



1526 K Street, Suite 400
P.O. Box 94816
Lincoln, NE 68509-4816
Phone 402-471-2053
Toll Free 800-245-5712
Fax 402-471-9493
npers.ne.gov

PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

SEPTEMBER 15, 2014

10:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 10:02 a.m., Monday, September 15, 2014, in the 1526 Building, 4th Floor, Conference Room 4D, 1526 "K" Street, Lincoln, Nebraska.

The Board members were notified of this meeting by the Agenda posted on the PERB SharePoint website on Friday, September 5, 2014. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, September 8, 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
	JEFF STATES, EX-OFFICIO

MEMBERS ABSENT: STUART SIMPSON

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	TERESA ZULAUF Internal Auditor
RANDY GERKE Deputy Director	NANCY REIMER Ameritas
MATT EFFKEN Legal Counsel	KATHY TENOPIR Legislative Fiscal Office
MIDEN EBERT Retirement Plan Supervisor	CHERYL WOLFF Governor's Policy Research Office
JACK HARDY IT Manager	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 September 15, 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, D. Leonard and J. States. Absent: S. Simpson.

Agenda Item 4 – Approval of Minutes: D. Leonard moved for approval of the minutes of the August 18, 2014, Board Meeting. 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 5 – Approval of Budget Status Report & August Retirement Report: R. Rehmeier moved to approve the Budget Status Report and the August 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: There were no public comments or correspondence from citizens with business not scheduled on the agenda.

Agenda Item 7 – Revision to Biennium Budget: R. Gerke explained the proposed revision to the Patrol budget and Program 515 to cover military service credit due to some Patrol plan members. The actual request for funding will come in November when the actuarial analysis is completed and calculations can be verified

P. Chambers reviewed the history of billing the State Patrol for military service credit. She has discussed the military service credit with Colonel Sankey, Superintendent of Law Enforcement and Public Safety.

D. Leonard moved to approve revising the Biennium Budget as presented. 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 – Internal Auditor Quarterly Report: T. Zulauf reported working on audit issues brought forward in the recent public audit of the State, County, and Deferred Compensation Plans; along with reviewing County and School employer audits, and follow-ups to School internal audits. She has also reviewed four control examinations between State Street Bank and MassMutual/Hartford.

She provided the board with a written report compiling results from internal audits of County and School employers.

She reported the Internal Auditor department has completed five School employer audits since July 1. Ten audits are in process.

T. Zulauf reported her department has completed 37 County employer audits, since January 1, 2014. Three audits are in process and two need to be reviewed. Thirteen employers had no issues found; which is approximately 35% of the counties tested.

T. Zulauf explained the employer is responsible to refund employees who contributed and were not eligible to participate in the plan. Those who should have been contributing are required to make-up the contributions.

T. Zulauf reported her department is ahead of the County audit schedule. The Board discussed revising the rotation schedule. The internal County auditor will continue on a 4-5 year schedule for County audits and assist with the School audits when time allows.

The Internal Auditor report includes follow-up notes for the Counties. J. Elliott requested follow-up notes be added to the Internal Auditor's report for Schools. It was also requested the location be noted on the Health Department internal audit details.

R. Wassinger suggested the Internal Auditors contact new county clerks as they assume their duties and audit them out of the normal schedule. It was noted that November will be an election for new county clerks.

R. Ecklund mentioned the State, County, and DCP audit exit conference was scheduled for Tuesday, September 19, 2014.

E. Stuhr moved to approve the Internal Auditor's Quarterly 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 9 – Rules and Regulations – Revise Chapter 15 – Purchase of Service

Credit: M. Effken explained the proposed revisions to Rules and Regulations, Chapter 15. The purpose of the revisions are to conform to LB 1042, pertaining to the purchase of refunded service available to members in the School plan. Formerly members purchasing refunded service would have paid regular interest if the purchase was made within three years of returning to the plan and the actuarial assume rate of return after that. LB 1042 provides that all members who purchase service pay interest equal to the actuarial assumed rate of return. Moreover, eligible members may make only one election to repurchase service. Additional language was added to the regulation reflecting NPERS' procedures. The Board received a copy of the proposed revisions via the PERB SharePoint website prior to the meeting.

M. Effken requested the Board approve the proposed revision and to move forward to set a public rule making hearing for next month's PERB meeting. He briefly explained the regulation approval process.

R. Ecklund moved to approve the proposed revisions to Chapter 15 of the Rules and Regulations as presented and to set a public hearing for Monday, October 20, 2014.

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.

Agenda Item 10 – Assumed Rate of Return: D. Blank stated that back in August 2012 the PERB received the Experience Study completed by Buck Consultants and considered

changing the assumed rate of return per the actuary's recommendation. The Nebraska Investment Council (NIC) has recommended the Board readdress the topic.

D. Blank appointed a committee to review the assumed rate of return and report back to the Board. The committee consists of E. Stuhr, J. Elliott, R. Rehmeier, and D. Leonard. The committee is made up of a board member representing each defined benefit plan and a member-at-large. R. Rehmeier was appointed chairman of the committee.

The committee met following the regular PERB meeting.

Agenda Item 11 – Investment Officer's Update: J. States reported Joe Jurich will assume the role of Acting State Investment Officer on October 1, 2014, following J. States' retirement.

J. States reported the settlement related to the WG Trading litigation was finalized. The settlement payment will be made in late October or early November.

He distributed a preliminary performance summary from State Street for assets in the defined contribution plans, as of August 31, 2014. He stated the calendar year to date performance seems to be on track to make 7.75% this year. He commented the economy is continuing to grow slowly. He expects long term performance to be between 6.5% and 7%, as projected by the NIC's investment consultant.

E. Stuhr moved to approve the Investment Officer's Update. 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 12 – Director's Report: P. Chambers reported September marks the one year anniversary of NPERS' move to 1526 K Street. She stated the Building Division has been very accommodating to NPERS' needs. She is still concerned with parking for members, especially when the Legislature convenes in January.

She reported there were approximately 679 School retirements with a June 1 effective date. A few are still pending as NPERS waits for additional information.

She reported working with M. Effken and representatives from the State Patrol regarding military service credit.

She thanked Mitch Snyder for his assistance with the military service credit and revisions to the rules and regulations involving purchase of refunded service.

She pointed out the School, Judges, and Patrol audit entrance conference will be held at the same time as the State, County, and DCP exit conference on Tuesday, September 19, 2014.

P. Chambers reported working with the actuaries and stated the actuaries will be developing model software for Judges and Patrol plan design.

She reported NPERS' Data Services department has been working hard on data purification. They are within 500 members of completing the project of entering all School plan member's beneficiaries into the data base. They hope to finish by the end of the year. When this project is complete, beneficiary designations can be added to School member statements. She stated their next project will be to work on entering the beneficiaries of 19,000 State and County members. The Data Services staff verifies active member's service and will work on inactive members next.

J. States reported attending a State retirement seminar recently. He stated the investment portion of the presentation was done well and the other information was also helpful.

R Rehmeier 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.

Excuse Board Members: E. Stuhr moved to excuse S. Simpson. 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 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 PERB meeting is Monday, October 20, 2014.

Agenda Items 16 and 17 – Executive Session: At 11:23 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. 166967, 157869, 093331; personnel matters; 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, R. Rehmeier, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

At 11:58 a.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. 166967, 157869, and 093331. D. Leonard seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, D. Leonard, R. Rehmeier, E. Stuhr, and R. Wassinger. Abstain: J. Elliott. 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 11:59 a.m.

A handwritten signature in cursive script that reads "Phyllis G. Chambers". The signature is written in black ink and is positioned above the printed name and title.

Phyllis G. Chambers
Director