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PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

OCTOBER 16, 2017

9:30 A.M.

A regular meeting of the Public Employees Retirement Board convened at 9:32 a.m., Monday, October 16, 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, October 6, 2017. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, October 9, 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
PAM LANCASTER
JIM SCHULZ

MEMBERS ABSENT:

MICHAEL WALDEN-NEWMAN, EX-OFFICIO

NONMEMBERS PRESENT:

RANDY GERKE

Director

ORRON HILL

Legal Counsel

JOHN WINKELMAN

Public Information Officer

PATTY PIERSON

Retirement Plan Supervisor

TERESA ZULAUF

Internal Auditor

MELISSA NUSS

Administrative Assistant

JACK HARDY

IT Manager

NANCY REIMER

Ameritas

DEAN GRESS

IT Applications Developer

GERRY OLIGMUELLER

State Budget Office, Administrator

KATE ALLEN

Retirement Committee Legal Counsel

NEIL SULLIVAN

State Budget Office, Budget Analyst

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 October 16, 2017, Board Meeting to order at 9:32 a.m. Present at roll call: D. Blank, E. Stuhr, J. Elliott, D. Leonard, K. Ackerman, J. Derr, J. Schulz, and P. Lancaster. Absent: M. Walden-Newman.

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

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

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

Agenda Item 6 – Public Comments or Correspondence from Citizens: There were no public comments or correspondence from citizens with business not scheduled on the agenda.

Agenda Item 7 – Employee Recognition: The State of Nebraska annually honors employees for exceptional service with the Excellence in Leadership Awards. R. Gerke gave an overview of the State Awards and all of the employees nominated by NPERS staff. The full list of nominees included: Brandi Jacobs, Devon Schumacher, Dan Smith, Caleb Taylor, Margaret Fintel, and Charles Waity.

R. Gerke announced Charles Waity and Margaret Fintel as this year's honorees for the Excellence in Leadership Award. Gerke provided a background of the two winner's outstanding work within the agency. J. Elliott presented both honorees with framed certificate awards.

The PERB took a break from 9:42 a.m. to 9:44 a.m. to take commemorative pictures of Excellence in Leadership Award recipients.

Agenda Item 8 – Information System (IT) Update: J. Hardy reported on the progress, and gave a brief background, of the microfilm and microfiche scanning projects performed by NPERS and the Secretary of State Office. Both projects are moving forward expeditiously. He mentioned the Secretary of State has been a good partner in the project. He commended Charles Waity on his leadership regarding the project.

The WebSphere Application server upgrade was completed in September. The last upgrade project was completed in 2012. J. Hardy commended Chad Schlotfeld and Viji Pushkaran for their work on the project.

J. Hardy reported the passage of LB415 and recent changes to actuarial assumptions require NPRIS system changes. Programming for the project is underway.

J. Hardy demonstrated a website responsive web design (RWD) project which focuses on improving support for mobile devices interacting with NPERS' website. He stated the Call Center could be experiencing higher volumes as mobile users are not navigating the website with ease. He presented analytics that reveal mobile device users spend less time on the website than members using other devices. He demonstrated a simulation of mobile user's experience on the NPERS' website before the responsive design update and the experience after the update.

There was a discussion of future information technology possibilities, projects supporting online ease of usage for members, and resources to support such projects. J. Hardy recognized the work of Venkata Mannava and Viji Pushkaran, for their work on NPERS' online projects.

J. Hardy reported the online self-service benefit estimator is currently under re-design, with a release date projected for December. He then demonstrated the functionality of the benefit estimator before and after the re-design which allows users to navigate the estimator with greater efficiency. Melissa Kolm was commended by J. Hardy for her lead work on this project.

The PERB provided suggestions for additional online updates to improve member ease of usage.

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

Agenda Item 9 and 10 – Legal/Legislative Update & Saunders County Medical Update:

O. Hill presented items 9 and 10 as a unified report.

LR91 and LR92 hearings are scheduled for December 1, 2017, at 1:30 p.m.

O. Hill reported on his work regarding the Governor's Rule and Regulation Executive Order, #17-04, and is in the process of completing the recommended template reports. O. Hill requested to meet with the Regulation and Policy Review Committee, whose members are: J. Derr - Chairperson, E. Stuhr, and J. Schulz, to provide a detailed account of the changes to rules and regulations. O. Hill commended Tara Batey, SOS temporary employee, for her work on the Rules and Regulations readability project.

O. Hill has been conferring with K. Allen, Legal Counsel for the Legislative Retirement Committee, regarding the implementation of LB415. O. Hill requested to meet with the Regulation and Policy Review Committee to review the corresponding material.

O. Hill will review statute change recommendations with the PERB's Legislative Committee, whose members are: E. Stuhr - Chairperson, D. Leonard, and K. Ackerman.

O. Hill reported on County Mental Health Board membership and their eligibility for plan participation. The PERB must analyze and decide if County Mental Health Board Members should be designated as contractors or vendors. Zach Wells, the State Auditor, stated his office would defer to the PERB in evaluating this complex retirement issue. Statute directs that when the PERB determines an employer is no longer a qualifying employer under the County Plan, the PERB must vote and implement that decision to protect the Plan's qualified status under 414(d), which defines a governmental entity. O. Hill requested this be a part of the discussion with the Legal and Legislative Committee of the PERB.

O. Hill reported on the Saunders Medical Center (SMC) withdrawal. SMC has requested information for withdrawal from the County Plan. Neb. Rev. Stat. §§ 23-3527 gives County hospitals, such as SMC, "the option to continue participation under [the County Employees Retirement Act] or to discontinue such participation." The law currently offers no guidance on how this should be accomplished. O. Hill recommends asking for authority from the Legislature as to how an employer would leave the Cash Balance Plan. Two options were presented by O. Hill for the matter:

- 1) Seek legislative changes to clarify steps for withdrawal of a County hospital from the County Plan, including guidance on member treatment and the cost of benefits.
- 2) Seek legislative changes to clarify the eligibility of members of the:
 - o County Hospitals;
 - o County Fitness Centers;
 - o County Airports; and
 - o County Mental Health Boards

J. Derr asked O. Hill to comment on Senator Kolterman's proposed plan to eliminate filing fees and transition to general funding of the Judge's Plan. O. Hill stated the plan needs to remain well-funded, and constitutional entities must consider the issue together to reach a conclusion on the matter. J. Derr commended Senator Kolterman on his handling of the issue and his discussions held with judge members.

The substance of the December 1, 2017, hearing regarding LR91 and LR92 with the actuaries was discussed. K. Allen clarified the open nature of the hearing as an umbrella for retirement issues, and the actuarial presentation of the valuation plans to the Legislative Retirement Committee.

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

Agenda Item 11 – Director’s Report: R. Gerke updated the PERB regarding the open Accounting and Financial Manager position. After submitting the Position Description Questionnaire to the Department of Administrative Services (DAS), the position has been upgraded to Controller.

The windows are repaired in the Director’s office, and R. Gerke is in the process of moving into the Director’s office.

R. Gerke stated that Gary Bush, NPERS’ Budget Analyst at DAS, is no longer handling NPERS’ matters. Neil Sullivan was introduced by R. Gerke as the new NPERS’ Budget Analyst representative at DAS.

R. Gerke reported that FuzioN, the new cloud-based enterprise platform for the State of Nebraska, implementation is progressing. The transition to FuzioN has provided the opportunity to update NPERS timekeeping functions. R. Gerke met with the Office of the Chief Information Officer and DAS for a solution regarding timekeeping.

R. Gerke and O. Hill attended an independent agency meeting pertaining to the Governor’s Rule and Regulation Executive Order, #17-04. Non-code agencies are not required to fulfill the executive order, but NPERS has chosen to comply voluntarily.

R. Gerke had a productive meeting with K. Allen and Senator Kolterman, and looks forward to further collaboration on Legislative matters regarding NPERS and its members.

School, Judges, and Patrol audits will begin November 6, 2017.

R. Gerke stated he would like to invite our member groups to speak at the PERB’s regular monthly meetings beginning in December. Member groups will have the opportunity to educate the PERB on their organizations and their connection to NPERS and the PERB.

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

Agenda Item 12 – Board Committee Reports: There were no reports.

Agenda Item 13 – Board Education/Travel Requests: There were no requests.

J. Elliott reported on the National Council on Teacher Retirement (NCTR) Annual Conference she attended October 7-10, 2017, held in Tucson, AZ. She submitted an official resolution of appreciation for Phyllis Chambers’ service to NPERS and the PERB at the conference. She attended the Trustee Education, Resolutions, and Legislative committees. She attended futurist discussions regarding future jobs trends and the effects of those trends on future retirement plans. The NCTR Director, Meredith Williams, is retiring at the end of the year. The new NCTR Director will be Maureen Westgard. J. Elliott also participated in the NCTR strategic planning session.

Agenda Item 14 – Future Meetings/Agendas: The next PERB meeting will be Monday, November 20, 2017, a joint meeting with the Nebraska Investment Council, at the Cornhusker Marriott, which will begin at 8:30 a.m.

Agenda Items 15 and 16 – Executive Session: At 11:24 a.m., D. Blank moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing applications of plan members and legal matters: Personnel Matters; Protection of Public Interest, Prevention of Needless Injury to the Reputation of an Individual; Update on Pending Litigation; Protection of Public Interest. D. Leonard seconded the motion. J. Elliott repeated the motion for the record. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, J. Elliott, D. Leonard, P. Lancaster, J. Schulz, and E. Stuhr. Against: None. Motion carried.

D. Blank left the PERB meeting during Executive Session.

At 12:47 p.m., D. Leonard moved that the Board exit Executive Session and reconvene in Regular Session. P. Lancaster seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, D. Leonard, P. Lancaster, J. Schulz, and E. Stuhr. Against: None. Motion carried.

J. Elliott appointed an ad hoc committee regarding government employer review. The Government Employer Review Committee members are as follows: E. Stuhr, J. Derr, D. Leonard, and J. Schulz.

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

The meeting adjourned at 12:49 p.m.



Randy Gerke
Director