



1526 K Street, Suite 400
P.O. Box 94816
Lincoln, NE 68509-4816
Phone 402-471-2053
Toll Free 800-245-5712
Fax 402-471-9493
npers.ne.gov

PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

SEPTEMBER 21, 2015

10:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 10:01 a.m., Monday, September 21, 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 Monday, September 14, 2015. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, September 14, 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
KELLI ACKERMAN
MICHAEL WALDEN-NEWMAN, EX-OFFICIO

MEMBERS ABSENT: JUDGE J. DERR

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	KATHY TENOPIR Legislative Fiscal Office
RANDY GERKE Deputy Director	NEIL BATEMAN Retired Teachers
ORRON HILL Legal Counsel	BOB WICKERSHAM Public
MIDEN EBERT Retirement Plan Supervisor	MATHEW RING Nationwide Financial
JACK HARDY IT Manager	CHRIS SOLIMINE Empower Retirement
TERESA ZULAUF Internal Auditor	CONNIE RETTIG Empower Retirement
KATE ALLEN Retirement Committee Legal Counsel	ROB DWYER Empower Retirement
NANCY REIMER Ameritas	VICKI HUBER Administrative Assistant

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 September 21, 2015, Board Meeting to order at 10:01 a.m. Present at roll call: D. Blank, R. Wassinger, E. Stuhr, J. Elliott, R. Ecklund, D. Leonard, K. Ackerman, and M. Walden-Newman. Absent: J. Derr.

Agenda Item 4 – Approval of Minutes: R. Wassinger moved for approval of the minutes of the August 17, 2015, Board Meeting. E. Stuhr seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, R. Ecklund, J. Elliott, D. Leonard, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & August 2015 Retirement Report: K. Ackerman moved to approve the Budget Status Report and the August 2015 Retirement Report. E. Stuhr seconded the motion. Discussion: D. Leonard pointed out Thomas Schwarten was listed in the August 2015 Retirement Report under both the School and Patrol plan. The Board requested M. Ebert verify the member's record of retirement and report back. The Board continued the vote on this item after Agenda Item 6.

Agenda Item 6 – Public Comments or Correspondence from Citizens: Bob Wickersham was present at the meeting and expressed his concerns regarding the PERB's decision to continue to use 8% as the investment return assumption rate, rather than reducing the rate for the defined benefit plans.

D. Blank stated that the PERB has a policy on changing assumptions and will perform an actuarial experience study in 2016 based on the June 30, 2015, actuarial valuations. The Board plans to reevaluate the assumed rate after the study is completed.

Agenda Item 5 continued: M. Ebert reported there was an error in the August 2015 Retirement Report and Thomas Schwarten's name should be included in the Patrol plan retirement list and be removed from the retirement list under the School plan. K. Ackerman and E. Stuhr agreed to amend the motion to reflect an amended report in which Thomas Schwarten did not appear on the School plan retirement list. Members voted as follows: K. Ackerman, D. Blank, R. Ecklund, D. Leonard, E. Stuhr, and R. Wassinger. Abstain: J. Elliott. Against: None. Motion carried. An Amended August 2015 Retirement Report was prepared and is included in the meeting materials available at the Retirement Office.

Agenda Item 7 – Internal Auditor Quarterly Report: T. Zulauf provided the Board with a written report compiling results from the internal audits of County and School employers. The report included detailed findings from the internal audits.

Her report included the following annual audits completed by NPERS' from 2010 through 2015.

County Internal Audits Completed

Calendar Year 2010	– 20
Calendar Year 2011	– 26
Calendar Year 2012	– 30
Calendar Year 2013	– 32
Calendar Year 2014	– 40
Total	<u>148</u>

School Internal Audits Completed

Fiscal Year End 2011	– 21
Fiscal Year End 2012	– 24
Fiscal Year End 2013	– 23
Fiscal Year End 2014	– 33
Fiscal Year End 2015	– 48
Total	<u>149</u>

Board members complimented T. Zulauf and NPERS' staff on the growth in the amount of audits and the details provided, along with the education provided to the reporting agents.

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

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

Agenda Item 8 – GASB 68 Update: R. Gerke reviewed the history of the implementation of Governmental Accounting Standards Board (GASB) 67 and 68 statements. It attempts to separate accounting from the funding mechanisms of the pension plans. GASB 67 and 68 statements replaced GASB 25 and 27, with changes to the footnotes of the financial statements. GASB 67 was implemented last year. He explained GASB 68 affects the employers and was implemented for FY 2014-15. It allocates pension liability to the employers. The actuaries were very involved in the process; providing the GASB 68 Report. A copy of the report was provided to the Board. Employers will use the information from the schedules in the report to produce their financial statements. The schedules in the report needed to be audited. The State auditors have completed an audit of the schedules. An audit exit conference is scheduled on Tuesday, Sept 29, 2015. The auditors will produce schedules in an audited format.

R. Gerke stated the work with auditors and actuary has been very good. He feels the audit went well. The GASB 68 Audit Report will be on the Auditor of Public Accounts website for employers to use for their financial statements. He reviewed a draft memo to be sent to schools and stated the county memo will be similar.

E. Stuhr moved to approve the GASB 68 Update. J. Elliott seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, R. Ecklund, J. Elliott, D. Leonard, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

Agenda Item 9 – Legal/Legislative Update: O. Hill reported working with the PERB's Legislative Committee drafting new legislation. He has been working with the Administration Services Legal Counsel on the recordkeeping request for proposals.

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

Agenda Item 10 – Investment Officer’s Update: M. Walden-Newman reported the calendar performance for the Cash Balance (CB) plan was 3.7% as of July 31, 2105. The fiscal year defined benefit (DB) plans performance was at 1.0%.

He commented on recent market volatility, stating the Nebraska Investment Council (NIC) has a long term view and its portfolios are constructed to withstand instability. In regards to the Federal Reserve Board’s recent decision to not raise rates; M. Walden-Newman stated it has created uncertainty as to when it will happen and a lack of clarity in monetary policy, which could become its own source of market volatility.

The next NIC meeting is Thursday, September 24, 2015.

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

Agenda Item 11 – Director’s Report: P. Chambers reported the office continues to be busy processing retirements. She reported receiving 704 School retirement applications with a June 1 effective date, 188 with a July 1 effective date, and 99 with an August 1 effective date. Five retirement applications for a June 1 effective date have issues and remain to be processed.

P. Chambers reported 1,638 members in the Cash Balance (CB) plans terminated prior to the dividend being paid. These dividends went into a noninterest-bearing account. NPERS is working on paying out these funds. She explained the CB Request for Distribution form has a box where members were asked to indicate what they would like done with any late contributions or dividends posted to their account. She explained Ameritas will automatically refund dividends of amounts less than \$500. Members, who received a dividend of \$500 to \$1000 and did not indicate how a late deposit should be handled, will receive a refund. Members, who received a dividend over \$1000 and did not indicate how a late deposit should be handled, will be given a choice of a refund or rollover.

She reported continuing to work on the recordkeeping request for proposals (RFP) with R. Gerke, O. Hill, and J. Hardy. She expects it to be released by the end of the month. Companies who have expressed an interest will be notified when it is released and it will be advertised in Pension and Investments. The timeline will be released in the RFP. If Board members are contacted about the RFP, they were advised to refer inquiries to the Administrative Services-Material Division. Questions will not be answered by NPERS.

P. Chambers and O. Hill met with Eric Asboe and Sherri Dennis from the Supreme Court, regarding the Judges plan’s court fees. They discussed the complicated process of allocating fees to NPERS. Another meeting will be scheduled with R. Gerke, as they develop a report to document the allocation of fees. P. Chambers pointed out that the Supreme Court

website explains how court fees are charged and how many different types of fees there are. She briefly explained the differences between District and County Court, the fees for each type of case, and how fees are collected by the court.

P. Chambers reported receiving many questions this summer pertaining to part time and substitute employees in the School plan. The questions involve many different scenarios. NPERS met with one school district, which had 20 different employee scenarios they requested assistance with.

P. Chambers reported NPERS has been reviewing procedures for having forms notarized. She briefly discusses some of the issues that have come up regarding notary rules as they pertain to NPERS' forms. She contacted the Secretary of State and confirmed NPERS is following the procedures correctly. NPERS will send the issues to the Secretary of State, who will then follow-up with a letter to the notary.

K. Ackerman suggested NPERS add webinars to their website, offering immediate access to employer reporting information/education.

P. Chambers and O. Hill plan on meeting with Jason Hayes and Mike Dulaney to discuss future Legislation.

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

Agenda Item 12 – Board Committee Reports: R. Ecklund reminded the Audit Committee has an Audit Exit conference on Tuesday, September 29, 2015, at 9 a.m.

E. Stuhr reported the Legislative Committee met after the last PERB meeting and prior to this meeting to discuss possible legislation. O. Hill asked the PERB members to provide any comments or suggestions to him or the Committee.

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

Agenda Item 14 – Future Meetings/Agendas: The next PERB meeting is Monday, October 19, 2015.

Agenda Items 15 and 16 – Executive Session: At 11:22 a.m., D. Leonard moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Disability Applications for Retirement Nos. 154066, 113579, 415638, and 125010; Emergency Deferred Compensation Application for Retirement No. 705114; personnel matters; and other legal matters. E. Stuhr seconded the motion. D. Blank repeated the motion for the record. Members voted as follows: For: K. Ackerman, D. Blank, R. Ecklund, J. Elliott, D. Leonard, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

R. Wassinger left the meeting during Executive Session.

At 1:01 p.m. D. Leonard 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, R. Ecklund, J. Elliott, D. Leonard, and E. Stuhr. Against: None. Motion carried.

R. Ecklund moved for approval of the Disability Applications of Retirement Nos. 154066, 113579, 415638, and 125010. J. Elliott seconded the motion. Members voted as follows: K. Ackerman, D. Blank, R. Ecklund, J. Elliott, D. Leonard, and E. Stuhr. Against: None. Motion carried.

D. Leonard moved to deny the Emergency Deferred Compensation Application for Retirement No. 705114. R. Ecklund seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, R. Ecklund, J. Elliott, D. Leonard, and E. Stuhr. Against: None. Motion carried.

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

The meeting adjourned at 1:04 p.m.



Phyllis G. Chambers
Director