

PUBLIC EMPLOYEES' RETIREMENT BOARD
MEETING MINUTES FOR
Tuesday, May 18, 2010 and Wednesday, May 19, 2010

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

The Retirement Board Education Session of the Public Employees' Retirement Board was called to order by Chairman Stevens at 3:00 p.m., May 18, 2010, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: George Stevens, David Kallas, Bart Mangino, David Olsen, and Charles Silvestri. Members absent: Mark Vincent and James Green.

May 18, 2010
Education Session

I. ADMINISTRATION

- A. Staff reviewed the budget process and provided a public agency review on PERS.

II. INVESTMENTS

- A. Staff provided a review of the investment technology utilized by the investment staff.

III. PUBLIC COMMENT

There were no public comments offered.

IV. RECESS

Chairman Stevens recessed the meeting at 4:35 p.m.

May 19, 2010
Board Meeting

The Retirement Board Meeting of the Public Employees' Retirement Board was called to order by Chairman Stevens at 8:20 a.m., May 19, 2010, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: George Stevens, Mark Vincent, David Kallas, Bart Mangino, David Olsen, and Charles Silvestri. Members absent: James Green.

I. DISABILITIES

- A. For the record Mark Vincent abstained from voting on Michelle Wares, George Stevens abstained from voting on Donna Kelly-Bell, David Olsen abstained from voting on Jolene Hunt and Eileen Potter, and David Kallas abstained from voting on Alfred Woodruff. On motion of David Kallas, the Retirement Board voted unanimously of those present to:

1. Approve permanent and total disability retirement for: Amy Alves, Janis Bennett, Jerry Chester, Lynda Dague, Victoria D' Amario, Catherine Flannery, Jillian Goldman-Brown, Susan Graf, Charles Greenwood, Jolene Hunt, Donna Kelley-Bell, Jill Kimberlin, Lisa Magee, Russell Mason, Sr., Brian Onbirbak, Eileen Potter, Denetta Quackenbush, Jason Roxas, Ty Sceirine, Lana Scharmann, John Simpson III, Tracy Somers, Maria To, Michelle Ware, Dave Wilson, Anthony Wirta, and Alfred Woodruff.
2. Approve reemployment requests by disability recipients: Karlene Chappell, Michael Gluskin, Annette Herrera, Shelly Hooks, Scott Hopkins, Ann Larkin, Simon Marshall, Jon McCreary, Kenneth O'Rourke, Judith Penman, Hector Pimentel, and Bryon Slobe.

II. INVESTMENTS

- A. Thomas Dugan of Dodge & Cox presented a performance update on their active U.S bond portfolio for the PERS' fund.
- B. Staff and Janet Becker-Wold of Callan Associates discussed the current structure of PERS' international stock portfolio which is currently 100% indexed. Staff and Callan are recommending that the Retirement Board change the structure to 75% indexed and 25% active management. After discussion, on motion of Charles Silvestri, the Retirement Board voted unanimously of those present to:
 1. Approve the Investment Objectives and Policies, PERS' fund.
 2. Authorize staff and Callan to conduct a search for an active international stock manager with a growth investment philosophy.
David Kallas was not present for this vote.
- C. Janet Becker-Wold and staff provided the quarterly performance review for the PERS', Legislators', and Judicial funds for the period ending March 31, 2010.
- D. There were no recommended changes to the Interim Investment Directives to the PERS', Legislators', and Judicial funds.

III. BOARD

- A. On motion of Charles Silvestri, the Retirement Board voted unanimously of those present to approve the minutes of the Retirement Board's education session and meeting held April 20 and 21, 2010, as submitted.
- B. There were no recommended changes to the Retirement Board meeting dates.
- C. On motion of Mark Vincent, the Retirement Board voted unanimously of those present to change the June education investment topic to "*Securities Lending*".

IV. ADMINISTRATION

- A. Staff presented the minutes of the Police and Firefighters' Retirement Fund Advisory Committee meeting held April 22, 2010. On motion of David Kallas, the Retirement Board voted unanimously of those present to approve the minutes of the Police and Firefighters' Retirement Fund Advisory Committee meeting held April 22, 2010, as submitted.

V. LEGISLATION

- A. Staff recommended that the Retirement Board authorize staff to work in concert with the System's actuary and benefits consultant to provide a fiscal and policy review prior to the 2011 legislative session, of changing the defined benefit program to a defined contribution plan. Staff will provide different parameters for the actuary to conduct during the study. On motion of David Kallas, the Retirement Board voted unanimously of those present to authorize staff, working in concert with the System's actuary and benefits consultant to conduct a fiscal and policy review of the proposal to convert the System into a defined contribution plan.

VI. RATIFICATION AGENDA

On motion of Charles Silvestri, the Retirement Board voted unanimously of those present to:

- A. Approve the Administrative Fund disbursements.
- B. Approve the personnel action taken since the last report.
- C. Approve the Deceased Recipient Review Report for the quarter ending March 31, 2010.
- D. Approve the Final Benefit Audit Report for April 2009.
- E. Approve the Final Benefit Audit Report for May 2009.
- F. Retroactively approve the Investment Performance Guidelines and management Fee Agreement with Mellon Capital ~ Temporary EAFE Index Account.
- G. Approve the penalty waiver request for the Nevada State Board of Pharmacy in the amount of \$108.82.
- H. Approve the penalty waiver request for the University of Nevada Las Vegas in the amount of \$639.26.
- I. Approve the request by the Clean Water Coalition for membership in PERS, effective July 1, 2010.

VII. DENIALS

VIII. REPORTS

IX. PUBLIC COMMENT

A. The following public comments were made at the meeting:

1. Mr. Michael Langton, Esquire, addressed the Retirement Board and requested that four individuals he is representing be allowed to appeal their accounts receivable amounts that they incurred following a PERS' audit of their employer. Their retirement benefits have been reduced as their employer reported compensation to PERS that was not PERS compensable.
2. Mr. Mark Kilburn, Esquire, addressed the Retirement Board and requested that one individual he is representing be allowed to appeal staff's decision that part of the individual's legal settlement with his employer is not reportable to PERS.

B. The Senior Deputy Attorney General had nothing to report.

C. Administrative report by Staff:

- Executive Officer:
1. The Executive Officer thanked the Board for allowing her to miss the April Board meeting and attend her Senate Confirmation hearing in Washington. Her nomination was passed out of committee unanimously and is currently awaiting a vote on the Senate Floor.
 2. The Executive Officer thanked the Board for allowing the Administrative Services Coordinator to attend the National Council on Teacher Retirement's Administrative Assistant's Conference in Sacramento.
 3. The Executive Officer mentioned that she has created an Employer Advisory Council that has thirteen members. PERS has established contact with them through email and will schedule 1 or 2 meetings in person. PERS has submitted two questions to the Council and is awaiting responses.
 4. The Executive Officer stated that she is also creating an Employee Advisory Council made up of different employee associations across the state. She sent out approximately 47 letters inviting participation in the Council. She will limit the Council to approximately fifteen members.
 5. The Executive Officer mentioned that the Retiree Ambassador Program is underway and the first training session was held last month. Staff is

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6. providing the ambassadors with PERS' financial impact information on the State that they can share. The Executive Officer explained that 218 agreements between the States and the Social Security Administration state which employees will be exempt from Social Security. Most of these agreements were established between the 1950's and the 1970's. These agreements are in every state. Currently, there is an audit being conducted on these agreements by the IRS and some differences are coming to light. This is an employment issue not a pension issue. Staff will keep the Board posted on this issue.
 7. The Executive Officer reminded the Board that she will be out of the office for approximately one month due to surgery. She is expecting to return for the June Retirement Board meeting.

- Operations Officer:
1. The Operations Officer updated the Board on the status of Smith vs. PERS. Both parties have waived a trial and will submit briefs and oral arguments. The oral arguments have been scheduled for June 15 or 16 in Las Vegas. Once we have a final date we will inform the Board.
 2. The Operations Officer mentioned that the lawsuit PERS was named in along with the City of Las Vegas has been sent to non-binding arbitration. An arbitrator has been identified but the plaintiff has refused to participate.
 3. The Operations Officer stated that the retirement technician position that has been vacant has been opened for candidates. Once this position is filled PERS will be fully staffed.

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

- David Kallas:
1. David Kallas requested that Mr. Langton's request be placed on a future Retirement Board agenda.
 2. David Kallas request that Mr. Kilburn's request be placed on a future Retirement Board agenda.

X. ADJOURNMENT

The meeting was adjourned by Chairman Stevens at 10:55 a.m.

The following is the time schedule for the meeting:

The Retirement Board education session held on May 18, 2010, was called to order at 3:00 p.m. by Chairman Stevens and recessed at 4:35 p.m. The May 19, 2010, Retirement Board meeting was called to order at 8:20 a.m. by Chairman Stevens. Two breaks were taken; one at 9:10 and one at 10:30 for approximately five minutes each. The meeting was adjourned at 10:55 a.m.