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## **PUBLIC EMPLOYEES RETIREMENT BOARD MEETING**

### **CORRECTED MINUTES**

APRIL 21, 2014

10:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 10:02 a.m., Monday, April 21, 2014, 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, April 14, 2014. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, April 14, 2014. 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  
RON ECKLUND  
DENNIS LEONARD

**MEMBERS ABSENT:**

STUART SIMPSON  
JEFF STATES, EX-OFFICIO

#### **NONMEMBERS PRESENT:**

PHYLLIS CHAMBERS Director	PAT BECKHAM Cavanaugh Macdonald Consultants
RANDY GERKE Deputy Director	BRENT BANISTER Cavanaugh Macdonald Consultants
MATT EFFKEN Legal Counsel	NEIL BATEMAN Retired Teachers
JOHN WINKELMAN Training Supervisor	JOHN SCHULTE State Plan Member
MIDEN EBERT Retirement Plan Supervisor	REID DAWSON State Plan Member
FRED TURNER IT Manager	LANCE NJOS State Plan Member
TERESA ZULAUF Internal Auditor	DALE SHALLENBERGER State Plan Member
GARY BUSH AS - State Budget Administrator's Office	VICKI HUBER Administrative Secretary
NANCY REIMER Ameritas	

**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 April 21, 2014, Board Meeting to order at 10:02 a.m. Present at roll call: D. Blank, R. Wassinger, E. Stuhr, J. Elliott, R. Rehmeier, R. Ecklund, and D. Leonard. Absent: S. Simpson and J. States.

**Agenda Item 4 – Approval of Minutes:** E. Stuhr moved for approval of the minutes of the March 21, 2014, Board Meeting. J. Elliott seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, R. Rehmeier, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

**Agenda Item 5 – Approval of Budget Status Report & March Retirement Report:** D. Leonard moved to approve the Budget Status Report and the March 2014 Retirement Report. R. Wassinger seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, R. Rehmeier, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

**Agenda Item 6 – Public Comments or Correspondence from Citizens:** John Schulte was present. Mr. Schulte expressed his concerns about the State Cash Balance plan and the lack of dividends paid in recent years. He requested the Board consider paying a dividend plan participants this year. He also suggested dividends be based on a participant's average account balance over the year.

**Agenda Item 7 – State and County Actuarial Valuations and ERBF Reports:** B. Banister gave a brief history of the equal retirement benefit funds (ERBF).

P. Beckham explained the Cash Balance (CB) benefit plan is a hybrid plan with characteristics of a defined benefit and defined contribution plan. It is identified as a defined benefit by the IRS because of the guaranteed interest.

The report included a history of interest credits and dividends, investment returns, membership statistics, system assets, funded ratios, and contribution rates for the State and County plans from 2003 through 2014.

She reported no additional state contribution is required for the State and County plans in 2014.

P. Beckham explained the criteria required for paying a dividend. Based on state law and Board policy, a dividend could be awarded to the County CB Plan; but, the State CB Plan does not meet the requirements for a dividend.

B. Banister provided a historical view of contribution rates required by the State for 2003 through 2014 and five year projections of State and County funding, which included results for 2014 through 2019.

P. Beckham stated, by the plan's design and the funding mechanism, contributions should rise and meet the need for funding of the plan.

B. Banister summarized projections for both plans. He stated significant deferred investment gains will improve future funded status or offset investment losses, actual contributions will exceed the actuarial required contribution, and the active member count is expected to grow in future years.

The report concluded that the Board may grant a dividend for County CB plan this year of up to 0.29% and remain 100% funded. If the investment return rate for 2014 is at least 7.75%, both plans are expected to be eligible for a dividend in 2015.

The Board discussed the option of granting a dividend to the County CB plan. P. Chambers explained the Board's choices in the decision. She stated her concerns when granting a dividend to members who have a zero balance after Jan 1 and the administrative costs to the plan when paying out small dollar amounts and searching for lost members

The Board will vote on the County dividend at the May meeting.

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

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

**Agenda Item 8 – 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, 2014. He reported the annuity rate is currently 2.25%.

D. Leonard moved to renew the Terminal Funded Annuity Contract with Mutual of Omaha-United of Omaha for the Deferred Compensation Plan (DCP), for one year beginning July 1, 2014. E. Stuhr seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, R. Rehmeier, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

**Agenda Item 9 – Legal/Legislative Update:** M. Effken reported the legislative session has ended and provided an update on bills dealing with retirement, which were recently passed. He reported LB759 was approved by the Governor on April 9, 2014. LB1042 and LB1042A were approved by the Governor on April 16, 2014, and became effective April 17, 2014. He gave a brief summary of the final content of each bill.

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

**Agenda Item 10 – Director’s Report:** P. Chambers reported presenting NPERS’ Annual Report to the Legislative Retirement Committee on March 25, 2014. The Committee discussed the member parking issues at the 1526 Building. Senator Mello and Senator Nordquist met with Gary Oligmueller, Budget Administrator and Rod Anderson, with the Building Division, to discuss the parking. Additional metered parking has been added on 16<sup>th</sup> Street and handicapped accessibility has been added to the front of the building, on K Street.

P. Chambers provided the Board with hard copies of the State and County Actuarial Valuation Results as of January 1, 2014. She also distributed copies of the State and County Equal Retirement Benefit Fund Actuarial Valuation Results as of January 1, 2014, for Fiscal Year ending June 30, 2015. Copies of these reports are available from the Retirement office.

Copies of the Nebraska Investment Council (NIC) Annual report were provided to the Board. Copies of the NIC report are available from the NIC.

P. Chambers announced the Retirement Specialist I position has been filled and with the passing of LB1042A, NPERS will be working on hiring additional staff to handle purchases of refunded service. She has been working with the Building Division to plan for additional workspace.

The Benefits department is busy working to provide School retirement packets to members requesting applications for a June 1 effective date.

P. Chambers stated NPERS has been participating in the State’s food drive for the Lincoln Food Bank. She proudly reported NPERS staff collected eleven barrels full of food and personal items, along with \$1482 in cash donations.

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

**Agenda Item 11 – Board Committee Reports:** R. Rehmeier reported meeting with P. Chambers prior to the meeting to discuss the PERB’s Annual Retreat. He mentioned the Education Committee has asked Max Kotary, from Hewitt EnnisKnupp to make a presentation on the investment fund managers. Other topics being considered are: return to work policies, military service credit, and a presentation by the actuaries on the assumed rate and projection modeling software. He encouraged the Board members to suggest additional topics.

**Agenda Item 12 – Board Education/Travel Requests:** There were no requests.

**Agenda Item 13 – Future Meetings/Agendas:** The next PERB meeting is Monday, May 19, 2014.

**Agenda Items 14 and 15 – Executive Session:** At 11:47 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 No. 120672, 121573, 161236, 41623, and 901387; personnel matters; and other legal matters. E. Stuhr seconded the motion. D. Blank repeated the motion for the record. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, R. Rehmeier, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

At 1:29 p.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. Leonard, R. Rehmeier, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

R. Wassinger moved for approval of the Disability Applications of Retirement Nos. 120672, 121573, 161236, and 416231. D. Leonard seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, R. Rehmeier, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

R. Wassinger moved for approval of the Disability Application of Retirement No. 901387; to be reviewed after one year. E. Stuhr seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, R. Rehmeier, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

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

The meeting adjourned at 1:32 p.m.

Phyllis G. Chambers  
Director