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PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

AUGUST 14, 2017

8:34 A.M.

A regular meeting of the Public Employees Retirement Board convened at 8:34 a.m., Monday, August 14, 2017, in the 1526 Building, 4th Floor, Conference Room 4D, 1526 "K" Street, Lincoln, Nebraska.

The Board members were notified of this meeting by the Agenda posted on the PERB SharePoint website on Friday, August 4, 2017. Public notice of this meeting was published in the Omaha World Herald on Monday, August 7, 2017, and the Lincoln Journal Star on Tuesday August 8, 2017. J. Elliott chaired the meeting and M. Nuss recorded the minutes.

MEMBERS PRESENT:

JANIS ELLIOTT, CHAIR
DENNIS LEONARD, VICE-CHAIR
DENIS BLANK
ELAINE STUHR
KELLI ACKERMAN
JUDGE J. DERR
JIM SCHULZ
MICHAEL WALDEN-NEWMAN, EX-OFFICIO

MEMBERS ABSENT:

PAM LANCASTER

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS

Director

RANDY GERKE

Deputy Director

ORRON HILL

Legal Counsel

JOHN WINKELMAN

Training Supervisor

PATTY PIERSON

Retirement Plan Supervisor

JACK HARDY

IT Manager

TERESA ZULAUF

Internal Auditor

KATE ALLEN

Retirement Committee Legal Counsel

CECELIA CARTER

Omaha School Employees Retirement Systems

MELISSA NUSS

Administrative Assistant

NANCY REIMER

Ameritas

KATHY TENOPIR

Legislative Fiscal Office

NEIL BATEMAN

Retired Teacher

AMY POGGENKLASS

Nebraska Council of School Administrators

Agenda Item 1: J. Elliott stated this meeting will follow the Nebraska Open Meetings Act and a copy of the Act is located on the table by the door.

Agenda Items 2 and 3 – Meeting Called to Order: J. Elliott called the August 14, 2017, Board Meeting to order at 8:34 a.m. Present at roll call: D. Blank, E. Stuhr, J. Elliott, D. Leonard, K. Ackerman, J. Derr, J. Schulz, and M. Walden-Newman. Absent: P. Lancaster.

Excuse Board Members: D. Blank moved to excuse P. Lancaster. E. Stuhr seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, J. Elliott, D. Leonard, J. Schulz, and E. Stuhr. Against: None. Motion carried.

Agenda Item 4 – Approval of Minutes: J. Schulz moved for approval of the minutes of the July 18, 2017, Board Meeting. E. Stuhr seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, D. Leonard, J. Schulz, and E. Stuhr. Abstain: D. Blank. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & July 2017 Retirement Report: E. Stuhr moved to approve the Budget Status Report and the July 2017 Retirement Report. J. Schulz seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, J. Elliott, D. Leonard, J. Schulz, and E. Stuhr. Against: None. Motion carried.

Agenda Item 6 – Public Comments or Correspondence from Citizens: D. Leonard assumed the Chair, while J. Elliott addressed the Board during Public Comments. J. Elliott acknowledged this meeting would be P. Chamber's final PERB meeting as Director of the Nebraska Public Employees Retirement Systems (NPERS). She offered the Board's sincere thanks and appreciation to P. Chambers for her professionalism, support of the Board, for her diligent care of Member's and the agency's interests, and for her work on the Nebraska Investment Council. J. Elliott then resumed the Chair.

There were no other public comments or correspondence from citizens with business not scheduled on the agenda.

Agenda Item 7 – NPERS Director Finalist Interviews: J. Elliott stated the PERB would interview the following finalists for the NPERS Director position: Ms. Cecelia M. Carter, Omaha, NE, and Mr. Randy D. Gerke, Lincoln, NE. J. Elliott described today's interview process by the Director Search Committee and thanked them for their diligent work.

The following candidate was then interviewed by the Committee: C. Carter.

The Board took a break at 9:32 a.m. and reconvened at 9:45 a.m.

The following candidate was then interviewed by the Committee: R. Gerke.

Copies of interview questions and the candidate's resumes were provided in the meeting materials for the public.

Agenda Item 8 – Executive Session: At 10:30 a.m., D. Blank moved the Board exit Regular Session and convene in Executive Session for the purpose of discussing the following:

- a) The Finalists for the NPERS Director position; Protection of the Public Interest, Prevention of Needless Injury to the Reputation of an Individual, and finding that the finalists have not requested that the discussion be held in open session.
- b) Case No. D-17-9; Prevention of Needless Injury to the Reputation of an Individual
- c) Personnel Matters; Protection of Public Interest, Prevention of Needless Injury to the Reputation of an Individual

D. Leonard seconded the motion. J. Elliott repeated the motion for the record. Members voted as follows: K. Ackerman, D. Blank, J. Derr, J. Elliott, D. Leonard, J. Schulz, and E. Stuhr. Against: None. Motion carried.

At 12:37 p.m., D. Blank moved that the Board exit Executive Session and reconvene in Regular Session. E. Stuhr seconded the motion. Members voted as follows: K. Ackerman, D. Blank, J. Derr, J. Elliott, D. Leonard, J. Schulz, and E. Stuhr. Against: None. Motion carried.

Agenda items 9 through 13 were discussed out of order.

Agenda Item 10 – Director's Report: P. Chambers congratulated K. Ackerman on receiving the Administrator of the Year award at the National Council of School Administrators Conference in July.

P. Chambers reported the Cash Balance dividends have posted. The total State dividends were \$35.6 million (3.7%) and the total County dividends were \$2 million (51%).

She commented on the preparation for NPERS Director interviews and her discussions with the Attorney General's office to ensure proper procedure was followed.

P. Chambers recommended future action items for the PERB and NPERS to focus on including: Legislative hearings in the fall of 2017; Legislation for 2018; budget deficit requests for the scanning project and personal services limitations (PSL); policy work on Board Funding and Fraud; audit exit conferences for State and County; audit entrance conferences for School, Judges, Patrol, and GASB; annual valuations for School, Judges, and Patrol; and ongoing benefits and legal items.

P. Chambers attended the National Association of State Retirement Administrators (NASRA) Conference in Baltimore, MD. She participated on a panel of retiring directors to discuss and

comment on changes they experienced and challenges they see for the future. She noted the funding status of plans across the United States and Nebraska's standing in comparison.

P. Chambers expressed her pleasure and privilege of serving as NPERS Director. She thanked the Board for giving her the opportunity and commended them for their voluntary service to the State of Nebraska and for serving as fiduciaries of NPERS. She acknowledged the fine and dedicated employees of NPERS. She conveyed her appreciation of the culture of high standards and service for plan members created at NPERS.

Agenda Item 11 – Board Committee Reports: There were no committee reports at this time. J. Elliott indicated D. Leonard would provide the Board with the Director Search Committee's report at the end of the meeting.

Agenda Item 12 – Board Education/Travel Requests: J. Elliott requested permission to attend the National Council on Teacher Retirement (NCTR) Annual Conference October 6-11, 2017, held in Tucson, AZ, with expenses up to \$4500.

E. Stuhr moved to approve J. Elliott's request to attend the NCTR conference October 6-11, 2017, in Tucson, AZ, with expenses up to \$4500. D. Blank seconded the motion. Members voted as follows: K. Ackerman, D. Blank, J. Derr, D. Leonard, J. Schulz, and E. Stuhr. Against: None. Abstain: J. Elliott. Motion carried.

Agenda Item 13 – Future Meetings/Agendas: The next PERB meeting is Monday, September 18, 2017.

Agenda Item 9 – Board Action on Executive Session Topics: J. Elliott stated the PERB would move into action on Executive Session items.

D. Blank moved for approval of Case Review No. D-17-9. J. Schulz seconded the motion. Members voted as follows: K. Ackerman, D. Blank, J. Derr, J. Elliott, D. Leonard, J. Schulz, and E. Stuhr. Against: None. Motion carried.

D. Leonard presented the Director Search Committee's report at this time. As committee chair, he expressed gratitude to the members of the committee and to P. Chambers for the diligence, experience, and hard work that supported an effective candidate search and selection process. J. Elliott stated parameters used for the search process included: (1) staffing needs of NPERS, (2) Board requirements, (3) essential leadership requirements, (4) Legislative work and familiarity, (5) past accomplishments and recognition, (6) external relationships, and (7) transition opportunities and goals for the agency. Members of the committee expressed confidence in the qualifications and strengths of both candidates. J. Elliott thanked the Board and the public in attendance for their time.

D. Leonard moved to approve the hiring of Randy Gerke for the NPERS Director position. J. Schulz seconded the motion. Members voted as follows: K. Ackerman, D. Blank, J. Derr, J. Elliott, D. Leonard, J. Schulz, and E. Stuhr. Against: None. Motion carried.

D. Leonard moved to appoint J. Elliott, Board Chair, to negotiate mutually acceptable employment terms and conditions with R. Gerke, as directed by the PERB. The employment offer is subject to satisfactory background and reference checks. If J. Elliott is unable to negotiate an acceptable employment agreement with R. Gerke as prescribed, the authority granted herein shall terminate until the PERB delegates further authority. If the PERB reaches an arrangement with R. Gerke, such employment shall be subject to and conditioned upon approval of the Governor and a majority of the Legislature as required by law. Furthermore, the new Director shall begin his tenure September 2, 2017, and the PERB asks P. Chambers to continue her tenure through September 1, 2017.

J. Schulz seconded the motion. Members voted as follows: K. Ackerman, D. Blank, J. Derr, J. Elliott, D. Leonard, J. Schulz, and E. Stuhr. Against: None. Motion carried.

Agenda Item 14 – Adjournment: E. Stuhr moved to adjourn the meeting. D. Blank seconded the motion. Members voted as follows: K. Ackerman, D. Blank, J. Derr, J. Elliott, D. Leonard, J. Schulz, and E. Stuhr. Against: None. Motion carried.

The meeting adjourned at 1:19 p.m.



Randy Gerke
Director