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PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

OCTOBER 20, 2014

10:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 10:02 a.m., Monday, October 20, 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, October 10, 2014. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, October 13, 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
DENNIS LEONARD
JUDGE RANDALL REHMEIER

MEMBERS ABSENT:

STUART SIMPSON
RON ECKLUND
JOE JURICH, EX-OFFICIO

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	DEAN GRESS IT Senior Application Developer
MATT EFFKEN Legal Counsel	NANCY REIMER Ameritas
MIDEN EBERT Retirement Plan Supervisor	KATHY TENOPIR Legislative Fiscal Office
JACK HARDY IT Manager	PHIL OLSEN State Auditor's Office
KATE ALLEN Retirement Committee Legal Counsel	NEIL BATEMAN Retired Teachers
MELISSA MENDOZA Retirement Specialist	VICKI HUBER Administrative Assistant

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 20, 2014, Board Meeting to order at 10:02 a.m. Present at roll call: D. Blank, R. Wassinger, E. Stuhr, J. Elliott, R. Rehmeier, and D. Leonard. Absent: S. Simpson, R. Ecklund, and J. Jurich.

Agenda Item 4 – Public Hearing and Board Action on Revision to Rules and Regulations, Chapter 15: Public notice of the rule making hearings was published in the Lincoln Journal Star and in the Omaha World Herald on September 19, 2014. Draft copies of the Rules and Regulations listed were available on the conference room table by the doors. Pursuant to NEB. REV. STAT § 84-907, the Board took testimony and evidence on modification of the Nebraska Administrative Code Title 303, Chapter 15, concerning purchase of service credit. D. Blank opened the hearing. M. Effken explained the revisions.

M. Effken testified that the revision to Chapter 15 of Title 303 of the Nebraska Administrative Code was intended to implement policy changes reflected in LB 1042 governing the restoration of “relinquished creditable service” by former members of the Nebraska School Employees Retirement System who return to work for an employer participating in the School Plan. He further testified that the revised regulation would conform to legislative provisions permitting former members of the School Plan to make a one-time application to restore service credit previously given up pursuant to a refund of member contributions by repaying such refunds plus interest equal to the actuarial assumed rate of return and would provide for time limits for the repayment of such refund as described in the legislation. The revised regulation also includes editing and technical changes clarifying the purchase of service credit procedures followed by Nebraska Public Employees Retirement Systems.

There was no public testimony or other submissions on the modifications of Chapter 15.

D. Blank moved to approve revisions to Chapter 15 Title 303 of the Nebraska Administrative Code, entitled “Rules and Regulations for Purchase of Service Credit” in the form delivered to the Nebraska Secretary of State on September 16, 2014. J. Elliott seconded the motion. Members voted as follows: For: D. Blank, J. Elliott, D. Leonard, R. Rehmeier, E. Stuhr, and R. Wassinger. Against: None. Motion carried

Agenda Item 5 – Approval of Minutes: D. Leonard moved for approval of the minutes of the September 15, 2014, Board Meeting. E. Stuhr seconded the motion. Members voted as follows: For: D. Blank, J. Elliott, D. Leonard, R. Rehmeier, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

Agenda Item 6 – Approval of Budget Status Report & September Retirement Report: R. Rehmeier moved to approve the Budget Status Report and the September 2014 Retirement Report. R. Wassinger seconded the motion. Members voted as follows: For: D. Blank, J. Elliott, D. Leonard, R. Rehmeier, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

Agenda Item 7 – Public Comments or Correspondence from Citizens: There were no public comments or correspondence from citizens with business not scheduled on the agenda.

Agenda Item 8 – Employee Recognition: P. Chambers explained October is Employee Recognition Month for the State of Nebraska. She stated NPERS staff chose two Employees of the Year, rather than one Manager of the Year and one Employee of the Year.

P. Chambers announced Melissa Mendoza and Dean Gress as this year's honorees. P. Chambers gave a brief background of each recipient's outstanding 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.

Agenda Item 9 – State and County Audit Report: P. Olsen reviewed the public audit process and presented the State and County Retirement Plans audit for the period of January 1, 2013, through December 31, 2013. He reviewed the comment and recommendations of the State Auditor's office, listed in the report issued on September 29, 2014. He pointed out the one comment pertains to enrollment requirements in the County plan. P. Olsen stated the audit went smoothly.

The Board expressed their appreciation of the relationship with the auditors.

Agenda Item 10 – Revise Deferred Compensation Plan Document: M. Effken explained the proposed revisions to the Deferred Compensation Plan Document. He stated the option for participants to change investment allocations via telephone is no longer available. Therefore, this language needs to be removed from the document. The other revision corrects a typographical error in a cross-reference.

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

Agenda Item 11 – Legal/Legislative Update: M. Effken reported beginning to work on new legislation. He stated a new appeal has been filed.

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

Agenda Item 12 – Information System (IT) Update: J. Hardy expressed his appreciation to join the agency.

He reported 49 open problem incident reports (PIRs) as of October 1, 2014.

J. Hardy reported on the imaging system and work flow project; replacing FileNet with OnBase. He explained the project has four phases and we are about a 30% of the way through the first phase. He explained each phase, including Data Export, Import Data, Integration Development, and System Testing. He reported the project has used approximately 32% of its budget, to date. He commented that DataBank is a talented resource and the project should go well. He stated a lot of the technical work will be done by NPERS' IT staff. He commented that NPERS is fortunate to have such a capable IT team.

He reported work continues on the Ameritas online access software upgrade. The upgrade is scheduled to occur on the weekend of November 21, 2014. He stated communication will be made to participants. Members will not be able to make investment election changes starting Friday, November 21st, at 3 p.m. through Monday, November 24th. Monday is a blackout day, because the market will be open, but our members will not be able to make trades that day. The Ameritas online access will be fully operational again on Tuesday, November 25th.

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

Agenda Item 13 – Investment Officer’s Update: P. Chambers gave a brief report for J. Jurich during Agenda Item 14.

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

The Board took a break at 10:28 a.m. and reconvened at 10:38 a.m.

Agenda Item 14 – Director’s Report: P. Chambers reported all of the 684 School retirement applications with a June 1 effective date have been completed. Work continues on other retirements. Recalculations will be done on those that were paid 95% benefits and adjustments will be made if applicable. An additional 371 School retirements were received for July and August effective dates.

In addition to the retirements, the Benefits department continues to work overtime processing refunds. In September, there were 352 School refunds, 227 State refunds, 54 County refunds, 30 State rollovers, and 87 County rollovers. P. Chambers expressed the need for an extra person to assist with refunds. At times, some members have waited four to five weeks for a distribution.

P. Chambers reported attendance at the State and County retirement seminars has been good. The last five seminars are completely booked. Education Services will complete these seminars in November.

P. Chambers stated Joe Jurich was unable to attend the meeting. Prior to the meeting he provided a DC performance report which was uploaded to the PERB SharePoint site. She referred the Board to the report and pointed out that the calendar year-to-date performance of the Investor Select Fund is at 4.75% and -1.43% for the fiscal year-to-date. This gives some indication of the performance of the defined benefit plans.

P. Chambers reported final interviews for the Chief Investment Officer were October 10, 2014. Five candidates were interviewed. She stated they are in negotiations with the final candidate and an announcement will be made in November.

P. Chambers attended the Annual Conference of the National Council on Teacher Retirement (NCTR) October 11-15, 2014, in Indianapolis, Indiana. The theme of the conference was Retirement Security: Plan, Invest, and Protect. She highlighted some of the topics, which included: bankruptcies in public pensions and the power of federal judges to reduce benefits, challenges in retirement, health system costs, and private equity and investment management fees.

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

Agenda Item 15 – Board Committee Reports: R. Rehmeier reported the Assumed Rate Committee met after last month's meeting and again on October 17th, via conference call. P. Chambers, M. Effken, and Brent Banister, from Cavanaugh Macdonald, also participated in the call.

R. Rehmeier reviewed the materials the committee used in their discussions.

He stated the committee is considering having an experience study done one year earlier than planned; in 2016, and having a benefit adequacy study done in 2015.

He stated the committee will defer making any recommendations until after the Joint Meeting in November, when the actuarial valuation reports and the capital market report have been presented and the committee can consider the information in the reports. The committee will meet again prior to the December PERB meeting.

Agenda Item 16 – Board Education/Travel Requests: There were no requests.

Agenda Item 17 – Future Meetings/Agendas: The next PERB meeting is the Joint Meeting with the Nebraska Investment Council on Monday, November 17, 2014, at the Cornhusker-Marriott Hotel.

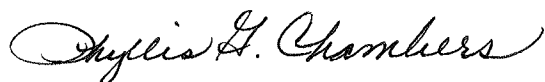
Agenda Items 18 and 19 – Executive Session: At 11:27 a.m., R. Wassinger moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Disability Applications for Retirement Nos. 174625 and 155456; personnel matters; and other legal matters. E. Stuhr seconded the motion. D. Blank repeated the motion for the record. Members voted as follows: For: D. Blank, J. Elliott, D. Leonard, R. Rehmeier, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

At 12:34 p.m., E. Stuhr moved that the Board exit Executive Session and reconvene in Regular Session. D. Leonard seconded the motion. Members voted as follows: For: D. Blank, 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. 174625 and 155456; with the application of Retirement No. 155456 to be reevaluated after one year. D. Leonard seconded the motion. Members voted as follows: For: D. Blank, J. Elliott, D. Leonard, R. Rehmeier, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

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

The meeting adjourned at 12:36 p.m.



Phyllis G. Chambers
Director