

## **PUBLIC EMPLOYEES RETIREMENT BOARD MEETING**

April 19, 2010

9:30 A.M.

A regular meeting of the Public Employees Retirement Board convened at 9:34 a.m., Monday, April 19, 2010, in the TierOne Conference Center, 1221 "N" Street, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda mailed April 9, 2010. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, April 12, 2010. D. Blank chaired the meeting and V. Huber recorded the minutes.

MEMBERS PRESENT:                   DENIS BLANK, CHAIR  
  SGT. GLENN ELWELL, VICE-CHAIR  
  JUDGE RANDALL REHMEIER  
  RICHARD WASSINGER  
  ELAINE STUHR  
  JANIS ELLIOTT  
  JEFF STATES, EX-OFFICIO

MEMBERS ABSENT:                   MARK SHEPARD  
  DON PEDERSON

### NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	TAMMY RINGEL Buck Consultants
RANDY GERKE Deputy Director	NANCY REIMER Ameritas
JOE SCHAEFER Legal Counsel	KATE ALLEN Legislative Retirement Committee
MIDEN EBERT Retirement Plan Supervisor	DON WESLEY O'Hara Lindsay Government Relations
FRED TURNER IT Manager	NEIL BATEMAN Retired Teachers
TAMMY PETERSEN IT Business Systems Analyst Coordinator	ERIC ASBOE Nebraska Supreme Court
DAVE SLISHINSKY Buck Consultants	VICKI HUBER Staff 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 front table.

**Agenda Items 2 and 3 – Meeting Called to Order:** D. Blank called the April 19, 2010, Board Meeting to order at 9:34 a.m. Present at roll call: D. Blank, G. Elwell, R. Rehmeier, R. Wassinger, E. Stuhr, and J. Elliott. Absent: M. Shepard, D. Pederson, and J. States.

D. Blank welcomed R. Rehmeier to the Board.

**Agenda Item 4 – Approval of Minutes:** E. Stuhr moved for approval of the minutes of the March 15, 2010, Board Meeting. G. Elwell seconded the motion. Members voted as follows: For: G. Elwell, R. Wassinger, E. Stuhr, J. Elliott, and D. Blank. Abstained: R. Rehmeier. Against: None. Motion carried.

**Excuse Board Members:** G. Elwell moved to excuse M. Shepard, D. Pederson, and J. States. R. Wassinger seconded the motion. Members voted as follows: For: R. Rehmeier, R. Wassinger, E. Stuhr, J. Elliott, D. Blank, and G. Elwell. Against: None. Motion carried.

**Agenda Item 5 – Approval of Budget Status Report & March 2010 Retirement Report:** J. Elliott moved to approve the budget status report and the March 2010 Retirement Report. R. Rehmeier seconded the motion. Members voted as follows: For: R. Wassinger, E. Stuhr, J. Elliott, D. Blank, G. Elwell, and R. Rehmeier. Against: None. Motion carried.

P. Chambers pointed out that Budget Status Report does not reflect the \$900,000 contracted to pay Saber at project completion. She stated with that expense factored in, NPERS is still under budget at 72% at the end of the third quarter.

**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 – Information System Update:** F. Turner reported one warranty problem incident report (PIR) and 31 post-warranty PIRs and stated the warranty PIR is 75% complete.

He reported Saber resources have been reduced by one person and their total resources will be down to only one by July 2010.

F. Turner stated Saber's original contract of implementation will terminate July 2010 and the service level agreement will end December 2010.

Implementing plans for disaster recovery, F. Turner reported five User Acceptance Testing (UAT) servers were moved to the Office of the Chief Information Officer (OCIO) on April 6, 2010, and are working as planned. He stated discussions have occurred with the OCIO regarding back-up resources and primary and secondary individuals will be assigned for this purpose.

He stated Saber has been asked to develop a life-cycle plan in regard to the environment. NPERS will then decide what parts of the proposed plan will be adopted.

R. Wassinger moved to approve the Information System Update. E. Stuhr seconded the motion. Members voted as follows: For: E. Stuhr, J. Elliott, D. Blank, G. Elwell, R. Rehmeier, and R. Wassinger. Against: None. Motion carried.

J. States joined the meeting at 9:44 a.m.

**Agenda Item 8 – Actuary Report – Cash Balance and ERBF; Change to State ERBF**

**Assumptions:** D. Slishinsky provided background information regarding the Equal Retirement Benefit Fund (ERBF). He then reviewed the ERBF report.

He stated the report was prepared with a change in the assumption for utilization for State plan members who elect an annuity. The assumption rate was increased from 20% to 25%. The County rate is 25%. He stated Buck will continue to review the assumptions each year.

P. Chambers stated ERBF assessments are billed directly to the agency where the members are employed.

D. Slishinsky provided a brief history of the Cash Balance plan since it was created in January 2003 and reviewed the actuarial valuation results for the State and County Cash Balance funds. The review included Cash Balance member data, assets, funded ratios, and actuarial liability.

Compared to surrounding states, he stated Nebraska's Cash Balance plan, which is over 90% funded, is very good. There are systems that are at 70% funded on an actuarial basis and 50% on a market value basis.

D. Slishinsky reported there were no changes in actuarial method or assumptions since the last actuarial valuation as of January 1, 2009.

He stated the valuations in this report include an additional 1% or 2% contribution for County law enforcement personnel, which were not included in prior actuarial valuations.

In response to a question from D. Blank, R. Gerke explained ERBF contributions due from State agencies are prorated based on their contributions to the CB and DC retirement plans. NPERS bills the agencies involved based on figures supplied by Ameritas.

R. Rehmeier moved to approve raising the State ERBF assumption rate from 20% to 25%. E. Stuhr seconded the motion. Members voted as follows: For: J. Elliott, D. Blank, G. Elwell, R. Rehmeier, R. Wassinger, and E. Stuhr. Against: None. Motion carried.

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

The Board took a break at 11:06 a.m. and reconvened at 11:15 a.m.

**Agenda Item 9 – Internal Auditor Quarterly Report:** Teresa Zulauf was unable to attend the meeting. She will be asked to give her report at next month's meeting.

**Agenda Item 10 – Approve Rules and Regulations – Repeal Nos. 3, 8, 9, 13, and 16; Amend No. 11:** J. Schaefer stated the Policy and Planning Committee had reviewed the proposed changes and referred the Board to a summary of the sections to be repealed and amended.

On behalf of the Board Policy and Planning Committee, J. Elliott moved to repeal Rules and Regulations Nos. 3, 8, 9, 13, and 16; and amend No.11. J. Schaefer briefly reviewed the revisions to No. 11. E. Stuhr seconded the motion. Members voted as follows: For: G. Elwell, R. Rehmeier, R. Wassinger, E. Stuhr, J. Elliott, and D. Blank. Against: None. Motion carried.

**Agenda Item 11 – Legislative Update:** J. Schaefer reported the Legislative session has ended and reviewed legislation that was approved.

He reported LB 950, regarding retirement, was adopted and will be effective July1, 2010. He reviewed the contents of the bill.

J. Schaefer summarized a list of interim study resolutions associated with retirement issues that have been introduced. He stated he will be assisting K. Allen with a study regarding general principles of retirement planning.

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

**Agenda Item 12 – Investment Officer's Update:** J. States reported markets for the first quarter up between 5% and 6% for the defined benefits plans.

He reported the Nebraska Investment Council (NIC) has completed negotiations with Oppenheimer regarding a settlement to the 529 College Savings Plan. He stated participants affected will be notified and some losses will be recovered.

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

**Agenda Item 13 – Director's Report:** P. Chambers reported renewing NPERS' lease for two more years with no increase in cost.

She reported John Winkelman was promoted to Education Services Manager and will also continue the responsibilities of a Training Specialist. She reported the Retirement Specialist Trainee position was filled internally and a Data Services position is currently advertised.

P. Chambers reported recent Retirement Newsletters were sent electronically to all employers. She stated hardcopies of the newsletters will be mailed to inactive plan participants and mailed to current employees by request only. She reported NPERS will save approximately \$2,000 to \$3,000 in printing costs and \$10,000 in postage for each issue of the State and County newsletter. The postage savings for the School, Judges, and Patrol newsletters will be approximately \$18,000. NPERS will realize a total annual savings of \$70,000 to \$80,000. She stated a notification will be included in the newsletters of the new procedure and how to access future issues on the NPERS website.

P. Chambers reported she and J. States presented their Annual Reports to the Legislature on April 23, 2010. She stated an explanation of NPERS' service delivery results was provided to the Retirement Committee as a follow-up. She briefly discussed NPERS' Annual Report, which was provided to the Board prior to the meeting. She pointed out the agency is operating on seven basis points, which is very efficient, and added the report can be used as a resource as it includes Board policies and plan information.

P. Chambers reported she has contacted Brenda Decker, Chief Information Officer, in regard to NPERS' contract with Saber, which expires in July, and the maintenance agreement that ends in December. After that, NPERS will rely on the OCIO for support and only contract with Saber under special circumstances. P. Chambers stated that Saber is preparing an environment life-cycle plan for NPERS.

She stated the OCIO credit received in August 2009, which has been funding the developer's salaries, will expire this month and NPERS will begin paying their salaries in May.

P. Chambers stated she is scheduled to make a presentation on Nebraska retirement plans to the Government Finance Officers Association (GFOA), in Omaha, on April 23, 2010.

P. Chambers announced two new Hartford representatives, Bill Abramowicz and Kirsten Steiert are scheduled to make a presentation to the Board at the May meeting. There are approximately 1000 members in the Hartford plan.

She reported the balance of the reconciliation account is \$81,000 and is expected to be exhausted in July 2010.

P. Chambers requested permission to attend the NCTR Directors Conference, June 13-16, 2010, in Charleston, South Carolina and the NASRA Conference in Seattle, Washington, August 6-11, 2010.

E. Stuhr moved to approve the Director's Report and travel requests with expenses set at \$3000 each. R. Wassinger seconded the motion. Members voted as follows: For: E. Stuhr, J. Elliott, D. Blank, G. Elwell, R. Rehmeier, and R. Wassinger. Against: None. Motion carried.

**Agenda Item 14 – Board Committee Reports:** R. Wassinger stated the Education Committee will meet after this meeting and will report back to the Board at the May meeting.

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

**Agenda Item 16 – Future Meetings/Agendas:** The next meeting will be held on Monday, May 17, 2010, in the TierOne Conference Center, 1221 “N” Street, Lincoln, Nebraska.

**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 Applications for Retirement Nos. 151936, 111224, 614600, and 064882; personnel matters; and other legal matters. G. Elwell seconded the motion. D. Blank repeated the motion for the record. Members voted as follows: For: J. Elliott, D. Blank, G. Elwell, R. Rehmeier, R. Wassinger, and E. Stuhr. Against: None. Motion carried.

At 12:42 p.m., R. Wassinger moved that the Board exit Executive Session and reconvene in Regular Session. G. Elwell seconded the motion. Members voted as follows: For: D. Blank, G. Elwell, R. Rehmeier, R. Wassinger, E. Stuhr, and J. Elliott. Against: None. Motion carried.

R. Wassinger moved for approval of the Disability Applications of Retirement Nos. 151936, 111224, 614600, and 064882. J. Elliott seconded the motion. Members voted as follows: For: G. Elwell, R. Rehmeier, R. Wassinger, E. Stuhr, J. Elliott, and D. Blank. Against: None. Motion carried.

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

The meeting adjourned at 12:43 p.m.

Phyllis G. Chambers  
Director