

PUBLIC EMPLOYEES' RETIREMENT BOARD
MEETING MINUTES FOR
Tuesday, August 17, 2010 and Wednesday, August 18, 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 and Board Meeting of the Public Employees' Retirement Board was called to order by Chairman Stevens at 2:30 p.m., August 17, 2010, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: George Stevens, Mark Vincent, James Green, Bart Mangino, David Olsen, Paul C. Page and Charles Silvestri. Members absent: None.

August 17, 2010
Education Session and Board Meeting Agenda

I. EDUCATION SESSION

- A. Staff reviewed the current asset allocation and capital market assumptions for the PERS' fund.
- B. Staff highlighted the purpose and structure of PERS' Internal Audit Division.

II. BOARD MEETING

- A. The Retirement Board evaluated the Executive Officer's performance for fiscal year 2010 in seven major categories: Executive Management, Operations, Investment Program, Legislative Program Management, Actuarial Management, Public Relations and Board Relations. After discussion, on motion of Bart Mangino, the Retirement Board voted unanimously to rate the Executive Officer's performance for fiscal year 2010 as follows:

Executive Management		
Leadership	~	7-Exceeds
Strategic Planning	~	7-Exceeds
Budget	~	7-Exceeds
Policy	~	7-Exceeds
Operations	~	7-Exceeds
Investment Program	~	7-Exceeds
Legislative Program Mgmt	~	7-Exceeds
Actuarial Management	~	7-Exceeds
Public Relations	~	7-Exceeds
Board Relations	~	7-Exceeds

III. PUBLIC COMMENT

There were no public comments offered.

IV. RECESS

Chairman Stevens recessed the meeting at 4:30 p.m.

August 18, 2010
Board Meeting

The Retirement Board Meeting of the Public Employees' Retirement Board was called to order by Chairman Stevens at 8:15 a.m., August 18, 2010, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: George Stevens, Mark Vincent, James Green, Bart Mangino, David Olsen, Paul C. Page and Charles Silvestri. Members absent: None.

I. DISABILITIES

- A. For the record, Mark Vincent abstained from voting on Mitchell Kolber and David Olsen abstained from voting on Gloria Hooper due to their personal knowledge of the individuals. On motion of James Green, the Retirement Board voted unanimously to:
1. Approve permanent and total disability retirement for: Cora Blakey, Lawrence Centi, Claude Council Sr., Robert Hill, Gloria Hooper, Mitchell Kolber, Barbara McGrath, Marcia Meuth, Michael Mulanax, Julianne Nemitz, Lewis Rinker, Charles Weakland III, and Janette Wilfon.
 2. Approve reemployment requests by disability recipients: Michael Carman, Darla Mortensen Moore, Loretta Sellars, and Scherry Valley.

II. INVESTMENTS

- A. Staff and Janet Becker-Wold of Callan Associates presented the fiscal year 2010 performance review for the PERS', LRS', and JRS funds.
- B. There were no recommended changes to the Interim Investment Directives to the PERS', Legislators', and Judicial funds.

III. BOARD

- A. Staff highlighted the accomplishments of the Internal Audit Division versus their Internal Audit Plan for fiscal year 2010.
- B. Staff presented the Internal Audit Plan for Fiscal Year 2011. On motion of Mark Vincent, the Retirement Board voted unanimously to approve the Fiscal Year 2011 Internal Audit Plan, as submitted.
- C. On motion of Paul C. Page, the Retirement Board voted unanimously to approve the minutes of the Retirement Board education session and meeting held July 20 and 21, 2010, as submitted.
- D. There were no recommended changes to the Retirement Board meeting dates.

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- E. There were no recommended changes to the Retirement Board Education Curriculum calendar.

IV. ACCOUNTING

- A. Staff presented the budget variance report for fiscal year 2010. On motion of Mark Vincent, the Retirement Board voted unanimously to accept the Budget Variance Report for Fiscal Year 2010, as submitted.
- B. Staff reviewed the request for proposal for an examination of management's assertion about the effectiveness of the System's internal controls over financial reporting. On motion of Paul C. Page, the Retirement Board voted unanimously to approve the release of the Notice of Request for Proposal and the Request for Proposal itself, for an examination of management's assertion about the effectiveness of the System's internal controls over financial reporting.

V. ADMINISTRATION

- A. Staff presented PERS' Annual Strategic Plan Revision for fiscal year 2010. No additional recommendations were submitted by the Board for revision. Staff will prepare the Strategic Plan with the recommended changes and present it at the September meeting for the Board's approval.
- B. Staff highlighted the nomination and selection process for a Police and Firefighters' Retirement Fund Advisory Committee member. Staff received three nominations for the position: incumbent Richard Tiran, Division of Parole and Probation, Mike Mason, Dept. of Mental Health, Lake's Crossing Center, and Todd Wellman, City of Henderson Police Department. After discussion, on motion of James Green, the Retirement Board voted unanimously to reappoint Richard Tiran to a four-year term on the Police and Firefighters' Retirement Fund Advisory Committee effective July 1, 2010.
- C. Staff reviewed the minutes of the Police and Firefighters' Retirement Fund Advisory Committee meeting held July 29, 2010. On motion of Mark Vincent, the Retirement Board voted unanimously to approve the minutes of the Police and Firefighters' Retirement Fund Advisory Committee meeting held July 29, 2010, as submitted.
- D. On motion of Charles Silvestri, the Retirement Board voted unanimously to go into closed session to discuss the Order of Court in Smith vs. PERS in accordance with NRS 286.150. On motion of Mark Vincent, the Retirement Board voted unanimously to go into open session. On motion of Charles Silvestri, the Retirement Board voted unanimously to appeal the decision of the Court in Smith vs. PERS.

VI. LEGISLATION

- A. Staff mentioned that the 2011 Bill Draft Request list is now available on the legislature's website. Staff will monitor the list and bring BDRs to the Retirement

Board that may impact PERS. Currently there are no specific BDRs that directly relate to the Public Employees' Retirement System.

VII. RATIFICATION AGENDA

On motion of Mark Vincent, 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 Investment Management Agreement and Investment Performance Guidelines for Manning & Napier Advisors, Inc.
- D. Approve the Amendment to Investment Management Agreement and Exhibit A Fee Schedule for BNY Mellon Securities Lending.

VIII. APPEALS

- A. Staff reviewed the request by Jim Ballard for PERS to accept contributions from a settlement award from the City of Reno in the amount of \$38,523.93. Mr. Ballard is claiming that the award payment meets the definition of compensation under NRS 286.025 and that his retirement benefit should be re-calculated retroactively based on these additional monies. The Retirement Act only allows retroactive changes to a retiree's benefit if the employee is retroactively reinstated to employment (NRS 286.435).

The Retirement Board has discretion under the provisions of NRS 286.190 (3) and (4) to determine when an error or inequity has occurred and to act to correct that error or inequity. Staff does not feel that an error or inequity exists in this case since there is not a provision in the Retirement Act to allow a retroactive adjustment to Mr. Ballard's benefit without a retroactive reinstatement of his employment. The settlement agreement was an award for damages which did not reinstate his employment.

Mark Kilburn, Attorney for Mr. James Ballard, addressed the Board and reviewed Mr. Ballard's employment history with the City of Reno. Mr. Kilburn presented the Board with copies of the arbitration document for Mr. Ballard. Mr. Kilburn discussed their findings which lead to the Settlement Agreement between the City of Reno and Mr. Ballard. Mr. Kilburn contends that the award in the Settlement Agreement is back wages and should be contributable under PERS. Mr. Kilburn went on to explain that the award is not for damages but monies owed for a contract violation by Mr. Ballard's employer. Mr. Kilburn believes the Board has authority under NRS 286.190 to correct Mr. Ballard's account and accept the contributions as they should be considered back pay that Mr. Ballard would have earned if he had remained employed.

The Senior Deputy Attorney General stated that since the Settlement Agreement did not reinstate Mr. Ballard's employment to his previous position that the System is not able to accept the settlement award as contributions.

Staff clarified that the Settlement Agreement is between Mr. Ballard and the City of Reno. The award is for back pay which is not salary for a current position. This award does not meet the definition of the compensation statute and it does not meet NRS 286.435 which is the only statute that allows PERS to accept a settlement award as contributions.

After discussion, on motion of Charles Silvestri, the Retirement Board voted unanimously to deny Mr. Jim Ballard's request for PERS to accept contributions from a settlement award.

IX. DENIALS

X. REPORTS

XI. PUBLIC COMMENT

- A. There were no individual statements and/or requests by the members, retired employees and/or the public.
- B. The Senior Deputy Attorney General had nothing to report.
- C. Administrative report by Staff:

- Executive Officer:
- 1. The Executive Officer presented PERS' employee, Dana Danforth with an appreciation plaque and thanked her for her 10-years of service to the members and beneficiaries of the System.
 - 2. The Executive Officer, the Operations Officer, and James Green, Retirement Board member, all attended the National Association of State Retirement Administrators (NASRA) annual conference in Seattle, Washington on August 6-11. The Investment Officer attended as a speaker on a panel "Managing Risk in a Changing Environment". The Investment Officer did an outstanding job keeping his remarks simple and concise.
 - 3. The Executive Officer mentioned that the Operations Officer will be assisting NASRA with organizing the Assistant Directors' Workshop for next year.
 - 4. The Executive Officer stated that the NASRA conference will be held in Lake Geneva, Wisconsin next year.

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5. The Executive Officer was interviewed over the phone by Heidi Harris, of KDWN, Talk Radio in Las Vegas on Tuesday, August 17th. The interview was approximately 15 minutes and discussed PERS.
- Operations Officer: 1. The Operations Officer mentioned that Michael Long of Cortex Applied Research, will be contacting the Retirement Board members shortly to complete a self-assessment survey. The results of the survey will be presented to the Board at its October 2010 meeting.
- Investment Officer: 1. The Investment Officer stated that he was invited to speak to a working group meeting to talk about investing in Nevada. The Executive Officer will also attend this meeting.

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

- James Green: 1. James Green mentioned that during one presentation at NASRA, the speaker looked to the Executive Officer in the audience to make sure her statements were correct. Mr. Green also stated that he heard phenomenal comments about PERS' Executive Staff from attendees during the conference. He also mentioned that the main topics discussed at the conference were about the federal issues and GASB issues currently facing public pension systems.

XII. ADJOURNMENT

The meeting was adjourned by Chairman Stevens at 12:20 p.m.

The following is the time schedule for the meeting:

The Retirement Board education session and board meeting held on August 17, 2010, was called to order at 2:30 p.m. by Chairman Stevens and recessed at 4:30 p.m. The August 18, 2010, Retirement Board meeting was called to order at 8:15 a.m. by Chairman Stevens. Two breaks were taken; one at 9:40 for approximately ten minutes and one at 11:15 for approximately five minutes. The closed session began at 11:45 and ended at approximately 12:20 p.m. The meeting was adjourned at approximately 12:20 p.m.