

**PUBLIC EMPLOYEES' RETIREMENT BOARD
EDUCATION SESSION AND MEETING MINUTES FOR
Tuesday, April 15 and Wednesday, April 16, 2008**

The agenda for this meeting was mailed to every public employer, the news media, and other groups and individuals as requested.

The Education Session of the Public Employees' Retirement Board was called to order by Chairwoman Susan DeFrancesco at 3:00 p.m., April 15, 2008, in the PERS' Conference Room, 7455 West Washington Street, Suite 150, Las Vegas. Members present: Susan DeFrancesco, Charles Silvestri, Elizabeth Fretwell, Purisimo Hernandez, George Stevens, and Warren Wish. Members absent: David Kallas.

**April 15, 2008
Board Education Session**

I. ADMINISTRATION

- A. Lynette Jones, Director of Member and Retiree Services, and Brian Snyder, Director of Employer and Production Services, reviewed PERS' website functionalities for members, retirees, and employers including the secure functions.

II. INVESTMENTS

- A. Staff discussed PERS' securities lending program which is administered by the Bank of New York Mellon.

III. PUBLIC COMMENT

There were no public comments.

IV. RECESS

Chairwoman DeFrancesco recessed the meeting at 5:00 p.m.

**April 16, 2008
Board Meeting**

The Board meeting of the Public Employees' Retirement Board was called to order by Chairwoman DeFrancesco at 8:00 a.m., April 16, 2008, in the PERS' Board Room, 5820 South Eastern Avenue, Suite 220, Las Vegas. Members present: Susan DeFrancesco, Elizabeth Fretwell, Purisimo Hernandez, David Kallas, Charles Silvestri, George Stevens and Warren Wish. Members absent: None.

I. DISABILITIES

- A. For the record, Elizabeth Fretwell stated that she is aware disability retirement applicants Kathi Cooper and Brenda Parham are City of Las Vegas employees. She

mentioned she is not familiar with their situations and would be voting on this item. On motion of David Kallas, the Retirement Board voted unanimously to:

1. Approve permanent and total disability retirement for: David Barnum, Colleen Castello, Michael Cook, Kathi Cooper, Michael George, Peter Gonzales, Mark Griffiths, Frances Hampton, Stanley Houston, Paik Lim, Cindy Mayo, Michael Medrano, Lisa Moya, Brenda Parham, Michael Perkins, Linda Rogers, Earl Russell, Tommy Shaw, Pam Siri, Laura Stotts, David Turner, Martha Williams, and Craig Zahrt.
2. Approve reemployment requests by disability recipients: John Cox, Linda Evarts, Joseph Gourley, Mark LeCoque, Martha Pearson, and Johnetta Watkins.

In a separate motion by David Kallas, the Retirement Board voted unanimously to defer action on the reemployment request by disability recipient Carol Malone, until more information can be reviewed by staff and Ms. Malone can appear before the Retirement Board regarding her new position duties.

II. INVESTMENTS

- A. Staff and Bill Kelly of Bank of New York Mellon presented an overview of PERS' securities lending portfolio, risk management of the portfolio, and the revenue performance for fiscal year 2008. On motion of Warren Wish, the Retirement Board voted unanimously to:
 1. Accept the fiscal year 2008 securities lending report as submitted; and
 2. Provide staff discretion to waive the 90-day policy liquidation deadline for specific securities if staff, Callan and investment counsel believe it is in the best economic interest of the System, which will sunset July 31, 2008.
- B. The Bank of New York securities lending presentation was included under agenda item II. A.
- C. Staff provided a wrap-up report on the second opinion review of the investment program and the status of the recommendations they provided.
- D. Staff presented the proposed modifications to the Investment Objectives and Policies for the PERS' fund. On motion of Purisimo Hernandez, the Retirement Board voted unanimously to approve the Investment Objectives and Policies for the PERS' fund, as submitted.
- E. There were no recommended changes to the Interim Investment Directives for the PERS', Legislators', and Judicial funds.

III. BOARD

- A. On motion of David Kallas, the Retirement Board voted unanimously to approve the Letter of Commendation to the Employees of the Public Employees' Retirement System in honor of Public Service Recognition Week.

- B. Sub-Committee Chairman Warren Wish provided an update on the Sub-Committee's meeting that took place April 15, 2008.
- C. On motion of David Kallas, the Retirement Board voted unanimously, to approve the minutes of the Retirement Board's education session and board meeting held March 18 and 19, 2008, as submitted.
- D. Board member Purisimo Hernandez mentioned that he would not be able to attend the May meeting. There were no changes to the Retirement Board meeting dates.
- E. On motion of Charles Silvestri the Retirement Board voted unanimously to change the July 2008 administration topic to the history and process for disability retirement.

IV. ACCOUNTING

- A. Staff presented the fiscal year 2008/2009 budget summary.

V. ADMINISTRATION

- A. The public hearing for the proposed modifications to PERS' Official Policies dated September 1, 2007, began at 11:00 a.m. Staff reviewed the proposed policy modifications. Chairwoman DeFrancesco called for public comment. Judy Bleak of the Las Vegas Metropolitan Police Department (Metro), Rusty McAllister of the Professional Fire Fighters of Nevada, and Tim Ivesom of the Reno Fire Fighters, expressed their concerns on the proposed changes to PERS' call-back policy. Staff informed the Retirement Board that there will be a second hearing on these proposed policy changes in Carson City on May 21st, 2008. There was no action taken on this item.
- B. Staff provided an update on the JAVA language conversion project.

VI. RATIFICATION AGENDA

On motion of David Kallas, the Retirement Board voted unanimously to:

- A. Approve the Administrative Fund disbursements.
- B. Approve the personnel action taken since the last report.
- C. Approve the Final Benefit Audit Report for May 2007.
- D. Approve the Investment Management Fee Agreements with AllianceBernstein and Barclays Global Investors.
- E. Retroactively approve the Investment Management Agreement and Investment Performance Guidelines with Golden Capital Management effective March 19, 2008.

- F. Approve out-of-state travel for appropriate staff to attend the CEM Benchmarking World Pension Administration Peer Conference May 20-22, 2008, in Seattle, Washington.
- G. Approve the Investment Management Fee Agreement with UBS Global Asset Management (Americas) Inc.
- H. Approve the request of Incline Village Crystal Bay Visitors Bureau to change their PERS' participation date from January 1, 2008, to May 1, 2008.

VII. APPEALS

- A. Staff provided background information on Mr. James Morganti's request for restoration of ineligible Holiday Pay wages for the calculation of his retirement benefit. Mr. Morganti submitted his retirement application to PERS on May 10, 2006, with an effective date of retirement of July 13, 2006. Mr. Morganti received benefits from July 2006 through March 2007. On April 13, 2007, a letter was sent to him stating that PERS had recalculated his benefit based on salary and service credit information received from his employer which reduced his monthly benefit. The adjustments were made to remove ineligible Holiday Pay wages that were reported in error by Metro.

Dave Levins, PMSA Treasurer, addressed the Retirement Board on behalf of Mr. Morganti and asked the Board to consider reinstating Mr. Morganti's retirement benefits to the higher amount which he had been receiving prior to the audit of Metro. Mr. Levins also stated that he attended retirement planning meetings sponsored by his employer that discussed holiday pay and that PERS representatives were present at those meetings.

Mr. Morganti addressed the Retirement Board and requested his benefit be reinstated to include all holiday pay since he attended retirement seminars provided by his employer that explained all holiday pay wages were subject to PERS' contributions, not just the holidays worked; he believed that he was exempt from the audit adjustments since he had retired prior to the completion of the audit; and he claims that if he had been informed of an audit that may have affected his benefit, he would not have retired until after the audit was complete.

Staff stated that under NRS 286.288, the System is responsible for any inaccurate or misleading information provided to any person or agency by an officer or employee of the System, but is not responsible for inaccurate or misleading information provided by any other person. Based on this statute, the System is not responsible for the inaccurate information that was provided by Metro. It is the responsibility of the public employer to comply with the reporting requirements as established by the Retirement Act and PERS' Official Policies. The public employer was notified of the audit in accordance with System practices.

Mr. Morganti is requesting to have ineligible holiday pay wages restored to his account which would increase his retirement benefit to the original amount he received. This would require staff to add wages to his account that are not subject to contribution as defined by NRS 286.025 and PERS' Policies 3.1. Such action would be in violation of the Retirement Act. Therefore, staff does not have the authority to comply with Mr. Morganti's request.

After discussion, on motion of Charles Silvestri, the Retirement Board voted unanimously to deny the request of Mr. James Morganti for restoration of ineligible holiday pay wages for the calculation of his retirement benefit.

VIII. DENIALS

IX. REPORTS

X. PUBLIC COMMENT

- A. An individual requested that PERS notify employers of an audit that could potentially affect their upcoming retirees. The employers need to know their numbers are under review and not to count on them until the audit is completed. Staff explained that PERS does notify employers when they will be audited. A suggestion was made to include a list of employers under audit in the PERS' quarterly Member Newsletter. Another suggestion was made to notify an officer of the public employer other than the liaison officer when an audit of the public employer is going to be performed.

A member of the System requested that PERS provide an in-depth training session on PERS' Official Policies to make sure all employers have a thorough understanding of the policies. The Operations Officer suggested the individual contact PERS so that the PERS' staff member assigned to that employer could assist with policy questions. PERS would also be happy to meet with the individual to discuss PERS' policies. A suggestion was also made to provide a policy review session at the annual PERS' Liaison Officers Conference.

- F. The Deputy Attorney General had nothing to report.
- C. Administrative report by Staff.

Executive Officer:

1. The Executive Officer mentioned that she attended the PFFN (Professional Fire Fighters of Nevada's Conference on April 10th to discuss PERS' proposed policy changes.
2. The Executive Officer informed the Retirement Board that ad-hoc meetings will be held on April 17th in Las Vegas and on April 22nd in Carson City for employer groups and employee associations and/or groups to meet with Staff to discuss any possible requests for the 2009 legislative session.

The Executive Officer will discuss the Retirement Board's funding policy and their current legislative program. If there are any requests, Staff will bring them to the May Retirement Board meeting for discussion.

- Operations Officer:
1. The Operations Officer mentioned that she attended the Committee on Local Government Finance meeting where they reviewed and approved their draft regulations for local governments to invest in the Retirement Benefits Investment Fund. The draft regulations have been delivered to the Legislative Counsel Bureau for review.

D. Questions and/or comments by members of the Retirement Board.

- Warren Wish:
- Board member Wish informed the Retirement Board that he made a presentation at the Nevada State Education Association's convention held on April 12th where he discussed PERS' investment performance and why PERS is successful.

XI. ADJOURNMENT

The meeting was adjourned by Chairwoman DeFrancesco at 1:05 p.m.

The following is the time schedule for the meeting:

On April 15, 2008, the Education Session was called to order at 3:00 p.m. by Chairwoman DeFrancesco and recessed at 5:00 p.m. The April 16, 2008, Retirement Board meeting was called to order at 8:00 a.m. by Chairwoman DeFrancesco. Three breaks were taken at 9:15 a. m., 9:55 and 12:05 p.m. for approximately five minutes each. The meeting was adjourned at 1:05 p.m.