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PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

January 28, 2019

9:30 A.M.

A regular meeting of the Public Employees Retirement Board convened at 9:31 a.m., Monday, January 28, 2019, in the 1526 Building, Development Center Training Room, Lower Level, 1526 "K" Street, Lincoln, Nebraska.

The Board members were notified of this meeting by the Agenda posted on the PERB SharePoint website on Friday, January 18, 2019. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, January 21, 2019. J. Elliott chaired the meeting and M. Nuss recorded the minutes.

MEMBERS PRESENT:

JANIS ELLIOTT, CHAIR
DENNIS LEONARD, VICE-CHAIR
DENIS BLANK
KELLI ACKERMAN
PAM LANCASTER
JIM SCHULZ
MICHAEL WALDEN-NEWMAN, EX-OFFICIO

MEMBERS ABSENT:

JUDGE J DERR
ELAINE STUHR

NONMEMBERS PRESENT:

RANDY GERKE
Director
ORRON HILL
Legal Counsel
JACK HARDY
IT Manager
TERESA ZULAUF
Controller
DIANE HOLTORF
Internal Auditor
JOHNETTA LANG
Data Services Lead

ALLEN SIMPSON
Appointed Member, pending confirmation
PATTY PIERSON
Retirement Plan Manager
DEAN GRESS
Senior IT Applications Developer
MELISSA NUSS
Retirement Plan Manager
KERRY FINA
Education Services Trainer
NANCY REIMER
Ameritas

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 January 28, 2019, Board Meeting to order at 9:31 a.m. Present at roll call: D. Blank, J. Elliott, D. Leonard, K. Ackerman, J. Schulz, P. Lancaster, and M. Walden-Newman. Absent: J. Derr and E. Stuhr.

Agenda Item 4 - Election of Officers: J. Elliott reviewed the election of officers' procedures. She opened nominations for Board Secretary. P. Lancaster nominated R. Gerke for Board Secretary. K. Ackerman seconded the motion. D. Blank moved nominations cease and a unanimous ballot be cast for R. Gerke. P. Lancaster seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Elliott, P. Lancaster, D. Leonard, and J. Schulz.

R. Gerke opened nominations for Board Chair. D. Leonard nominated J. Elliott for Chair. P. Lancaster seconded the motion. D. Blank moved nominations cease and a unanimous ballot be cast for J. Elliott. D. Leonard seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, P. Lancaster, D. Leonard, and J. Schulz. Against: None. Abstain: J. Elliott. Motion carried.

J. Elliott opened nominations for the Board Vice-Chair. D. Leonard nominated K. Ackerman for Vice-Chair. D. Blank seconded the motion. D. Blank moved nominations cease and a unanimous ballot be cast for K. Ackerman. D. Leonard seconded the motion. Members voted as follows: For: D. Blank, J. Elliott, P. Lancaster, D. Leonard, and J. Schulz. Against: None. Abstain: K. Ackerman. Motion carried.

Agenda Item 5 – Approval of Minutes: J. Schulz moved for approval of the minutes of the December 17, 2018, Board Meeting. D. Leonard seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Elliott, D. Leonard, P. Lancaster, and J. Schulz. Against: None. Motion carried.

Agenda Item 6 – Approval of Budget Status Report & December 2018 Retirement Report: J. Schulz moved to approve the Budget Status Report and the December 2018 Retirement Report. P. Lancaster seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Elliott, D. Leonard, P. Lancaster, and J. Schulz. Against: None. Motion carried.

Agenda Item 7 – Public Comments or Correspondence from Citizens: There were no public comments or correspondence from citizens with business not scheduled on the agenda.

Agenda Item 8 – Legal/Legislative Update: O. Hill thanked the PERB Legislative Committee for their work. The PERB Legislative Committee members are J. Schulz as Chair, K. Ackerman, and D. Leonard.

O. Hill presented a summary of introduced legislation currently going before the Legislative Retirement Committee, as of January 18, 2019, as follows:

LB31 provides for a work plan relating to a transfer of management of the retirement system operated under the Class V School Employees Retirement Act to the Nebraska Public Employees Retirement Systems and to require a report and provide duties. O. Hill indicated NPERS' management is gathering data for the fiscal note required to conduct a study. R. Gerke stated that J. Hardy contacted Perspecta to receive a bid on the data analysis concerning OSERS, as OSERS may have large amounts of documents needing to be digitally scanned. A proposal to the company has been submitted, and this contract will be included on the fiscal note.

LB32 will change defined contribution benefit investment options as prescribed under the County Employees Retirement Act and State Employees Retirement Act. O. Hill thanked M. Walden-Newman and JoLynn Winkler, Nebraska Investment Council (NIC) Senior Portfolio Manager, for their work on the legislation. The hearing will be on January 29, 2019.

LB33 will change various provisions relating to retirement, the NIC, and the PERB. The provisions include changing the due date of the NIC Annual Investment Report from March 31, to April 10, effective 2020, and the PERB per diem being set at \$75.

LB34 would eliminate provisions relating to benefits payable after the filing of a grievance or appeal and change provisions relating to employee reinstatement under the County Employees Retirement Act and State Employees Retirement Act.

LB35 will change provisions relating to reemployment, reinstatement, repayment, and age eligibility for certain members under the County and State Employees Retirement Acts.

LB36 will redefine creditable service, change a payment deadline for restoration of relinquished creditable service, and change payment requirements and service credit computation provisions under the School Employees Retirement Act.

LB565 will state legislative intent, relating to a designated beneficiary determination under certain retirement systems.

LB683 provides for a work plan under the Class V School Employees Retirement Act relating to a one-time lump sum payment to certain retirement system members. As presented, O. Hill stated the bill presents questions as to implementation.

LB706 authorizes a one-year freeze of cost-of-living adjustments under Class V School Employees Retirement Act.

O. Hill stated the following proposed legislation will continue to be monitored as the legislation may affect the retirement systems:

LB21 will provide formal protest procedures for certain state contracts for services. O. Hill suggested monitoring the bill and perhaps offering neutral testimony, if needed.

LB 52 requires accountability for and investments of public funds.

LB94 designates Nebraska State Patrol as the agency to investigate criminal activity within the Department of Correctional Services' correctional facilities.

LB99 will change requirements of the Prompt Payment Act.

LB145 changes power of attorney provisions relating to banks and other financial institutions.

LB146 will change liability and damages provisions for refusal to accept acknowledged power of attorney.

LB150 changes provisions relating to access to public records and provide for fees.

LB172 changes provisions relating to co-fiduciaries, payable on death accounts, and competency for persons 18 years of age or older entering into certain financial agreements.

LB178 changes provisions relating to worker's compensation claims, tort claims against the state, and state vehicles.

LB186 adopts the Online Notary Public Act, which would allow for the online notarization of documents.

LB212 changes requirements for videoconferencing and telephone conferencing under the Open Meetings Act.

LB217 prohibits retaliation against employees for communicating about wages.

LB280 changes a penalty for violations of the Nebraska Political Accountability and Disclosure Act.

LB294 appropriates funds for the expenses of Nebraska State Government of the biennium ending June 30, 2021. R. Gerke stated the appropriations committee will conduct a hearing for the bill on March 1, 2019, where he will offer testimony and respond to any questions, accompanied by T. Zulauf. He stated 100% of the funding for the plans was given, and additional funding for accounting and purchasing was also given, with a slight adjustment down for health insurance. R. Gerke stated that in regards to the compliance audit, our current budget may support such an audit, as 50% of the year is complete and 34% of budget has been utilized. R. Gerke stated an Experience Study was not specifically stated in the budget request, however, an Experience Study will be included in the Actuarial Request for Proposal (RFP).

LB300 and LB309 changes judges' salaries and increases the number of district court judges in Douglas County, respectively.

LB311 would adopt the Paid Family and Medical Leave Insurance Act. O. Hill stated he would like the opportunity to meet with Senator Crawford to better understand the bill, if it appears likely to pass, as the bill may raise retirement compensation questions.

LB337 will require report of federal receipts with the annual state budget report.

LB345 prohibits mandatory overtime for certain state employees.

LB362 will require payment of unpaid wages for violation of the Nebraska Wage Payment Collection Act.

LB363 will adopt the In the Line of Duty Compensation Act.

LB381 will change expense reimbursement provisions for state officers and agencies.

LB383 provides for an annual adjustment to the minimum wage.

LB405 changes provisions relating to compensation paid upon the death of an employee under the Nebraska Workers Compensation Act.

LB438 designates NSP as agency to investigate criminal activity within the DCS facilities and LRC.

LB511 authorizes adjustments to state employee work schedules to participate in approved youth mentoring programs.

LB526 changes provisions relating to compensation for temporary disability under the Nebraska Workers Compensation Act.

LB543 changes provisions relating to state contracts, state vehicles, and state personnel.

LB717 provides requirements for state contracts regarding hours billed for computer services.

LR5CA is a constitutional amendment to limit the percentage of funding for schools that comes from property taxes.

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

The PERB took a break from 10:29 a.m. to 10:43 a.m.

Agenda Item 9 – Board Committee Reports: J. Schulz gave the Legislative Committee report. He commended O. Hill for his diligence in preparing legislative information for the Committee and the PERB.

J. Schulz moved the PERB offer proponent support of LB32, LB34, LB35, and LB36, and moved the PERB offer neutral stance of LB31, LB565, and LB21. The motion includes affirming R. Gerke's testimony for LB294, the Appropriations bill. D. Leonard seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Elliott, D. Leonard, P. Lancaster, and J. Schulz. Against: None. Motion carried.

J. Schulz reported the Committee deemed it appropriate for O. Hill to meet with the introducing Senators of the following bills: LB683, LB311, LB362, LB363, LB405, and moved to approve O. Hill to meet and visit with those respective Senators regarding their bills. D. Leonard seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Elliott, D. Leonard, P. Lancaster, and J. Schulz. Against: None. Motion carried.

J. Schulz moved NPERS monitor the remaining bills and offer testimony as provided by the Committee as needed, and for O. Hill to make recommendations to the Committee before providing testimony. D. Leonard seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Elliott, D. Leonard, P. Lancaster, and J. Schulz. Against: None. Motion carried.

J. Schulz reported the Ad Hoc Committee, J. Schulz as Chair, D. Leonard, and J. Derr, met without J. Derr to discuss the Mental Health Board participation, and no recommendations were reached. The Committee will continue to meet regarding the matter as additional information is offered.

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

Allen Simpson has a confirmation hearing on January 29, 2019.

Agenda Item 10 – Director's Report: R. Gerke reported some very big projects are underway since the beginning of the year.

R. Gerke reported he testified at the hearing for LB33, and stated there was a fiscal note introduced asking for an additional \$3500 in spending authority for PERB expenses. He clarified the current Actuarial RFP would not be included in the appropriations bill, LB294.

R. Gerke stated LB32 will be heard January 29, 2019, and he thanked M. Walden-Newman and J. Winkler for their work on the legislation. R. Gerke mentioned Gail Werner-Robinson, Chair of the NIC, will have her confirmation hearing the same day.

He stated how significant LB31 could be, particularly in light of the Omaha World Herald articles regarding OSERS.

The Actuarial RFP has 4 bids, and NPERS has answered 36 vendor questions. He believes there will be additional information presented to the PERB in February.

He stated the School, Judges, and State Patrol audit is nearly complete. The exit findings were presented to the managers, and he believes it was a very good audit. The PERB Audit Committee will be called to meet in regard to the audit. The PERB Audit Committee members are D. Leonard as Chair, D. Blank, and P. Lancaster.

He stated he will testify in person during the budget hearing before the Appropriations Committee, as he believes appearing in person is more effective than simply providing a letter to the Appropriations Committee.

He reported the 2019 Annual Report to the Legislature is being constructed and will be presented to the PERB before the deadline of March 31, 2019.

He said the 1099Rs were mailed to members on January 25, 2019.

R. Gerke reported IT is working on many projects. He thanked employees Heather Critchfield-Smith and Susan Bauer for being proponents of the paper use reduction project by using additional paperless techniques. IT is also working on digitalizing letters for death processes, Disaster Recovery site testing, online non-cons, and electronic refund submissions to Ameritas.

R. Gerke attended the National Council of Teachers Retirement (NCTR) webinar regarding actuarial evaluations. J. Elliott suggested both PERB members as well as NPERS employees could find the webinars valuable.

R. Gerke stated a new phone system will be implemented state-wide through Allo.

He mentioned J. Winkelman and K. Fina will begin conducting School seminars in February.

R. Gerke stated NPERS has one opening in Data Services and two openings in Benefits. Both departments will be conducting interviews soon.

R. Gerke provided the PERB with information for filing the Financial Interests Form (Form C-1) with the Accountability and Disclosure Commission, by March 1, 2019.

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

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

Agenda Item 12 – Future Meetings/Agendas: The next PERB meeting will be held Monday, February 25, 2019.

J. Elliott stated the Education Committee will consider retreat provisions for the July PERB meeting. The Education Committee members are P. Lancaster as Chair, M. Walden-Newman, and J. Derr.

Agenda Items 13 and 14 – Executive Session: At 11:11 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: Case Review No. D-19-1: Prevention of Needless Injury to the Reputation of an Individual, Case Review No. D-19-2: Prevention of Needless Injury to the Reputation of an Individual, Case Review No. D-19-3: Prevention of Needless Injury to the Reputation of an Individual, Case Review No. D-19-4: Prevention of Needless Injury to the Reputation of an Individual, Case Review No. E-19-1: Prevention of Needless Injury to the Reputation of an Individual, Personnel Matters; Protection of Public Interest, Prevention of Needless Injury to the Reputation of an Individual; and Update on Pending Legal Matters ; 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. Elliott, D. Leonard, P. Lancaster, and J. Schulz. Against: None. Motion carried.

At 1:09 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, D. Blank, J. Elliott, D. Leonard, P. Lancaster, and J. Schulz. Against: None. Motion carried.

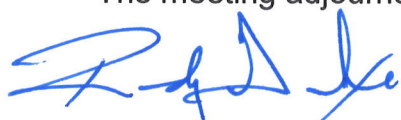
D. Leonard moved to table Case No. D-19-1, and ask NPERS staff to clarify a conflict between the PERB's examining doctor's recommendation on the form and his statement on the actual report. K. Ackerman seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Elliott, D. Leonard, P. Lancaster, and J. Schulz. Against: None. Motion carried.

D. Leonard moved to approve Case No. D-19-2, D-19-3, and D-19-4. P. Lancaster seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Elliott, D. Leonard, P. Lancaster, and J. Schulz. Against: None. Motion carried.

D. Leonard moved to approve Case No. E-19-1. D. Blank seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Elliott, D. Leonard, P. Lancaster, and J. Schulz. Against: None. Motion carried.

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

The meeting adjourned at 1:12 p.m.



Randy Gerke
Director