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PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

APRIL 20, 2015

9:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 9:06 a.m., Monday, April 20, 2015, in the 1526 Building, 4th Floor, Conference Room 4D, 1526 "K" Street, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda posted on the PERB SharePoint website on Tuesday, April 14, 2015. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, April 13, 2015. D. Blank chaired the meeting and V. Huber recorded the minutes.

MEMBERS PRESENT:

DENIS BLANK, CHAIR
RICHARD WASSINGER, VICE-CHAIR
ELAINE STUHR
JANIS ELLIOTT
RON ECKLUND
DENNIS LEONARD
MICHAEL WALDEN-NEWMAN, EX-OFFICIO

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	NANCY REIMER Ameritas
RANDY GERKE Deputy Director	NEIL BATEMAN Retired Teachers
ORRON HILL Legal Counsel	PAT BECKHAM Cavanaugh Macdonald Consulting LLC
JUDGE RANDALL REHMEIER Former PERB Member	BRENT BANISTER Cavanaugh Macdonald Consulting LLC
JOHN WINKELMAN Training Supervisor	DALE SHALLENBERGER Department of Health & Human Services
MIDEN EBERT Retirement Plan Supervisor	DEAN GRESS IT Senior Application Developer
TERESA ZULAUF Internal Auditor	ANGELA HATCHER Public Information Officer
GARY BUSH AS - State Budget Administrator's Office	VICKI HUBER Administrative Assistant
PHILIP OLSEN Auditor of Public Accounts	

Agenda Item 1: D. Blank 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: D. Blank called the April 20, 2015, Board Meeting to order at 9:06 a.m. Present at roll call: D. Blank, R. Wassinger, J. Elliott, R. Ecklund, and M. Walden-Newman. Absent: E. Stuhr and D. Leonard.

Agenda Item 4 – Approval of Minutes: R. Wassinger moved for approval of the minutes of the March 16, 2015, Board Meeting. J. Elliott seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, and R. Wassinger. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & March 2015 Retirement Report: R. Ecklund moved to approve the Budget Status Report and the March 2015 Retirement Report. R. Wassinger seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, and R. Wassinger. 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 – Presentation to Judge Randall Rehmeier: On behalf of the Board and NPERS, D. Blank presented R. Rehmeier with a plaque and an honorary Admiralship to recognize his service to the PERB, NPERS, and its members. D. Blank thanked R. Rehmeier for his commitment. R. Rehmeier thanked everyone and stated his work on the Board was rewarding and enjoyable.

The Board took a break for pictures at 9:12 a.m. and reconvened at 9:15 a.m.

Agenda Item 8 – State and County Actuarial Valuations and ERBF Reports: B. Bannister explained the purpose of an actuarial valuation is to measure assets and liabilities, determine actuarial contribution rates and funding requirements, analyze experience, and report on trends in assets, liabilities and contributions.

He reviewed the valuations of the State and County equal retirement benefit fund (ERBF) as of January 1, 2015.

P. Chambers commented that less than 10% of members annuitize in the State and County plans. R. Gerke explained NPERS works with the record keeper and bills the individual counties if necessary. If funds are needed for State participants, all agencies split the bill.

P. Beckham explained the concept of Cash Balance (CB) plans. She stated CB plans are a “hot topic” right now. Many retirement systems are looking at creating CB plans. Nebraska created their CB plan in 2003.

P. Beckham reviewed the State and County actuarial valuations as of January 1, 2015. The report included a history of interest credits and dividends, investment returns, membership

statistics, system assets, funded ratios, and contribution rates for the State and County plans from 2003 through 2014.

She reported no additional state contribution is required for the State and County plans in 2015. As of January 1, 2015, the State and County funded ratios are 104% and 105% respectively.

P. Beckham explained the criteria required for paying a dividend. Based on state law and Board policy, a dividend could be awarded to the State and County CB plans.

P. Beckham reviewed five year projections of expected state and county funding results with projected contribution rates.

In conclusion, she stated the funding outlook is positive for both plans. Deferred investment gains will improve future funded status or offset investment losses. Actual contributions are expected to exceed the actuarial contribution rate, and the active member count is expected grow in the future.

The Board will vote on a Cash Balance dividend at the May meeting.

D. Leonard joined the meeting at 9:21 a.m. and E. Stuhr joined the meeting at 9:55 a.m.

A copy of the valuation reports is available from the retirement office.

R. Ecklund moved to approve the Actuary Report. D. Leonard seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

The Board took a break at 10:18 a.m. and reconvened at 10:34 a.m.

Agenda Item 9 – Mutual of Omaha-United of Omaha DCP Annuity Contract: R. Gerke stated the annual annuity contract with Mutual of Omaha-United of Omaha expires June 30, 2015. He reported the annuity rate currently is 2.75% for the first 2 months and 2.25% thereafter. There are no changes to the terms of the contract.

D. Leonard moved to renew the Annuity Contract with Mutual of Omaha-United of Omaha for the Deferred Compensation Plan (DCP), for one year beginning July 1, 2015. J. Elliott seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

Agenda Item 10 – Revise Rules and Regulations - Chapter 16 – Military Service Credit and Reemployment: O. Hill provided a draft of proposed revisions to Chapter 16. He reviewed the requirements of the Uniformed Services Employment and Reemployment Rights Act (USERRA) and how it relates to NPERS' plans.

A public hearing will be scheduled in the next few months.

O. Hill thanked Retirement Specialist, Mitch Snyder for his assistance reviewing and revising Chapter 16.

D. Blank referred the matter to the Board's Regulation and Policy Review Committee. Members of the PERB's Regulation and Policy Review Committee are J. Elliott and E. Stuhr. D. Leonard was asked to serve on the Committee also.

D. Leonard moved to refer the proposed revisions of Rule and Regulation, Chapter 16 to the Board's Regulation and Policy Review Committee for their review. J. Elliott seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

Agenda Item 11 – Legal/Legislative Update: O. Hill provided an update on current legislation dealing with retirement.

He reported amendments were added to LB 468 and LB 15. AM 1172 was added to LB 468. LB 468 creates another "tier" for judges who become members in the Nebraska Judges Retirement System after July 1, 2015. The amendment appears to combine LB 602; proposing to increase the portion of court fees allocated to retirement. LB 15, relating to the rights of a Guardian Ad Litem (GAL), had several amendments attached to the bill.

He referred an update on LB 448 to the State Investment Officer's PERB report (Agenda Item 12).

E. Stuhr moved to approve the Legal/Legislative Update. D. Leonard seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

Agenda Item 12 – Investment Officer's Update: M. Walden-Newman reported the fiscal year defined benefit (DB) plans performance was at 3.89% through February 28, 2015. The calendar year performance for the Cash Balance plan was 2.76%.

He provided a handout titled "Nebraska Defined Benefit Plan & Cash Balance Benefit Plan- An Overview of Strategies." The overview describes strategies the Nebraska Investment Council (NIC) uses to meet their investment goals. It covers the six asset classes utilized within the DB Plan and the investment managers engaged by the NIC to implement these asset class exposures. He stated the overview will be amended each time managers are changed. He stated the overview will be posted on the NIC's website.

M. Walden-Newman reported the NIC has been involved with recent discussions regarding proposed revisions to LB 448. The new revision of LB 448 proposes to have the Investment Council manage the investments for the Omaha School Employees Retirement System (OSERS). He updated the PERB on the content of those discussions as they relate to the NIC.

D. Blank left the meeting at 11:38 a.m. R. Wassinger chaired the meeting in his absence.

J. Elliott moved to approve the Investment Officer's Update. E. Stuhr seconded the motion. Members voted as follows: For: R. Ecklund, J. Elliott, D. Leonard, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

Agenda Item 13 – Director's Report: P. Chambers reported presenting NPERS' Annual Report to the Legislative Retirement Committee on April 25, 2015.

D. Blank returned to the meeting at 11:51 a.m.

P. Chambers complimented R. Gerke on his work reviewing drafts of the State and County actuary reports and thanked O. Hill on his work on the military service rule and regulation.

P. Chambers reported having several meetings during the month to discuss military service credit. One of the meetings was attended by Colonel Brad Rice, Superintendent of the State Patrol and Byron Diamond, Director of Administrative Services.

P. Chambers and O. Hill made a presentation at the Nebraska Association of School Business Officials (NASBO) Conference on April 16, 2015. Their presentation covered the letter to superintendents regarding compensation, military service, and other School retirement issues.

She reported hard copies of the Governmental Accounting Standards Board (GASB) 67 financial report are available. The GASB 68 reports, listing the employer liabilities for School and County plans, will be completed this summer.

D. Leonard moved to approve the Director's Report. J. Elliott seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

Agenda Item 14 – Board Committee Reports: On behalf of the PERB's Budget and Personnel Committee, R. Wassinger reported the Committee will be meeting to discuss the Director's evaluation.

Agenda Item 15– Board Education/Travel Requests: There were no requests.

Agenda Item 16 – Future Meetings/Agendas: The next PERB meeting is Monday, May 18, 2015.

Agenda Items 17 and 18 – Executive Session: At 11:57 a.m., R. Wassinger moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Disability Application for Retirement No. 433979; personnel matters; and other legal matters. E. Stuhr seconded the motion. D. Blank repeated the motion for the record. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

At 12:54 p.m., E. Stuhr moved that the Board exit Executive Session and reconvene in Regular Session. D. Leonard seconded the motion. Members voted as follows: For:

D. Blank, R. Ecklund, J. Elliott, D. Leonard, E. Stuhr, and R. Wassinger. Against: None.
Motion carried.

R. Wassinger moved for approval of the Disability Application of Retirement No. 433979.
D. Leonard seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund,
J. Elliott, D. Leonard, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

Adjournment: R. Ecklund moved that the meeting adjourn. E. Stuhr seconded the motion.
Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, E. Stuhr, and
R. Wassinger. Against: None. Motion carried.

The meeting adjourned at 12:55 p.m.



Phyllis G. Chambers
Director