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PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

CORRECTED MINUTES

MAY 19, 2014

10:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 10:00 a.m., Monday, May 19, 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 Friday, May 9, 2014. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, May 12, 2014. D. Blank chaired the meeting and V. Huber recorded the minutes.

MEMBERS PRESENT: DENIS BLANK, CHAIR
ELAINE STUHR
JANIS ELLIOTT
STUART SIMPSON
RON ECKLUND
DENNIS LEONARD
JEFF STATES, EX-OFFICIO

MEMBERS ABSENT: RICHARD WASSINGER, VICE-CHAIR
JUDGE RANDALL REHMEIER

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	GARY BUSH AS - State Budget Administrator's Office
MATT EFFKEN Legal Counsel	NANCY REIMER Ameritas
MIDEN EBERT Retirement Plan Supervisor	NEIL BATEMAN Retired Teachers
FRED TURNER IT Manager	VICKI HUBER Administrative Assistant
TERESA ZULAUF Internal Auditor	

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 May 19, 2014, Board Meeting to order at 10:00 a.m. Present at roll call: D. Blank, E. Stuhr, J. Elliott, S. Simpson, R. Ecklund, D. Leonard, and J. States. Absent: R. Wassinger and R. Rehmeier.

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

Agenda Item 5 – Approval of Budget Status Report & April Retirement Report: J. Elliot moved to approve the Budget Status Report and the April 2014 Retirement Report. R. Ecklund seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, S. Simpson, 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.

Agenda Item 7 – Cash Balance Dividend: P. Chambers explained the Nebraska statute and Rule and Regulation pertaining to the awarding of dividends. P. Chambers stated the County plan is above the minimum threshold rate as reported in the actuary report provided last month. She referred to Board Policy No. 8, which states there must be a minimum 100% Funded Ratio on the Funded Basis and the Current Value Basis, both before and after the dividend is granted. At the April PERB meeting, the actuaries reported the County Funded Ratio is 100.3% and the Current Value Basis is 106.1%. The actuary stated that the Board could grant a dividend of up to 0.29% for the County plan and still remain 100% funded.

J. Elliot moved that the PERB approve a dividend of 0.29% to County Cash Balance plan members with a qualifying account balance as of December 31, 2013, payable September 1, 2014, or as soon as administratively possible. D. Leonard seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, S. Simpson, and E. Stuhr. Against: None. Motion carried.

P. Chambers stated the County newsletter will notify members a dividend will be awarded. The last dividend awarded by the PERB was in 2008, based on December 31, 2007 account balances.

Agenda Item 8 – Information System (IT) Update: F. Turner reported 53 problem incident reports (PIRs). He explained this may be due to a number of requests for form letter changes. A meeting has been scheduled with NPERS staff to discuss current PIRs and to prioritize. He gave a few examples of a PIR.

He reported meetings have been held with OnBase representatives to discuss how OnBase will replace the current FileNet software. OnBase will provide a statement of work by the end of the month.

F. Turner reported the service agreement with the Office of the Chief Information Officer (OCIO) was amended, with lower rates. NPERS backups continue to work satisfactorily.

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

Agenda Item 9 – Legal/Legislative Update: M. Effken reported on Legislative Resolution LR 521. He explained it is a typical resolution to study funding needs, benefit contributions, and the administration of NPERS and/or OSERS. He stated some interest has been expressed in the issue of members returning to work after retirement.

M. Effken will keep the Board notified on any updates regarding legislation during the interim.

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

Agenda Item 10 – Investment Officer's Update: J. States distributed copies of State Street's preliminary Performance Summary Report for the DB and CB benefit plans. He reported being on track to reach the 8% actuarial assumed rate. Fiscal year performance as of April 30, 2014 was approximately 14.5%. His handout identified separate managers in investment pools and rates of return. He stated much of the high performance is a result of the US equity markets in particular; which continue to provide a return around 20%.

He stated the next Nebraska Investment Council (NIC) meeting is scheduled for Tuesday, May 20, 2014.

J. States is retiring September 30, 2014. He stated the NIC has hired a search committee to assist in the selection of his replacement.

R. Ecklund moved to approve the Investment Officer's Update. E. Stuhr seconded the motion. For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, S. Simpson, and E. Stuhr. Against: None. Motion carried.

Agenda Item 11 – Director's Report: P. Chambers reported receiving 475 School applications for retirement with a June 1 effective date. She stated those wanting a June 1 effective date have until the last working day in May to turn in their application. She commented that School members requesting a packet at this time will probably not receive estimates by June 1. However, members can sign a waiver to receive a packet, without estimates, and use the NPERS' online calculator to view estimates. She provided the Board with a sample School retirement packet and explained the process and deadlines. The packet included a sample of estimates, instructions, and forms.

P. Chambers stated Kirsten Steiert will present the annual MassMutual report at the next PERB meeting. K. Steiert has provided NPERS with suggestions in changing funds. The suggestions will be reviewed by the NIC.

P. Chambers reported staff has been busy working on implementing changes provided in LB 1042. Staff meetings are being held and the School Member Handbook and Employer Manual are being updated. The School Employer Workshops will be in July. Information pertaining to LB 1042 will also be included in the School newsletters.

P. Chambers reported working with the actuary on projection modeling software. One of the components of the modeling software is the ability to project the impact various assumed rates would have on state required contributions and funding levels. The actuaries will present the modeling software and projections at the PERB Retreat.

This month, NPERS has been working on performance evaluations, open enrollment for benefits, and modifying offices to accommodate two new staff members. She reported the State auditors are on site conducting the State and County audit.

P. Chambers reported Randy Gerke is attending the Government Finance Officers Association's (GFOA) annual conference in Minneapolis, Minnesota.

P. Chambers will be attending the National Council on Teacher Retirement (NCTR) System Directors Meeting in Austin, Texas, June 1-3.

P. Chambers has contacted Brenda Decker (CIO) regarding the process for replacing NPERS' IT manager when F. Turner retires.

Agenda Item 12 – Board Committee Reports: P. Chambers reported talking to R. Rehmeier to discuss the PERB Retreat. Members of the Board offered additional topic suggestions for the Retreat.

Agenda Item 13 – Board Education/Travel Requests: There were no requests.

Agenda Item 14 – Future Meetings/Agendas: The next PERB meeting is Monday, June 16, 2014.

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

Agenda Items 15 and 16 – Executive Session: At 11:07 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. 146490 and 133157; the Director's Evaluation; and other legal matters. D. Leonard seconded the motion. D. Blank repeated the motion for the record. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, S. Simpson, and E. Stuhr. Against: None. Motion carried.

S. Simpson left the meeting during Executive Session.

At 12:14 p.m., R. Ecklund moved that the Board exit Executive Session and reconvene in Regular Session. J. Elliott seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, and E. Stuhr. Against: None. Motion carried.

E. Stuhr moved for approval of the Disability Applications of Retirement Nos. 146490 and 133157. D. Leonard seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, and E. Stuhr. Against: None. Motion carried.

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

The meeting adjourned at 12:15 p.m.

Phyllis G. Chambers
Director