D. Blank. Against: None. Motion carried.

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

Excuse Board Members: G. Elwell moved to excuse M. Shepard and R. Rehmeier. R. Wassinger seconded the motion. Members voted as follows: For: D. Pederson, E. Stuhr, J. Elliott, D. Blank, G. Elwell, and R. Wassinger. 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 updated the Board on the UNIFI Companies Retirement Plans and how they have weathered the recent market. He stated UNIFI's Annual Report is being printed and will be distributed at a later date. He reported excellent investment performance with total company assets up approximately \$600 million (from \$2.8 billion to \$3.4 billion) for the year and most of that was from market gain.

He reported UNIFI purchased the Assurity Advisory Business effective August 1, 2009. He stated this purchase has opened up a new distribution system, Registered Investment Advisors (RIA) and hopefully some new markets.

N. Reimer introduced M. Klug and D. Anderson, who work with the State and County retirement plans for Ameritas.

A copy of the Annual Plan Review for December 31, 2009, was provided to the Board.

N. Reimer reviewed the entire report which included an overview of contributions, distributions, and year end balances for the retirement plans. The report also includes a statistical review of member information such as average age, account balances, and member's years of service in each plan. She also pointed out plan participants are accessing their accounts by voice response less and internet access has almost doubled.

N. Reimer highlighted accomplishments for 2009, including monthly meetings with NPERS, providing information to Buck Consultants for their annual reporting, and assisting with the State and County annual audit.

D. Anderson highlighted the systems activity in 2009 which included assisting NPERS with the IT conversion from PIONEER to NPRIS. He explained eight data interface files are exchanged on a daily basis and are validated to assure information is transferred correctly.

He also reported Ameritas used customized programming to automate the transfer of residual balance accounts to Fund 51, a non-interest bearing account; completed the implementation of the offset of Ameritas fees; and rescheduled NPERS monthly fees.

D. Anderson explained the system methodology and anticipates continuing to meet monthly with NPERS staff to discuss existing projects, future service needs, set priorities, and develop solutions for those needs.

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

Agenda Item 8 – School, Judges, and Patrol Audit: K. Kucera reported finishing the School, Judges, and Patrol Audit for the period of July 1, 2008, through June 30, 2009, in March 2010. She reviewed the comments and recommendations of the State Auditor's office listed in the report.

A copy of the audit report was distributed to the Board.

K. Kucera stated NPERS improved their resolution of prior audit findings for the School Plan as there were 24 prior audit findings and six remain.

D. Blank stated NPERS has made great strides in minimizing the audit points and appreciates the work of the State Auditors. P. Chambers credited R. Gerke and his staff on a great job with the financial statements and she thanked the auditors for their patience and positive work relationship.

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

Agenda Item 9 – Saber Report: S. Ramanujam, NPRIS project manager from Saber, gave a brief history of the company's accomplishments and recent merger with Electronic Data Systems and Hewlett Packard.

He stated NPRIS was implemented in March of 2009, and Saber continues maintaining the application and transitioning the knowledge to the NPERS IT team and the resources from the Office of the Chief Information Officer (OCIO). He briefly reviewed the transition plan. He stated after one year, NPERS staff is resolving most of the issues and the transition is

progressing very well. Beginning in January 2010, Saber resources are being reduced by one staff member per quarter.

D. Blank stated the Board appreciates the professional relationship that has been established and thanked Saber for their efforts on the project.

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

The Board took a break at 10:37 a.m. and reconvened at 10:50 a.m.

Agenda Item 10 – Information System Update: F. Turner reported two warranty problem incident reports (PIRs) and 37 post-warranty PIRs. Since August 2009, the OCIO developers have completed 53 of the post-warranty PIRs. He reported 15 change control requests (CCRs) have been completed since June 2009 and currently there are no open CCRs.

He reported completing the conversion from COGNOS reporting software to an SQL platform for reporting.

F. Turner stated progress continues with the internal plan for disaster recovery. He proposed moving the five User Acceptance Testing (UAT) servers out of the NPERS environment and relocating them to the OCIO. He explained if NPERS should experience a disaster, data would be available off-site and current as of the previous business day. He stated this plan requires hosting fees, but no purchase of equipment and would give us a sense of how that plan would perform in the event of a disaster since it allows a platform to exercise disaster drills.

In response to a question from D. Pederson, F. Turner stated there are currently no back-up servers off-site.

F. Turner stated NPERS still needs to acquire another location for staff and the servers can be accessed anywhere as long as there is internet service available. He stated NPERS is currently searching for a second back-up site.

S. Gupte explained the UAT server is set up exactly the same as the production server, which enables it to be used as a back-up.

F. Turner briefly reviewed progress on the training of the OCIO developers.

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

Agenda Item 11 – Rules and Regulations – Repeal Nos. 3, 8, 9, 13, and 16; Amend No. 11: P. Chambers reviewed proposed amendments to Chapter 11 regarding service and vesting credit and chapters to be repealed which are either obsolete or covered elsewhere.

D. Blank requested the Policy and Planning Committee review the changes following the meeting.

Agenda Item 12 – Legislative Update: P. Chambers briefly reviewed the status of bills regarding retirement issues prepared by J. Schaefer. She stated priority bills, LB 950 and LB 979, have been moved to general file.

G. Bush reported LB 950 has an amendment which adds LB 899 to the bill.

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

Agenda Item 13 – Investment Officer’s Update: J. States reported the Nebraska Investment Council (NIC) will consider the final adoption of the new investment lineup for the College Savings Plan that will begin in January. He stated the most significant change is the reduction in administrative costs.

He stated he and P. Chambers will be presenting their Annual Reports to the Legislative Retirement Committee on Tuesday, March 23, 2010.

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

Agenda Item 14 – Revise Board Policies Nos. 1 and 6: P. Chambers reviewed revisions to Board policy No. 1 to change elections to the month of January to correspond with state statute and Policy No. 6 which updates the schedule of dates of contracts listed in board policies.

D. Pederson moved to adopt the revisions to Board Policies Nos. 1 and 6 as presented. J. Elliott seconded the motion. Members voted as follows: For: E. Stuhr, J. Elliott, D. Blank, G. Elwell, R. Wassinger, and D. Pederson. Against: None. Motion carried.

Agenda Item 15 – Director’s Report: P. Chambers thanked Ameritas for hosting the meeting and the great working relationship that continues with NPERS staff. She stated the monthly meetings have proven to be very effective.

P. Chamber distributed an update of the reconciliation account balance and briefly reviewed the plan for distribution of the funds.

P. Chambers reported NPERS’ Annual Report is complete and will be presented to the Legislative Retirement Committee on Tuesday, March 23, 2010. She complimented NPERS’ desktop publisher, Angela Hatcher, and her work on the report. The Annual Report will be mailed to the Board members.

P. Chambers stated NPERS' lease in the TierOne Center is in the process of being renewed for two years.

She reported the contract with Buck Consultants expires June 30, 2010, and NPERS is negotiating terms with the actuary. She stated Dave Slishinsky is scheduled to provide the State and County Cash Balance and the Equal Retirement Benefit Fund (ERBF) Actuarial Reports at the April PERB meeting.

P. Chambers reported two staff vacancies within the agency.

In regard to additional 2% State budget cuts, G. Bush reported the recommendations from the Legislative Appropriations Committee on budget reductions did not include any cash funded agencies.

P. Chambers reminded the Board to submit their accountability and disclosure forms by April 1st.

P. Chambers stated the State and County audit entrance conference is scheduled for Tuesday, March 18, 2010.

D. Pederson recommended sending the NPERS Annual Report to the Lincoln Journal Star and Omaha World Herald. G. Elwell suggested the report be sent electronically in a PDF file format.

E. Stuhr 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, D. Pederson, and E. Stuhr. Against: None. Motion carried.

Agenda Item 16 – Board Committee Reports: There were no reports.

Agenda Item 17 – Board Education/Travel Requests: There were no requests.

Agenda Item 18 – Future Meetings/Agendas: The next meeting will be held on Monday, April 19, 2010, in the TierOne Conference Center, 1221 "N" Street, Lincoln, Nebraska. The meeting is scheduled to begin at 9:30 a.m.

Agenda Items 19 and 20 – Executive Session: At 11:35 a.m., R. Wassinger moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Personnel Matters and other legal matters. E. Stuhr seconded the motion. D. Blank repeated the motion for the record. Members voted as follows: For: D. Blank, G. Elwell, R. Wassinger, D. Pederson, E. Stuhr, and J. Elliott. Against: None. Motion carried.

D. Pederson left the meeting during Executive Session.

At 12:50 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: E. Stuhr, J. Elliott, D. Blank, G. Elwell, R. Wassinger, and D. Pederson. Against: None. Motion carried.

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

The meeting adjourned at 12:51 p.m.

Phyllis G. Chambers
Director