

PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

March 18, 2013

9:30 A.M.

A regular meeting of the Public Employees Retirement Board convened at 9:31 a.m., Monday, March 18, 2013, in the New Third Conference Room, Ameritas Life Insurance Corp., 5900 "O" Street, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda mailed March 8, 2013. Public notice of this meeting was published in the Lincoln Journal Star on Tuesday, March 12, 2013, and Omaha World Herald on Monday, March 11, 2013. D. Blank chaired the meeting and V. Huber recorded the minutes.

MEMBERS PRESENT: DENIS BLANK, CHAIR
 ELAINE STUHR
 JANIS ELLIOTT
 JUDGE RANDALL REHMEIER
 STUART SIMPSON
 RON ECKLUND
 DARRELL FISHER
 JEFF STATES, EX-OFFICIO

MEMBERS ABSENT: RICHARD WASSINGER, VICE-CHAIR

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	MELISSA MENDOZA Retirement Specialist
RANDY GERKE Deputy Director	BEN MATTERN Ameritas
MATT EFFKEN Legal Counsel	NANCY REIMER Ameritas
MIDEN EBERT Retirement Plan Supervisor	MARY KLUG Ameritas
FRED TURNER IT Manager	SCOTT HOLECHEK Ameritas
TERESA ZULAUF Internal Auditor	ERIC ASBOE Nebraska Supreme Court
CLINT HOLMES Accountant	VICKI HUBER Administrative Secretary
BRENDA DINGES Retirement Specialist	

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 March 18, 2013, Board Meeting to order at 9:31 a.m. Present at roll call: D. Blank, E. Stuhr, J. Elliott, R. Rehmeier, R. Ecklund, D. Fisher, and J. States. Absent: R. Wassinger and S. Simpson.

Agenda Item 4 – Approval of Minutes: E. Stuhr requested a correction be made to the minutes of the February 25, 2013 meeting; adding M. Effken to the list of non-members present. D. Fisher moved for approval of the minutes of the February 25, 2013, Board Meeting, as corrected. E. Stuhr seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, and E. Stuhr. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & February Retirement Report: E. Stuhr moved to approve the Budget Status Report and the February 2013 Retirement Report. D. Fisher seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, 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.

S. Simpson joined the meeting at 9:36 a.m.

Agenda Item 7 – Ameritas Annual Report: Nancy Reimer introduced Mary Klug as the day to day contact; Ben Mattern, Vice-President of Retirement Plans; and Scott Holecheck, Director of Governmental and Client Relation Services.

A copy of the Ameritas Annual Plan Review for December 31, 2012, was provided to the Board, along with an additional handout, which provided a summary of the Defined Contribution to Cash Balance transfer. The report will be made available on the NPERS website.

N. Reimer reviewed the report, which included an overview of contributions, distributions, and year end balances for NPERS' State, County, DCP, and DROP retirement plans. The report also includes member information such as average age, account balances, and member's years of service in each plan.

As of March 11, 2013, N. Reimer reported 3,314 members have chosen to receive their account statements electronically, rather than by mail.

N. Reimer highlighted Ameritas' accomplishments for 2012, including monthly meetings with NPERS, updating programming, adding fee details to Member Statements, and making updates to the Ameritas website, which included making the DC to CB election available on line.

She stated goals for 2013 include continuing to meet monthly with NPERS staff to review projects and priorities, to continue assistance and support with data clean-up initiatives and process improvement enhancements for the NPRIS data fees and interfaces, provide assistance in implementing changes as required by new legislation, and work with State Street and the Nebraska Investment Council (NIC) to develop other trading options.

P. Chambers thanked Ameritas for their partnership and complimented their staff.

M. Ebert gave examples of daily communication that takes place between NPERS and Ameritas. She introduced Melissa Mendoza, who works with State and County accounts and Brenda Dinges, who is the lead worker in NPERS' Call Center. She added that Tauna Meints enters all refunds, which are audited by M. Mendoza and B. Dinges. M. Ebert gave examples of information members might request that would require NPERS to contact Ameritas.

M. Ebert explained Ameritas uses the software program, OMNI, which is also used by some NPERS staff. Ameritas assists NPERS staff and members with issues concerning OMNI and the Ameritas website.

R. Gerke introduced Clint Holmes, one of NPERS' accountants. C. Holmes works with Ameritas on the State and County financials and other issues with employers and members.

F. Turner stated Jayme Skov, a member of his IT staff, attends the monthly meetings with Ameritas. She monitors the interface between the two systems.

J. Elliott moved to accept the Ameritas Annual Report. R. Rehmeier seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, and E. Stuhr. Against: None. Motion carried.

The Board took a break at 10:14 a.m. and reconvened at 10:26 a.m.

Excuse Board Members: J. Elliott moved to excuse R. Wassinger. E. Stuhr seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, and E. Stuhr. Against: None. Motion carried.

Agenda Item 8 – Internal Auditor Quarterly Report: T. Zulauf provided the Board with a written report compiling results from County and School employer audits.

She reported her department has completed 2 County employer audits in 2013. She reported 7 audits are in progress and 6 more will be started by April 1, 2013. Their goal is to have 11 County audits completed by April 30, 2013. She reported there have been very few findings, so far.

T. Zulauf reported her staff has completed 25 School employer audits for the fiscal year ending June 30, 2013. She commented that the number of demographic issues found has reduced and one school audit did not have any issues. She reported 12 audits are in progress. She stated her department is on track to meet their goal to complete up to 45 School audits this fiscal year.

T. Zulauf reported her staff continues to work on scanning completed employer audits and making sure required minimum distributions are paid out by April 1, 2013.

D. Blank asked T. Zulauf if she had anything that needed to be reported to the PERB in addition to her report. She answered, "No."

R. Ecklund moved to approve the Internal Auditor Quarterly Report. D. Fisher seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, and E. Stuhr. Against: None. Motion carried.

Agenda Item 9 – Support Agreement with Hewlett Packard State and Local (HPSL): NPERS' support agreement with HPSL expires March 31, 2013. F. Turner stated the only difference in this year's agreement is that it was written as a contract amendment.

He stated there is no change in the rate and M. Effken has reviewed the amendment.

E. Stuhr moved to approve the Amendment to the Support Agreement with HPSL, until March 31, 2014. J. Elliott seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, and E. Stuhr. Against: None. Motion carried.

Agenda Item 10 – Purchase of Electronic Tablets for the PERB: D. Blank explained purchase of electronic tablets for PERB use will reduce the use of paper and allow the Board to be more efficient. D. Blank stated there will an acceptable use agreement and the PERB member's current email addresses will be used.

J. Elliott suggested additional training on the tablets be provided at the PERB Retreat or another time.

P. Chambers asked the board members if anyone did not want a tablet. All indicated they wanted a tablet.

E. Stuhr moved the Board authorize the Director to purchase tablets, with a cost of up to \$600 per tablet. S. Simpson seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, and E. Stuhr. Against: None. Motion carried.

Agenda Item 10 – Legal/Legislative Update: M. Effken provided an updated list of legislative bills directly effecting retirement. He reviewed the progress of each bill.

LB229 and LB306, concerning the Judges plan, have advanced to general file.

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

Agenda Item 11 – Investment Officer’s Update: J. States reported testifying at the hearing for LB77, which concerns investments in companies that provide power production, mineral extraction services or military equipment to the government of Iran.

J. States reported performance continues to be strong and the fiscal year to date performance for the defined benefit plans was 10% through January 31, 2013. Preliminary reports show performance at 11%, for February.

R. Rehmeier moved to approve the Investment Officer’s Update. R. Ecklund seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, and E. Stuhr. Against: None. Motion carried.

Agenda Item 12 – Director’s Report: P. Chambers reported E. Stuhr and D. Fisher were confirmed by the Legislature on February 28th.

F. Turner and P. Chambers have been researching electronic tablets for the PERB and developing an acceptable use policy.

P. Chambers reported testifying on LB552, which would create a Cash Balance plan for firefighters of 1st class cities.

She also provided testimony at the Appropriations Committee Hearing. In her testimony to the Legislative Appropriations Committee, she emphasized NPERS’ need for at least one more employee and that an annual required contribution is needed for the defined benefit plans.

She reported working with M. Effken and Kate Allen on language for LB263.

P. Chambers informed the Board the State and County Audit Exit Conference is scheduled for Friday, March 22, 2013. The audit response is due 10 days after the exit conference.

She reported the Legislative Retirement Committee requested actuarial studies from Buck Consultants. The studies are to include both 7.75% and 8% rates. Dave Slishinsky should have the studies ready in two weeks.

P. Chambers reported receiving an email from CEM Benchmarking. They plan to review a draft of their report with the Director and NPERS’ staff on Wednesday, April 17, 2013. They plan to make a presentation to the PERB at the May meeting.

P. Chambers contacted Cavanaugh Macdonald Consulting, regarding the transition of actuarial services. To date, AS Purchasing had not completed the contract. P. Chambers is working on scheduling a meeting with Pat Beckham and Brent Bannister in the near future. P. Chambers stated she invited Pat Beckham to speak at the July PERB Retreat.

P. Chambers requested permission to attend the National Council on Teacher Retirement (NCTR) System Directors’ Meeting, June 24-25, 2013, in Albany, New York; hosted at the New York State Teacher Retirement System. She also requested permission to attend the

National Association of State Retirement Administrators (NASRA) Conference August 2-7, 2013, in Portland, Oregon. She requested \$3200 in expenses for each trip.

P. Chambers informed the Board the NCTR Trustee Workshop is scheduled for July 29-31, 2013, at Harvard University; and the NCTR Annual Convention is October 5-9, 2013, in Washington, D.C.

She encouraged the Board to attend any of the educational opportunities.

P. Chambers and J. States will be making a presentation at the Nebraska Rural Community Schools Association Spring Conference in Kearney, on March 21, 2013.

P. Chambers provided the PERB with copies of the NPERS Annual Report to the Legislature. The report will be presented to the Legislative Retirement Committee on Wednesday, March 27th. She complimented Angela Hatcher on a great job and John Winkelman, R. Gerke, Sheila Linder, and V. Huber for proofing the report.

P. Chambers stated work will now begin on the Annual Investment Report.

She reported the Governmental Accounting Standards Board (GASB) is trying to improve disclosure of pension funding. She distributed an issue of NCTR's Federal E-News, with several articles of interest to the Board.

P. Chambers announced former PERB member, Mark Shepard, has accepted the superintendent position for Fremont Public Schools.

R. Ecklund moved to approve the Director's Report and request for travel to the NCTR System Director's Meeting and the NASRA Conference, with expenses up to \$3200 for each trip. J. Elliott seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, and E. Stuhr. Against: None. Motion carried.

Agenda Item 13 – Board Committee Reports: On behalf of the Board Education Committee, R. Rehmeier stated the Annual PERB Retreat has been set for Monday, July 15, 2013, at the Lied Lodge and Conference Center, in Nebraska City. The Committee is contemplating having an activity the Sunday night prior to the Retreat. Meredith Williams, Executive Director of NCTR, will be a guest speaker. Besides tablet training, R. Rehmeier asked the Board to submit additional ideas for topics or activities for the Retreat.

Agenda Item 14 – Board Education/Travel Requests: J. Elliott reported attending the NCTR Legislative Committee meeting and joint meeting with NASRA last month in Washington, D.C.

J. Elliott reported that she attended the Trustee Education Meeting and informed the board of future Trustee training opportunities. She stated it would be beneficial for PERB members to attend the NCTR Trustee Workshop and formal training at Harvard University. She attended the Trustee Workshop in 2012, at Stanford University.

The NCTR Legislative Committee meeting she attended had a lengthy discussion concerning a motion regarding repercussions of Wall Street from 2009. No formal action was taken on the discussion.

The NCTR and NASRA joint meeting included the following topics: an overview of public pension case law decisions, the fiscal cliff and its impact on state revenue and pension policy; federal legislative and regulatory developments that have changed public pension plans; discussions surrounding death master files in regard to social security and the ability of public plans to access the files; a report on congressional outlook on tax reform, which included participants from both major parties; and a presentation by a Congressional budget analyst.

She informed the PERB of the opportunity to request to be added to the email list for NCTR's Federal E-News.

J. Elliott requested permission to attend the NCTR Trustee Workshop July 29-31, 2013, at Harvard University, with \$3200 in expenses.

S. Simpson moved to approve J. Elliott's board education report and request for travel to the NCTR Trustee Workshop, with expenses up to \$3200. E. Stuhr seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, and E. Stuhr. Against: None. Motion carried.

Agenda Item 15 – Future Meetings/Agendas: The next meeting will be held on Monday, April 15, 2013, in the Great Western Bank Conference Center at 1221 "N" Street.

Agenda Items 15 and 16 – Executive Session: At 11:56 a.m., R. Rehmeier moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Disability Applications for Retirement Numbers 126405 and 123085, personnel matters, and other legal matters. J. Elliott seconded the motion. D. Blank repeated the motion for the record. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, and E. Stuhr. Against: None. Motion carried.

J. States left the meeting during Executive Session.

At 12:48 a.m., R. Ecklund moved that the Board exit Executive Session and reconvene in Regular Session. E. Stuhr seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, and E. Stuhr. Against: None. Motion carried.

R. Rehmeier moved for approval of the Disability Applications of Retirement Numbers 126405 and 123085. J. Elliott seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, and E. Stuhr. Against: None. Motion carried.

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

The meeting adjourned at 12:49 p.m.

Phyllis G. Chambers
Director