



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

MARCH 21, 2016

9:30 A.M.

A regular meeting of the Public Employees Retirement Board convened at 9:33 a.m., Monday, March 21, 2016, in the New Third Conference Room, Ameritas Life Insurance Corp., 5900 "O" Street, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda posted on the PERB SharePoint website on Tuesday, March 15, 2016. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, March 14, 2016. R. Ecklund chaired the meeting and V. Huber recorded the minutes.

MEMBERS PRESENT:

RON ECKLUND, CHAIR
JANIS ELLIOTT, VICE-CHAIR
ELAINE STUHR
DENNIS LEONARD
KELLI ACKERMAN
JUDGE J. DERR
MICHAEL WALDEN-NEWMAN, EX-OFFICIO

MEMBERS ABSENT:

DENIS BLANK
RICHARD WASSINGER

NONMEMBERS PRESENT:

PHYLLIS CHAMBERS Director	NANCY REIMER Ameritas
RANDY GERKE Deputy Director	MARY KLUG Ameritas
ORRON HILL Legal Counsel	SCOTT HOLECHEK Ameritas
JACK HARDY IT Manager	ZACH WELLS State Auditor's Office
TERESA ZULAUF Internal Auditor	DEAN GRESS IT Senior Application Developer
PAMELA LANCASTER Hall County Supervisor	VICKI HUBER Administrative Assistant
BEN MATTERN Ameritas	

Agenda Item 1: R. Ecklund 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: R. Ecklund called the March 21, 2016, Board Meeting to order at 9:33 a.m. Present at roll call: E. Stuhr, J. Elliott, R. Ecklund, D. Leonard, K. Ackerman, J. Derr, and M. Walden-Newman. Absent: D. Blank and R. Wassinger.

Agenda Item 4 – Approval of Minutes: J. Derr moved for approval of the minutes of the February 22, 2016, Board Meeting. D. Leonard seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, R. Ecklund, J. Elliott, and D. Leonard. Abstain: E. Stuhr and R. Ecklund. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & February 2016 Retirement Report: E. Stuhr moved to approve the Budget Status Report and the February 2016 Retirement Report. J. Elliott seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, R. Ecklund, J. Elliott, D. Leonard, 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 – Ameritas Annual Report : Nancy Reimer introduced Mary Klug as the day to day contact; Ben Mattern, Vice-President of Retirement Plans; and Scott Holecheck, Director of Governmental and Client Relation Services.

A copy of the Ameritas Annual Plan Review for December 31, 2015, was provided to the Board. The report will be available on the NPERS website.

N. Reimer reviewed the report, which included an overview of contributions, distributions, and year end balances for NPERS' State, County, DCP, and DROP retirement plans. The report also includes member information such as average age, account balances, member's years of service in each plan; along with historical returns, and annuity statistics.

She highlighted Ameritas' accomplishments for 2015, including monthly meetings with NPERS, paying a State and County Cash Balance dividend, NPERS' contract renewal, and website enhancement. Educational tools were added to their website, including "Retire Focus" and "Retirement Focus;" offering calculators for estimating retirement needs and links to reports on the NPERS website.

The Board expressed their appreciation of Ameritas' great working relationship with NPERS.

D. Leonard moved to approve the Ameritas Annual Report. J. Elliott seconded the motion. Members voted a follows: K. Ackerman, J. Derr, R. Ecklund, J. Elliott, D. Leonard, and E. Stuhr. Against: None. Motion carried.

Agenda Item 8 – School, Judges, and Patrol Audit Report: Z. Wells was present, representing the State Auditor's Office. He reported finishing the School, Judges, and Patrol Audit for the period of July 1, 2014, through June 30, 2015. He stated there were no comments or recommendations in the report issued on March 1, 2016. The report found no deficiencies in internal control or instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

He pointed out that the report includes a new Schedule of Administrative Expenses at the end of the report.

The Board thanked Z. Wells and his staff for their excellent working relationship with NPERS and the PERB.

K. Ackerman moved to approve the School Judges and Patrol public audit report. D. Leonard seconded the motion. Members voted as follows: K. Ackerman, J. Derr, R. Ecklund, J. Elliott, D. Leonard, and E. Stuhr. Against: None. Motion carried.

Agenda Item 9 – Internal Auditor Quarterly Report: T. Zulauf reported the new Internal Auditor for County employer audits started March 1, 2016. T. Zulauf commented she is very pleased with the work Jenna Vandeventer has accomplished since she started.

T. Zulauf provided the Board with a written report compiling results from the internal audits of School and County employers. She reported 16 School employer audits have been completed and 18 are in process, with plans to be done by the end of June. Two School employers had no issues. Nineteen County internal audits are in process and she anticipates being caught up by the end of the year.

Along with reviewing the internal audits completed by her staff, T. Zulauf reported attending the 1526 Building Emergency Action planning meeting. They are currently preparing for the statewide tornado drill. She is also working on reviewing the Berwyn Death Audit information.

E. Stuhr moved to approve the Internal Auditor Quarterly Report. J. Derr seconded the motion. Members voted as follows: K. Ackerman, J. Derr, R. Ecklund, J. Elliott, D. Leonard, and E. Stuhr. Against: None. Motion carried.

Agenda Item 10 – Legal/Legislative Update: O. Hill provided an update on current legislation dealing with retirement.

LB447 – Proposes changes to the Class V School employees Retirement Act. The bill was placed on final reading with AM 2546, which clarifies language.

LB467 – Proposes changes to the Patrol plan. ER187, with language cleanup, was adopted and the bill has advanced to E&R for Engrossment.

LB803 – Proposes changes to court docket fees. This bill was placed on final reading.

LB288 – Proposes to prohibit public employers from making certain wage deductions; was indefinitely postponed.

LB830 – Proposes to change provisions relating to vacation leave for state employees. The bill was amended to include clarification that the payout of leave would qualify as compensation for retirement purposes for defined contribution and cash balance plans and not qualify as compensation for retirement purposes for defined benefit plans. This bill is currently on final reading

LB876 – Proposes to authorize electronic voting devices for public bodies in public meetings; was approved by the Governor.

LB896 – Proposes to require increased pay for state employees to recognize length of service; was indefinitely postponed.

LB1016 – Redefined agency under the Legislative Performance Audit Act; was approved by the Governor.

LB1044 – Proposes to terminate the Commission of Industrial Relations; was indefinitely postponed.

O. Hill stated all committee hearings are complete. The final day of the legislative session is Friday, April 15th.

E. Stuhr thanked O. Hill and P. Chambers for their work with Legislative Retirement Committee.

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

Agenda Item 11 – Investment Officer's Update: M. Walden-Newman reported the calendar year-to-date performance for the Cash Balance (CB) plans was -3.5% as of February 29, 2016. The fiscal year-to-date performance of the defined benefit (DB) plans was -4.6%. He commented that March performance appears to be better.

M. Walden-Newman distributed a section of the 2015 Nebraska Investment Council (NIC) Annual Report. The handout included a comparison of NIC portfolios, fees, asset allocation, market highlights, and 2015 NIC initiatives. The entire NIC Annual Report will be presented to the Legislative Retirement Committee on March 31, 2016, and will be posted on their website.

D. Leonard moved to approve the Investment Officer's Update. J. Derr seconded the motion. Members voted as follows: K. Ackerman, J. Derr, R. Ecklund, J. Elliott, D. Leonard, and E. Stuhr. Against: None. Motion carried.

Agenda Item 12 – Director’s Report: P. Chambers welcomed Pamela Lancaster to the Board. P. Lancaster’s confirmation hearing is scheduled for Thursday, March 31, 2016, via conference call.

P. Chambers reported LB655, creating a cash balance plan for firefighters in first class cities has not moved forward. She reported receiving a letter from Senator Mello requesting clarification on NPERS’ fiscal note relating to this bill. She worked with R. Gerke to prepare the additional information and submitted it to Senator Mello.

The actuaries have finished the Patrol benefit cost study relating to LB467, which would add a second benefit tier to the plan. Results of the study show benefit changes would reduce the State actuarial required contributions (ARC) by \$33 million over the next 20 years; providing the State pays the ARC every year.

The actuaries finished the “return to work” (working after retirement) study. This study may be discussed at the Board Retreat or possibly at the April PERB meeting. The actuaries are scheduled to present the State and County Actuarial Valuations at the April meeting.

NPERS staff meets with Ameritas monthly to discuss programing needs, etc. Ameritas is automating excessive trading online. When members attempt to make an excessive trade, they will now receive a notification warning. P. Chambers reported the amount of excessive trading has decreased substantially.

P. Chambers reported Miden Ebert’s last day was Friday, May 18th and R. Ecklund attended the office party for her. Patty Pierson was hired for the Retirement Plan Manager position.

P. Chambers requested permission to attend the National Council on Teacher Retirement (NCTR) Annual System Directors’ Meeting, June 8-10, 2016, in Columbus, Ohio and permission to attend the National Association State Retirement Administrators (NASRA) Annual Conference, August 6-10, 2016, in Coeur D’Alene, Idaho.

The Board was provided a copy of the NPERS 2016 Annual Report to the Legislative Retirement Committee. P. Chambers highlighted several areas of the report. She pointed out NPERS pays approximately \$42.5 million in monthly benefits to retirees in Nebraska. The Report will be presented to the Retirement Committee on Thursday, March 31, 2016.

J. Elliott moved to approve the Director’s travel request to attend the NCTR Annual System Directors’ Meeting, June 8-10, 2016, in Columbus, Ohio and the NASRA Annual Conference, August 6-10, 2016, in Coeur D’Alene, Idaho, with up to \$3000 and \$3500 in expenses, respectively. D. Leonard seconded the motion. Members voted as follows: K. Ackerman, J. Derr, R. Ecklund, J. Elliott, D. Leonard, and E. Stuhr. Against: None. Motion carried.

J. Elliott moved to approve the Director's report. E. Stuhr seconded the motion. Members voted as follows: K. Ackerman, J. Derr, R. Ecklund, J. Elliott, D. Leonard, and E. Stuhr. 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, April 18, 2016.

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

Agenda Items 16 and 17 – Executive Session: At 11:37 a.m., J. Elliott moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Disability Applications for Retirement Nos. 151220, 901180, and 115081; personnel matters; and other legal matters. K. Ackerman seconded the motion. R. Ecklund repeated the motion for the record. Members voted as follows: K. Ackerman, J. Derr, R. Ecklund, J. Elliott, D. Leonard, and E. Stuhr. Against: None. Motion carried. R. Ecklund invited P. Lancaster to set in on the Executive Session.

At 12:41 p.m., D. Leonard moved that the Board exit Executive Session and reconvene in Regular Session. E. Stuhr seconded the motion. Members voted as follows: K. Ackerman, J. Derr, R. Ecklund, J. Elliott, D. Leonard, and E. Stuhr. Against: None. Motion carried.

J. Elliott moved for approval of the Disability Applications of Retirement Nos. 151220, 901180, and 115081. J. Derr seconded the motion. Members voted as follows: K. Ackerman, J. Derr, R. Ecklund, J. Elliott, D. Leonard, and E. Stuhr. Against: None. Motion carried.

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

The meeting adjourned at 12:42 p.m.



Phyllis G. Chambers
Director