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PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

MAY 20, 2013

10:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 10:00 a.m., Monday, May 20, 2013, in the Great Western Bank Conference Center, Second Floor, 1221 "N" Street.

The Board members were notified of this meeting by Agenda mailed Friday, May 10, 2013. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, May 13, 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

RANDY GERKE

Deputy Director

MATT EFFKEN

Legal Counsel

MIDEN EBERT

Retirement Plan Supervisor

FRED TURNER

IT Manager

GARY BUSH

AS - State Budget Administrator's Office

KATE ALLEN

Retirement Committee Legal Counsel

NANCY REIMER

Ameritas

NEIL BATEMAN

Retired Teachers

JASON HAYES

Nebraska State Education Association

Gwyn "Bud" Wingate

Public

Tim Young

Public

VICKI HUBER

Administrative Secretary

Agenda Items 2 and 3 – Meeting Called to Order: D. Blank called the May 20, 2013, Board Meeting to order at 10:00 a.m. Present at roll call: D. Blank, E. Stühr, J. Elliott, R. Rehmeier, S. Simpson, R. Ecklund, D. Fisher, and J. States. Absent: R. Wassinger.

Agenda Item 4 – Approval of Minutes: D. Fisher moved for approval of the minutes of the April 15, 2013, Board Meeting. 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. Abstain: R. Ecklund and R. Rehmeier. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & April Retirement Report: R. Rehmeier moved to approve the budget status report and the April 2013 Retirement Report. 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 6 – Public Comments or Correspondence from Citizens: Bud Wingate was present representing his wife, Nancy Wingate, regarding the number of years of service credit reported for his wife by the School employer.

Agenda Item 7 – CEM Benchmarking Report: Rogier Slingerland was unable to attend the meeting. His flight was cancelled, due to inclement weather. The presentation of his report will be rescheduled.

Agenda Item 8 – Dodge County Request to Participate in State DCP: P. Chambers presented a letter from the Dodge County Clerk, requesting admission into the State Deferred Compensation Plan (DCP). P. Chambers stated Dodge County does not have another DCP; therefore they qualify to join the State plan, per the DCP document and Neb. Rev. Stat. § 48-1401.

E. Stuhr moved to accept Dodge County into the State DCP. 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 board of Dodge County will be notified of their acceptance into the DCP.

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, 2013. He reported the annuity rate is currently 2.75%; down from 3.25%.

R. Ecklund pointed out an inconsistency with dates in the proposed contract.

No action was taken pending clarification of the dates.

Excuse Board Members: E. Stuhr moved to excuse R. Wassinger. 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.

Agenda Item 10 – NPERS Office Space and Parking: D. Blank reported a Board Building Committee was formed to discuss concerns with the proposed NPERS Office Space and Parking at the Assurity Building. Members of the PERB Building Committee are D. Blank, R. Rehmeier, E. Stuhr, and R. Wassinger.

D. Blank reported Carlos Castillo was unable to attend a PERB Building Committee meeting prior to the PERB meeting. The Committee has rescheduled a meeting with C. Castillo for Thursday,

June 6th. D. Blank stated the PERB is concerned with the fact parking is not going to be provided for members visiting the retirement office and there are also concerns with the proposed floor plan.

M. Effken stated it appears the Board has been consistent in its views on these issues and has delivered its concerns to the Department of Administrative Services and the Executive Branch. He stated the Board's duties are set forth in statute and has a fiduciary responsibility to its members. The Department of Administrative Services has the responsibility to allocate space to agencies according to their needs, which includes parking to meet the needs of the agency. Therefore, there is an opportunity to continue discussion to make sure both agencies' obligations are met.

R. Rehmeier commented that the issues need to be resolved; otherwise the PERB needs to look at NPERS remaining in the current facility. The Agency is scheduled to move in late October.

R. Rehmeier moved in that the proposed move to the new location of the Assurity/1526 Building, fails to provide adequate office and parking space for the needs of NPERS and its members; we the Board, authorize the Director to send a letter to AS Director, Carlos Castillo, on the PERB's behalf, to request that NPERS' lease at the 1221 N Street, be renewed on a long-term basis.

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

LB263, NPERS' technical bill has passed into law and is in effect now.

LB553 passed. This bill creates a new tier for new School members starting July 1, 2013. The bill also included a revised amortization method for the School, Judges and State Patrol plans. It also reduces the cost of living adjustment for new hires.

LB303 remains on the priority list.

LR191 was introduced during the legislature's discussion of LB553 on May 14, 2013. The purpose of the proposed study is to examine issues as they relate to the funding needs, benefits, contributions, effectiveness and efficiency, and the overall administration of each retirement system administered by the PERB.

He stated the remaining bills have had no action since the last PERB meeting.

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 on legislative bills affecting the Nebraska Investment Council. LB594, concerning the Nebraska Investment Council's responsibility for Veterans Aid Fund, was incorporated into LB263.

He stated preliminary reports indicate fiscal year to date performance for the defined benefit plans at 14.7%, as of April 30, 2013. Hewitt EnnisKnupp reports a strong chance of reaching the assumed actuarial performance rate of 8%.

He reported continued uncertainty in economic markets. The corporate market continues to be profitable.

J. Elliott 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 attending the CEM World Pension Administration Peer Conference with John Winkelman. Conference attendees were from all over the world; representing many types of plans. Most attendees were from public plans, which are much larger than Nebraska's plan. The Conference included tours of three different systems of Ohio. They toured the State Teacher Retirement System of Ohio (STRS), which is one of the largest in the United States. They also toured the Ohio Public Employees Retirement System (OPERS) and the School Employees Retirement System (SERS). She reported attending several panel discussions, including one on disaster recovery. Presentations were provided on the problems retirement systems faced with the aftermath of hurricanes Katrina and Sandy.

P. Chambers reported participating in a conference call with J. States and Kirsten Steiert, from MassMutual. They discussed funds formally in the Hartford plan. K. Steiert will present their annual report at the June PERB meeting.

P. Chambers has been asked participate in a webinar on compliance audits June 6, 2013.

She announced that long time Retirement Specialist, Ninna White is retiring and her position has been posted. The open position in Data Services has been filled.

P. Chambers reported 530 School retirement applications have been received to date with a June 1 effective date.

P. Chambers and M. Effken met with Rex Schulte, an attorney for a number of school systems, to discuss flat salaries and how they work with health insurance and retirement contributions as handled by the school.

P. Chambers reported receiving the IRS Determination letters today for all plans except the State Patrol.

R. Ecklund moved to approve the Director's 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 13 – Board Committee: P. Chambers reported the agenda for the PERB Retreat may be adjusted, due to rescheduling the CEM Benchmarking report. The Retreat is scheduled for Monday, July 15, 2013, at the Lied Lodge and Conference Center in Nebraska City.

Agenda Item 14 – Board Education/Travel Requests: There were no requests.

Agenda Item 15 – Future Meetings/Agendas: The next meeting will be held on Monday, June 17, 2013, in the Great Western Bank Conference Center at 1221 "N" Street.

D. Blank recognized J. Elliott on recently receiving the 2013 Nebraska State Education Association's Teaching Excellence award.

Agenda Items 15 and 16 – Executive Session: At 10:58 a.m., E. Stuhr moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Disability Applications for Retirement Nos. 149524, 119277, 101852, 076048, and 414922; the Director's Evaluation and Salary; and other legal matters. R. Ecklund 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.

S. Simpson left the meeting during Executive Session.

At 11:50 a.m., R. Rehmeier moved that the Board exit Executive Session and reconvene in Regular Session. R. Ecklund 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.

E. Stuhr moved for approval of the Disability Applications of Retirement Nos. 149524, 119277, 101852, 076048, and 414922. 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 18 – Information System (IT) Update: F. Turner provided each PERB member with an electronic tablet. He provided a brief training session.

Adjournment: D. Fisher moved that the meeting adjourn. J. Elliott 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.

The meeting adjourned at 12:19 p.m.



Phyllis G. Chambers
Director