



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

JANUARY 20, 2015

10:00 A.M.

A regular meeting of the Public Employees Retirement Board convened at 10:00 a.m., Tuesday, January 20, 2015, 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 Tuesday, January 13, 2015. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, January 12, 2015. 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:	MICHAEL WALDEN-NEWMAN, EX-OFFICIO
NONMEMBERS PRESENT:	
PHYLLIS CHAMBERS Director	JACK HARDY IT Manager
RANDY GERKE Deputy Director	TERESA ZULAUF Internal Auditor
ORRON HILL Legal Counsel	NANCY REIMER Ameritas
JOHN WINKELMAN Training Supervisor	NEIL BATEMAN Retired Teachers
MIDEN EBERT Retirement Plan Supervisor	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 January 20, 2015, Board Meeting to order at 10:00 a.m. Present at roll call: D. Blank, R. Wassinger, E. Stuhr, J. Elliott, R. Rehmeier, R. Ecklund, and D. Leonard.

Agenda Item 4 – Approval of Minutes: D. Leonard moved for approval of the minutes of the December 15, 2014, Board Meeting. E. Stuhr seconded the motion. Members voted as follows: For: R. Ecklund, J. Elliott, D. Leonard, R. Rehmeier, E. Stuhr, and R. Wassinger. Abstain: D. Blank. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & December 2014 Retirement Report: R. Ecklund moved to approve the Budget Status Report and the December 2014 Retirement 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.

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 – Election of Officers: D. Blank opened nominations for the Board Secretary position. R. Wassinger nominated P. Chambers for Secretary. D. Leonard moved the nominations cease and a unanimous ballot be cast for P. Chambers. 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.

P. Chambers opened nominations for the Board Chairperson. E. Stuhr nominated D. Blank for Board Chairperson. R. Wassinger moved that nominations cease and a unanimous ballot be cast for D. Blank. D. Leonard seconded the motion. Members voted as follows: For: R. Ecklund, J. Elliott, D. Leonard, R. Rehmeier, E. Stuhr, and R. Wassinger. Abstain: D. Blank. Against: None. Motion carried.

D. Blank opened nominations for Vice Chairperson. D. Leonard nominated R. Wassinger for Vice Chairperson. E. Stuhr moved that nominations cease and a unanimous ballot be cast for R. Wassinger. R. Rehmeier seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, R. Rehmeier, and E. Stuhr. Abstain: R. Wassinger. Against: None. Motion carried.

Agenda Item 8 – Change in Asset Charges - Defined Contribution Plan, County Defined Contribution Plan, and Deferred Compensation Plan: R. Gerke explained asset charges (fees) are based on assets and membership and are used to pay operating expenses allocated for the respective plans. He requested the Board approve changing plan asset fees as follows: increase the State Deferred Compensation Plan (DCP) asset charges from 3.5 to 5.5 basis points; decrease the State Defined Contribution (DC) Plan asset charges from 3.0 to 1.5 basis points; and decrease the County DC Plan asset charges from 6.0 to 5.5 basis points. Changes would be effective January 25, 2015.

R. Wassinger moved that NPERS instruct Ameritas to change the asset charges for the State DCP, State DC plan, and County DC plan as follows: increase the State DCP asset charges from 3.5 to 5.5 basis points; decrease the State DC Plan asset charges from 3.0 to 1.5 basis points; and decrease the County DC Plan asset charges from 6.0 to 5.5 basis points; effective January 25, 2015. 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 – Assumed Rate of Return: At the September 2014 PERB meeting the Assumed Rate Committee was appointed to study the facts related to the 8% return assumption. The PERB has discussed the assumption rate at board meetings and the joint meeting with the Nebraska Investment Council.

Board Policy No. 8 states that the board will change assumptions only on the basis of a recent experience study or if the actuary recommends a review due to a significant change in the factors used to determine the assumptions.

R. Rehmeier distributed a report prepared by the PERB Assumed Rate Committee on December 15, 2014. He thanked the Committee and P. Chambers for their assistance studying the matter. He reviewed the meetings and discussions the committee has had since September 2014. He summarized the information used to form their decision.

He reported members of the Assumed Rate Committee have communicated its findings with the Governor-elect, State Budget Administrator, Retirement Committee Chair, and the Appropriations Committee Chair.

D. Blank thanked the Assumed Rate Committee and P. Chambers for their time and effort on the assumed rate topic.

On behalf of the Assumed Rate Committee, R. Rehmeier moved that the PERB continue to use 8% as the investment return assumption for the School, Judges, and State Patrol defined benefits plans and perform an actuarial experience study in 2016 based on the June 30, 2015, actuarial valuations, to determine if there should be any change in the rate of return at that time. 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 10 – Information System (IT) Update: J. Hardy reported 49 problem incident reports (PIRs) as of December 31, 2014. He stated his staff is keeping up with the issues.

He reported on the progress of the migration from FileNet to OnBase, which is the imaging system used in NPRIS. The first phase, Data Export, is 100% complete. He stated the project has used 62% of the Databank consulting budget as December 31, 2014.

Over the weekend of November 22nd, Ameritas upgraded their record keeping software to SunGard. J. Hardy reported NPERS IT staff was required to make technical changes to NPERS' interface with Ameritas. There were a number of technical issues encountered with the upgrade and Ameritas has been very responsive and worked well with NPERS staff to

resolve the issues. The link on NPERS' website did not change for members; however, the Ameritas site does have a slightly different look.

J. Hardy reported approximately 27,000 1099R forms were printed and mailed. They went out a little earlier this year.

J. Elliott moved to approve the IT Update. 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 11 – Legal/Legislative Update: O. Hill provided the Board with a current list of legislation introduced dealing with retirement as of January 16, 2015. He provided summaries of bills recently introduced as follows:

LB 40 grants the PERB certain investigative powers, including subpoena power.

LB 41 changes the definition of county to those having population of 250,000 or more.

LB 42 changes political subdivisions with defined benefit retirement plans annual report filing dates from November 15 to October 15.

LB 126 increases the maximum combined contributions of the county or municipal county and its employees to the cost of a retirement program from 13% to 16% of the employees' salaries.

LB 236 would allow attachment, garnishment, or other legal or equitable process and claims of creditors against debtors who are (1) members of retirement plans, (2) are convicted of felonies or misdemeanors, and (3) are found liable for civil damages as a result of the conviction.

P. Chambers explained that as LB 236 is written, payments could be distributed before NPERS has distributed the benefit to the member. However; she pointed out bills can be rewritten during the legislative process.

P. Chambers stated Kate Allen has informed her additional bills will be introduced by Wednesday, January 21st. R. Rehmeier reported he was aware of a bill in the process of being introduced regarding the Judges Plan.

O. Hill explained the power of subpoena, proposed by LB 40, would grant the PERB power to issue subpoenas in the same manner and have the same effect as subpoenas from district courts and the same as other State agencies that also have subpoena power. NPERS would be able to investigate benefit overpayment and compel witness attendance and the production of books, papers, records, and documents.

The list of current legislation will be updated and posted on the PERB SharePoint website.

D. Leonard moved to approve the Legal/Legislative Update. 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.

Excuse Board Members: E. Stuhr moved to excuse M. Walden-Newman. 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 12 – Investment Officer’s Update: There was no report.

Agenda Item 13 – Director’s Report: P. Chambers reported receiving NPERS’ IRS determination letters for the School, Judges, State, and County plans. She explained the letters are on a five-year cycle. The plans are qualified through 2019. She stated David Powell will check with the IRS on the status of the State Patrol approval.

P. Chambers reported as of December 31, 2014, NPERS had a record number of members. Preliminary numbers are 123,000 members with \$12.7 billion in assets as of December 31st.

NPERS processed approximately 1900 retirements over all the plans in 2014. There were also a record number of refunds and rollovers.

P. Chambers reported working with O. Hill, NPERS’ new attorney, on his orientation and legislation.

She also has been meeting with representatives of member groups. She met with Sarpy County deputy and a lobbyist interested in making changes in the Sarpy County plan.

P. Chambers and NPERS staff met with Kate Allen to discuss capping for the Omaha School Employees Retirement System (OSERS).

Senator Nordquist held a pre-session briefing on Retirement for new senators. P. Chambers and M. Walden-Newman were invited to present about their respective agencies and boards.

P. Chambers recommended the PERB meet on the fourth Monday of January in the future, to allow for more time for legislation to be introduced and board appointments to be made. She stated appointments may not be completed until the first or second week of February this year.

P. Chambers reported receiving word the proposed revisions to Rule and Regulation, Chapter 18 have been approved by the Attorney General’s office. They will be forwarded to the Governor’s office.

She reported the Governor has created the position of Chief Operating Officer. Felix Davidson has been appointed to this new position.

P. Chambers reported she has been invited to speak to the newly elected County Clerks for the Nebraska Association of County Officials. The date will be sometime in February.

She announced the members of the 2015 Legislative Retirement Committee are: Senators Jeremy Nordquist (Chair), Al Davis (Vice-Chair), Mike Groene, Rick Kolowski, Mark Kolterman, and Heath Mello.

D. Blank reminded the PERB Legislative Committee to be on-call during legislative session.

R. Ecklund moved to approve the Director's Report. 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 14 – Board Committee Reports: R. Ecklund asked for an update on the most recent public audit. P. Chambers stated the auditors were finished with their work onsite. To date, the report has not been issued.

Agenda Item 15 – Board Education/Travel Requests: There were no requests.

Agenda Item 16 – Future Meetings/Agendas: The next PERB meeting was scheduled for Tuesday, February 17, 2014. The Board discussed moving the date, since legislative hearings dealing with retirement were being scheduled on Tuesdays. R. Ecklund moved to change the February PERB meeting to Monday, February 23, 2015. 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 Items 17 and 18 – Executive Session: At 11:09 a.m., R. Wassinger moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Disability Application for Retirement No. 077130; 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.

R. Rehmeier left the meeting during Executive Session.

At 1:05 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, R. Ecklund, J. Elliott, D. Leonard, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

No board action was taken on the Disability Application of Retirement No. 077130, pending receipt of further information.

D. Leonard moved NPERS provide testimony in support of LB 40, as introduced, and to provide information deemed necessary for the rest of the bills affecting retirement. E. Stuhr seconded the motion. Members voted as follows: For: D. Blank, R. Ecklund, J. Elliott, D. Leonard, E. Stuhr, and R. Wassinger. Against: None. Motion carried.

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

The meeting adjourned at 1:07 p.m.

A handwritten signature in cursive script that reads "Phyllis G. Chambers".

Phyllis G. Chambers
Director