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PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

May 15, 2017

10:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 10:04 a.m., Monday, May 15, 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 Thursday, May 11, 2017. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, May 8, 2017. J. Elliott chaired the meeting and V. Huber recorded the minutes.

MEMBERS PRESENT:

JANIS ELLIOTT, CHAIR
DENNIS LEONARD, VICE-CHAIR
DENIS BLANK
ELAINE STUHR
KELLI ACKERMAN
JUDGE J. DERR
PAM LANCASTER
JIM SCHULZ

MEMBERS ABSENT:

MICHAEL WALDEN-NEWMAN, EX-OFFICIO

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS
Director
RANDY GERKE
Deputy Director
ORRON HILL
Legal Counsel
JOHN WINKELMAN
Training Supervisor
PATTY PIERSON
Retirement Plan Supervisor
VICKI HUBER
Personnel Officer
MELISSA NUSS
Administrative Assistant

KATE ALLEN
Retirement Committee Legal Counsel
NANCY REIMER
Ameritas
MIKE DULANEY
NCSA
KYLE McGOWAN
NCSA
NEIL BATEMAN
Retired Teachers
ERIC ASBOE
Nebraska Supreme Court

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 May 15, 2017, Board Meeting to order at 10:04 a.m. Present at roll call: D. Blank, E. Stuhr, J. Elliott, D. Leonard, K. Ackerman, J. Derr, P. Lancaster, and J. Schulz. Absent: M. Walden-Newman.

Agenda Item 4 – Approval of Minutes: K. Ackerman stated a correction was needed to Agenda Item 13 of the April 24, 2017 minutes. The date of the next meeting should read May 15, 2017, rather than May 5, 2017. K. Ackerman moved for approval of the minutes of the April 24, 2017, Board meeting, as corrected. D. Blank seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, J. Elliott, P. Lancaster, D. Leonard, and J. Schulz. Abstain: E. Stuhr. Against: None. Motion carried.

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

Agenda Item 6 – Public Comments or Correspondence from Citizens: Mike Dulaney, Director of the Nebraska Council of School Administrators (NCSA), was present at the meeting. He acknowledged the work of P. Chambers as the director of NPERS.

M. Dulaney commented on the history of NPERS' work with the Legislature and the member groups. He stated it is crucial that the Legislative Retirement Systems Committee be open to work with the member groups. He stated Senator E. Stuhr began the open communication that occurs today. He appreciated how the Legislative Retirement Systems Committee staff made sure the member groups were included in discussions in preparation of upcoming legislation.

M. Dulaney stated that NCSA was in favor of LB415 as it related to the 3-year wait for School retirees to provided substitute service, if they received a retirement incentive. For the PERB meeting record, he provided a copy of his testimony, which was given at the legislative hearing on LB415, February 27, 2017.

Members of the PERB expressed their appreciation of the member groups' involvement in the legislative process and their willingness to work together to benefit the future of the plans.

P. Chambers recognized Kyle McGowan, former Superintendent of Crete Public Schools, who attended the meeting.

Kate Allen, legal counsel for the Retirement Systems Committee, was present at the meeting on behalf of Senator Kolterman. Ms. Allen thanked the PERB, P. Chambers, and O. Hill on

their countless hours reviewing proposed legislation. K. Allen stated Senator Kolterman wants to continue to encourage input from all interest groups regarding retirement issues. She noted that NPERS has raised the senators' awareness on how the retirement plans need to meet requirements of the Internal Revenue Service.

Agenda Item 7 – Cash Balance Dividend: At the April PERB meeting, the State and County Cash Balance (CB) actuarial valuation reports were presented. J. Elliott stated the actuaries reported a dividend could be awarded up to 3.07% for the State plan and up to .51% for the County plan.

D. Leonard moved that the PERB approve a dividend of 3.07% to State CB plan members and a dividend of .51% to County CB plan members, who had a qualifying account balance as of December 31, 2016. The dividend shall be payable as soon as administratively possible. E. Stuhr seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, J. Elliott, P. Lancaster, D. Leonard, J. Schulz, and E. Stuhr. Against: None. Motion carried.

Agenda Item 8 – Legal/Legislative Update: O. Hill provided an update on current legislation dealing with retirement.

He reported amendment 1403 was added to LB415 that morning. K. Allen reported LB415 would be pulled from final reading to add the emergency clause, unless specific dates are indicated in the bill.

O. Hill noted that provisions pertaining to the return to work waiting period, if given a retirement incentive, were removed from LB415.

K. Allen added that Senator Groene introduced legislative resolution (LR) 130 to study the requirements for substitute teachers. The Retirement Systems Committee will work with the Education Committee on LR130.

O. Hill reported LR91 and LR92 were also introduced. These are typical resolutions to study funding needs, benefit contributions, and the administration of the retirement plans.

O. Hill stated the emergency clause in LB415 will not affect NPERS' administrative procedures requiring IT changes with a fiscal impact. The provisions with operative dates will require IT changes.

D. Blank moved to approve the Legal/Legislative Update. P. Lancaster seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, J. Elliott, P. Lancaster, D. Leonard, J. Schulz, and E. Stuhr. Against: None. Motion carried.

Agenda Item 9 – Director's Report: P. Chambers welcomed M. Nuss as the new Administrative Assistant for NPERS and the PERB.

P. Chambers reported Rules and Regulations, Chapter 14, Capping of Retirement Compensation, was approved by the Attorney General's Office on May 11, 2017. Next it will be submitted to the Governor's office for approval.

P. Chambers reported working with State Personnel on the Director search. She reported the job opening is posted on the State's job site, the National Council on Teacher Retirement (NCTR) and National Association of State Retirement Administrators (NASRA) websites, and Indeed.com. Applications will be accepted through May 31, 2017.

She reported meeting with Jack Hardy, Ed Toner, and Jim Ohmberger on May 9, 2017, to discuss NPERS' issues with OnBase. OnBase is the imaging software used in NPRIS, and it has been down several times since March. She stated the meeting was positive and they are committed to resolving the issues.

P. Chambers reported M. Walden-Newman arranged a meeting with State Street, which was held on May 11, 2017. NPERS' Accounting staff and Zach Wells, from the State Auditor's office, met with representatives from State Street and the Nebraska Investment Council to discuss delays with reporting. New processes are being put in place.

P. Chambers stated she has asked the actuaries to assist the Board in drafting an update to Board Policy #8 on funding, which includes the new assumptions. The draft may be ready for the July Board Retreat. The PERB Regulation and Policy Review Committee will preview the draft.

P. Chambers stated Carl Goodwin will present the MassMutual Annual Report at the June 19, 2017, PERB meeting.

To date, P. Chambers reported NPERS has received 407 School retirement applications with a June 1 effective date. She stated staff is working very little overtime.

E. Stuhr moved to approve the Director's report. P. Lancaster seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, J. Elliott, P. Lancaster, D. Leonard, J. Schulz, and E. Stuhr. Against: None. Motion carried.

Agenda Item 10 – Board Committee Reports: J. Elliott reported the PERB Legislative Committee met immediately following the April meeting to discuss recent updates on LB415. She stated the Committee had nothing to report.

Agenda Item 11 – Board Education/Travel Requests: There were no requests.

Agenda Item 12 – Future Meetings/Agendas: The next PERB meeting is Monday, June 19, 2017.

J. Derr moved to change the August PERB meeting from Monday, August 21, 2017, to Monday, August 14, 2017. K. Ackerman seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, J. Elliott, P. Lancaster, D. Leonard, J. Schulz, and E. Stuhr. Against: None. Motion carried.

Agenda Items 13 and 14 – Executive Session: At 11:05 a.m., D. Blank moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing personnel matters; the Director's search, and other legal matters. K. Ackerman seconded the motion. J. Elliott repeated the motion for the record. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, J. Elliott, P. Lancaster, D. Leonard, J. Schulz, and E. Stuhr. Against: None. Motion carried.

At 1:09 p.m., D. Blank moved that the Board exit Executive Session and reconvene in Regular Session. D. Leonard seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, J. Elliott, P. Lancaster, D. Leonard, J. Schulz, and E. Stuhr. Against: None. Motion carried.

There was no Board action on Executive Session matters.

Adjournment: E. Stuhr moved that the meeting adjourn. K. Ackerman seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, J. Elliott, P. Lancaster, D. Leonard, J. Schulz, and E. Stuhr. Against: None. Motion carried.

The meeting adjourned at 1:10 p.m.



Phyllis G. Chambers
Director