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## **PUBLIC EMPLOYEES RETIREMENT BOARD MEETING**

OCTOBER 21, 2013

10:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 10:03 a.m., Monday, October 21, 2013, in the Great Western Bank Conference Center, Second Floor, 1221 "N" Street.

The Board members were notified of this meeting by the Agenda posted on the PERB SharePoint site on October 11, 2013. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, October 14, 2013. D. Blank chaired the meeting and V. Huber recorded the minutes.

### **MEMBERS PRESENT:**

DENIS BLANK, CHAIR  
RICHARD WASSINGER, VICE-CHAIR  
ELAINE STUHR  
JANIS ELLIOTT  
JUDGE RANDALL REHMEIER  
STUART SIMPSON  
RON ECKLUND  
DARRELL FISHER  
JEFF STATES, EX-OFFICIO

### **NONMEMBERS PRESENT:**

#### **PHYLLIS CHAMBERS**

Director

#### **RANDY GERKE**

Deputy Director

#### **MATT EFFKEN**

Legal Counsel

#### **MIDEN EBERT**

Retirement Plan Supervisor

#### **FRED TURNER**

IT Manager

#### **TERESA ZULAUF**

Internal Auditor

#### **SENATOR AL DAVIS**

Legislative Retirement Committee

#### **GARY BUSH**

AS - State Budget Administrator's Office

#### **KATE ALLEN**

Retirement Committee Legal Counsel

#### **NANCY REIMER**

Ameritas

#### **JASON HAYES**

Nebraska State Education Association

#### **DEAN GRESS**

IT Senior Application Developer

#### **IRYNA VERCELLINO**

IT Business Systems Analyst/Coordinator

#### **SHEILA LINDER**

Administrative Assistant

#### **VICKI HUBER**

Administrative Secretary

**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 October 21, 2013, Board Meeting to order at 10:03 a.m. Present at roll call: D. Blank, R. Wassinger, E. Stuhr, J. Elliott, R. Rehmeier, S. Simpson, R. Ecklund, D. Fisher, and J. States.

**Agenda Item 4 – Approval of Minutes:** J. Elliott moved for approval of the minutes of the September 23, 2013, Board Meeting. E. Stuhr seconded the motion. Members voted as follows: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

**Agenda Item 5 – Approval of Budget Status Report & September Retirement Report:** E. Stuhr moved to approve the Budget Status Report and the September 2013 Retirement Report. R. Wassinger seconded the motion. Members voted as follows: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, E. Stuhr, 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 – Employee Recognition:** P. Chambers explained October is Employee Recognition Month for the State of Nebraska and announced Iryna Vercellino and Sheila Linder as NPERS' employee and manager of the year, respectively. She gave a brief background of each recipient's work within the agency and read a few comments from the staff who nominated the recipients for their awards. D. Blank presented both honorees with a framed certificate.

The Board took a break at 10:13 a.m. to take pictures and reconvened at 10:21 a.m.

**Agenda Item 8 – Information System (IT) Update:** F. Turner reported 37 open problem incident reports (PIRs), as of September 30, 2013. He stated the IT staff is keeping up with new PIRs as they come in and he has no concerns about the count.

He reported issues remain with the back-ups being run by the Office of the Chief Information Officer (OCIO). He stated the NPERS back-up server/tape library and the file server have been moved to the OCIO. A meeting with the OCIO was scheduled for Wednesday, October 23, 2013, to discuss the progress. Currently NPERS' IT and OCIO are both running back-ups.

F. Turner reported the FileNET software, which holds images and manages the workflow process on NPRIS, needs to be updated. The support expires in September 2014. He explained the FileNET upgrade is not simple; therefore, it will be expensive. He discussed researching alternate imaging options and looking at other vendors. His staff will be meeting with other project managers and a third party vendor in the future. The cost for the upgrade is not known at this time.

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

**Agenda Item 9 – Change in Asset Charges:** R. Gerke provided the Board with a history of basis point charges. He explained the allocation of fees is based on assets and membership. He stated no asset fees are currently needed for the Cash Balance plans.

R. Gerke requested the Board approve changing plan asset fees as follows: decrease the State Defined Contribution (DC) fees from 5 to 3 basis points; increase the County DC fees from zero to 6 basis points; and decrease the Deferred Compensation Plan (DCP) fees from 6.5 to 3.5 basis points. Changes would be effective October 25, 2013.

D. Fisher moved to decrease the State DC asset fees from 5 to 3 basis points; increase the County DC asset fees from zero to 6 basis points; and decrease the DCP asset fees from 6.5 to 3.5 basis points effective October 25, 2013. S. Simpson seconded the motion. Members voted as follows: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

**Agenda Item 10 – Revise Deferred Compensation Plan Document:** The Board was provided copies of the proposed revision prior to the meeting. M. Effken explained the proposed revision to the DCP document is related to plan members who terminate employment and roll their vacation and sick leave into their DCP account. The change will require that an employee must have enrolled in the DCP during the month prior to the month they terminate. The new language will clarify administrative procedures already in place.

R. Ecklund moved to revise the Deferred Compensation Plan document as presented. E. Stuhr seconded the motion. Members voted as follows: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

**Agenda Item 11 – Investment Officer's Update:** J. States reported working on the agenda for the PERB/NIC joint meeting scheduled in November.

He reported the calendar year to date performance for the defined benefit plans at 13.4%, as of September 30, 2013. The fiscal year to date is at 5.3%, which is on target at this point.

He commented that the economy seems to be gaining some momentum.

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

**Agenda Item 12 – Director's Report:** P. Chambers reported 760 School retirement applications were processed within 90 days and there is one remaining, which needs documentation. She reported 192 School retirements were processed with a July 1 effective

date, with 3 pending; 87 were processed with an August 1 effective date, with 13 pending; and 7 were processed with a September 1 effective date, with 81 pending.

During the 2013 Legislative Session, LB 263 passed, which included a provision requiring new part-time State and County employees to join the retirement plan during the first 30 days of employment. This change was advised by the compliance audit. Attorney David Powell has clarified a question regarding a grace period; stating the IRS would not allow a grace period. Therefore, part-time employees who did not enroll prior to the passing of LB 263 are no longer eligible to join the State and County retirement plans.

P. Chambers reported working on plans for the informational Governmental Accounting Standards Board (GASB) meeting, scheduled for October 22, 2013. The meeting will be held in the Training Room on first floor of the 1526 building. Approximately 20 people are expected to attend. Those who cannot attend will be updated on the progress of the meeting. The actuaries will give an overview of GASB 67 and 68. The meeting will include discussion on financial reports (GASB 67) and taking liability and assigning proportional shares to employers of the plans (GASB 68). The actuary will determine the proportions.

P. Chambers stated R. Gerke will be attending the Public Pension Financial Forum (P2F2) Annual Conference in Scottsdale, Arizona, which will be covering GASB.

P. Chambers reported receiving a compliance statement from the IRS on NPERS' voluntary correction program for the State plan.

She stated the actuaries are busy working on valuations for the defined benefit plans. D. Blank, P. Chambers, and R. Gerke spoke with the actuaries in a conference call the week prior to the Board meeting. They discussed the assumed rate. The actuaries will share their thoughts on the assumed rate, along with their presentation of the valuations, at the November Joint PERB/NIC meeting.

P. Chambers discussed being asked to participate in a survey on retirement for PEW research. The Board expressed their comments and concerns regarding NPERS participating in such surveys. It was decided NPERS will decline to participate.

P. Chambers reported attending the National Council on Teacher Retirement (NCTR) Annual Conference the first week in October. She stated the panel presentation went well and commented on the topics of discussion, which included: board governance, funding, investments, legal issues, healthcare, social media, and GASB. She pointed out New York state retirement has only one fiduciary, the State Comptroller; it has no board. She showed a video of a speech presented by the Teacher of the Year.

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

**Agenda Item 13 – Board Committee Reports:** There were no reports.

**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, November 18, 2013, at the Cornhusker Marriott Hotel, Arbor Room, 333 South 13th Street. The meeting is scheduled to begin at 8:30 a.m.

**Agenda Items 15 and 16 – Executive Session:** At 11:31 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. 078425, 169936, and 110806, and 175540; Emergency Deferred Compensation Application for Retirement No. 705561; personnel matters, and other legal matters. E. Stuhr seconded the motion. D. Blank repeated the motion for the record. Members voted as follows: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

At 12:36 p.m., E. Stuhr moved that the Board exit Executive Session and reconvene in Regular Session. D. Fisher seconded the motion. Members voted as follows: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

R. Wassinger moved for approval of the Disability Applications of Retirement No. 078425, 169936, 175540 and the Emergency Deferred Compensation Application for Retirement No. 705561. D. Fisher seconded the motion. Members voted as follows: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

R. Wassinger moved for disapproval of the Disability Application of Retirement No. 110806. E. Stuhr seconded the motion. Members voted as follows: D. Blank, R. Ecklund, J. Elliott, D. Fisher, R. Rehmeier, S. Simpson, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

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

The meeting adjourned at 12:38 p.m.



Phyllis G. Chambers  
Director