

PUBLIC EMPLOYEES' RETIREMENT BOARD
EDUCATION SESSION AND MEETING MINUTES FOR
Tuesday, January 20, 2009 and Wednesday, January 21, 2009

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

The Education Session and Board Meeting of the Public Employees' Retirement Board was called to order by Chairwoman Susan DeFrancesco at 3:05 p.m., January 21, 2009, in the PERS' Board Room, 5820 South Eastern Avenue, Suite 220, Las Vegas. Members present: Susan DeFrancesco, Charles Silvestri, Purisimo Hernandez, David Kallas, George Stevens and Warren Wish. Members absent: Elizabeth Fretwell.

January 20, 2009
Board Education Session

I. ADMINISTRATION

- A. Staff reviewed the community property laws in Nevada and PERS' process for Qualified Domestic Relations Orders (QDROs).

II. INVESTMENTS

- A. Staff discussed U.S. bond index management.

III. PUBLIC COMMENT

There were no public comments offered.

IV. RECESS

Chairwoman DeFrancesco recessed the meeting at 4:45 p.m.

January 21, 2009
Board Meeting

The Retirement Board Meeting of the Public Employees' Retirement Board was called to order by Chairwoman Susan DeFrancesco at 8:00 a.m., January 21, 2009, in the PERS' Board Room, 5820 South Eastern Avenue, Suite 220, Las Vegas. Members present: Susan DeFrancesco, Charles Silvestri, Purisimo Hernandez, David Kallas, George Stevens, and Warren Wish. Members absent: Elizabeth Fretwell.

I. DISABILITIES

- A. For the record, David Kallas stated that he was contacted by Lisa Gonzales on the process for applying for disability retirement. Mr. Kallas felt this would not impair his

vote. On motion of Warren Wish, the Retirement Board voted unanimously of those present to:

1. Approve permanent and total disability retirement for: Susan Ayers, Alan Balk, June Berry, Warren Brandt, Angela Broxterman, Cynthia Buehler, Maria English, Woodrow Forte, Lisa Gonzales, Milton Kinder, Cindy Onken, Michael Pearson, Ellen Pinkerman, Craig Pittman, Sheryl Quathamer, John Warwick IV, and Judy Zieser.
2. Approve reemployment requests by disability recipients: Victoria Alvarez, Erica Brown, Stephan Burke, Juanita Goode, Dwight Judd, Ina Mogensen, Timothy Mutch, and Terry Zack.
3. Deny reemployment request by disability recipient Ina Mogensen.

II. INVESTMENTS

- A. Lowell Bennett, Dick Forster, and Tom Loeb, of Mellon Capital and Chris Hawkins, John Kirby, and Susan Raynes of State Street Global Advisors were interviewed to manage a U.S. bond index portfolio for the PERS' fund. After discussion, on motion of Charles Silvestri, the Retirement Board voted 5-yeas and 1-no of those present to retain Mellon Capital to manage U.S. bond index assets for the PERS' fund. David Kallas voted no.
- B. Staff presented the recommended changes to the Interim Investment Directives for the PERS', Legislator's, and Judicial funds. On motion of David Kallas, the Retirement Board voted unanimously of those present to:
 1. Approve the Interim Investment Directives for the PERS' fund, as amended.
 2. Approve the Interim Investment Directives for the Legislator's and Judicial funds, as amended.
 3. Authorize staff to convert Barclays Global Investors U.S. bond commingled fund to a U.S. bond separate account for the PERS' fund.

III. BOARD

- A. Warren Wish, Chairman of the Retirement Board Sub-Committee, reviewed the proposed modifications to the Charter for the Retirement Board. On motion of David Kallas, the Retirement Board voted unanimously of those present to approve the Charter for the Retirement Board as proposed by the Board's Sub-Committee, as submitted.
- B. Warren Wish, Chairman of the Retirement Board Sub-Committee, reviewed the proposed modifications to the Charter for the Executive Officer. On motion of David Kallas, the Retirement Board voted unanimously of those present to approve the Retirement Board's Charter for the Executive Officer, as proposed by the Board's Sub-Committee, as submitted.

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- C. Warren Wish, Chairman of the Retirement Board Sub-Committee, reviewed the proposed modifications and changes to the Police and Firefighter's Retirement Fund Advisory Committee Policy by the Sub-Committee and the Police and Firefighter's Retirement Fund Advisory Committee members. On motion of David Kallas, the Retirement Board voted unanimously of those present to approve the Police and Firefighter's Retirement Fund Advisory Committee Policy as presented by the Sub-Committee.
 - D. Warren Wish, Chairman of the Retirement Board Sub-Committee, provided an update on the Sub-Committee's progress.
 - E. Staff reviewed and discussed PERS' biennial budget for fiscal years 2010-2011.
 - F. On motion of George Stevens, the Retirement Board voted unanimously of those present, to approve the minutes of the Retirement Board education session and board meeting held on December 9 and 10, 2008, as submitted.
 - G. David Kallas mentioned that he would not be available for the April 15th Retirement Board meeting. There were no changes to the Retirement Board meeting dates.
 - H. Staff presented the proposed dates for the Retirement Board meetings for July 2009 through December 2009. On motion of David Kallas, the Retirement Board voted unanimously of those present to approve the proposed meeting dates for July 2009 through December 2009, as submitted.
 - I. There were no changes to the Retirement Board education curriculum calendar.

IV. ACCOUNTING

- A. Staff reviewed the Budget Variance Report. On motion of Purisimo Hernandez, the Retirement Board voted unanimously of those present to accept the Budget Variance Report as submitted.

V. ADMINISTRATION

- A. Staff presented highlights from the *Economic Impact of Nevada PERS Report* as prepared by the National Institute on Retirement Security (NIRS). On motion of Purisimo Hernandez, the Retirement Board voted unanimously of those present to accept the study by NIRS entitled "*The Economic Impact of Nevada PERS.*"
- B. Brad Ramirez and Kurt Schneider of The Segal Company discussed the proposed changes to the funding policies for the Judicial Retirement System and the Legislator's Retirement System. After discussion, on motion of David Kallas, the Retirement Board voted unanimously of those present to:

1. Change the amortization method for the state members of the Judicial Retirement System to a year-by-year 30-year closed;
 2. Change the amortization method for the non-state agency members of the Judicial Retirement System to a year-by-year 20-year closed;
 3. Change the amortization method for the Legislator's Retirement System to a year-by-year 20-year closed; and
 4. Implement a 5-year asset smoothing method to the Judicial Retirement System.
- C. Brad Ramirez and Kurt Schneider of The Segal Company presented the results for the cost study requested by the Retirement Board on a 60-month average compensation period. On motion of David Kallas, the Retirement Board voted unanimously of those present to accept the cost estimate on a 60-month average compensation period as submitted by the independent actuary.
- D. Staff reviewed the independent contract between the Public Employees' Retirement System and Woodburn and Wedge for legal services. On motion of Charles Silvestri, the Retirement Board voted unanimously of those present to approve the Legal Counsel Agreement between the System and W. Chris Wicker, Woodburn and Wedge, at a cost not to exceed \$50,000.00 effective November 22, 2008, as submitted.
- E. Staff provided an update on the Java language conversion project.

VI. LEGISLATION

- A. Staff provided an update on the Bill Draft Request list for the 2009 Legislative Session.
- B. Staff reviewed Assembly Bill 92 which revises provisions governing the benefits of a retired justice or judge. After discussion, on motion of Charles Silvestri, the Retirement Board voted unanimously of those present to:
1. Adopt a neutral position on Sections 1-8 of AB 92, so long as the costs associated with the benefit modifications to the Judicial Retirement System are recognized and funded.
 2. Oppose Sections 9 and 10 of Assembly Bill 92.
- C. Staff reviewed Senate Bill 41 which is the System's bill and the provisions being modified. After discussion, on motion of Warren Wish the Retirement Board voted unanimously of those present to support Senate Bill 41.
- D. Staff reviewed Senate Bill 71 which revises various provisions relating to veterans. After discussion, on motion of David Kallas the Retirement Board voted unanimously of those present to support Sections 18-21 of Senate Bill 71.
- E. There were no legislative matters that developed after publication of the agenda which required action.

VII. 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 contract renewal with Clifton Gunderson, LLP to provide audit service for PERS, LRS, and JRS for the fiscal year ending June 30, 2009, for a fee not to exceed \$124,000.00.
- D. Approve out-of-state travel for appropriate staff to attend the national Government Finance Officers Association (GFOA) conference in Seattle, Washington, June 28 through July 1, 2009.
- E. Approve out-of-state travel for Charles Silvestri to attend the Institutional Investors Forum in Monterey, California, on February 11-13, 2009, at no cost to the System. For the record, Charles Silvestri stated that he is personally responsible for all of his travel expenses under this item except for two nights lodging.
- F. Approve the Amended Investment Management Fee Agreements between PERS, LRS, and JRS and AllianceBernstein, Atlanta Capital, Dodge & Cox, Barclays Global Investors, BlackRock Realty, Capital Guardian, Golden Capital, Goldman Sachs, Invesco, J. & W. Seligman, JP Morgan, Loomis Sayles, Mellon Capital, Pathway Capital, Payden & Rygel, Quantitative Management Associates, UBS, and Western Asset Management.
- G. Approve the Final Benefit Audit Report for September 2007.
- H. Approve the Final Benefit Audit Report for October 2007.
- I. Approve the Final Benefit Audit Report for November 2007.
- J. Approve the Final Benefit Audit Report for December 2007.
- K. Approve the Las Vegas Charter School's request for membership in PERS, effective January 1, 2009.
- L. Approve the Phase-In Agreement between the Nevada State Health Division and Karen Brumhall, effective January 26, 2009.
- M. Approve the Insight School's of Nevada's request for membership in PERS, effective January 1, 2009.

VIII. DENIALS

IX. REPORTS

X. PUBLIC COMMENT

- A. There were no individual statements and/or requests by the members, retired employees and/or the public.
- B. The Deputy Attorney General had nothing to report.
- C. There was no Administrative report by Staff.
- D. Questions and/or comments by members of the Retirement Board.

Susan DeFrancesco: 1. Chairwoman DeFrancesco requested that a thank you letter be drafted to all Sub-Committee members and staff for completing their review of all the Retirement Board Charters and Policies. They did an outstanding job.

David Kallas: 1. Mr. Kallas thanked the Sub-Committee for soliciting input on the Police and Firefighter's Retirement Fund Advisory Committee Policy from the committee members.

XI. ADJOURNMENT

The meeting was adjourned by Chairwoman DeFrancesco at 12:30 p.m.

The following is the time schedule for the meeting:

The January 20, 2009, Retirement Board education session was called to order by Chairwoman DeFrancesco at 3:00 p.m. and recessed at 4:45 p.m. The January 21, 2009, Retirement Board meeting was called to order at 8:00 a.m. by Chairwoman DeFrancesco. One break was taken at 9:55 a. m. for approximately fifteen minutes. The meeting was adjourned at 12:30 p.m.