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## **PUBLIC EMPLOYEES RETIREMENT BOARD MEETING**

**MAY 16, 2016**

**10:00 A.M.**

A regular meeting of the Public Employees Retirement Board convened at 10:02 a.m., Monday, May 16, 2016, 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, May 10, 2016. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, May 9, 2016. J. Elliott chaired the meeting and V. Huber recorded the minutes.

### **MEMBERS PRESENT:**

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

### **MEMBERS ABSENT:**

RON ECKLUND, CHAIR  
DENIS BLANK

### **NONMEMBERS PRESENT:**

PHYLLIS CHAMBERS Director	TERESA ZULAUF Internal Auditor
RANDY GERKE Deputy Director	VICKI HUBER Administrative Assistant
ORRON HILL Legal Counsel	KATE ALLEN Retirement Committee Legal Counsel
PATTY PIERSON Retirement Plan Supervisor	NANCY REIMER Ameritas
JACK HARDY IT Manager	NEIL BATEMAN Retired Teachers

**Agenda Item 1:** J. Elliott 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:** J. Elliott called the May 16, 2016, Board Meeting to order at 10:02 a.m. Present at roll call: E. Stuhr, J. Elliott, D. Leonard, K. Ackerman, J. Derr, P. Lancaster, and M. Walden-Newman. Absent: D. Blank and R. Ecklund.

**Agenda Item 4 – Approval of Minutes:** D. Leonard pointed out a correction was needed to Agenda Item 18 of the minutes. The recording of the second to the motion pertaining to Agenda Item 17.d.(1) was omitted. D. Leonard moved for approval of the minutes of the April 18, 2016, Board Meeting as corrected. E. Stuhr seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

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

**Agenda Item 5 – Approval of Budget Status Report & April 2016 Retirement Report:** D. Leonard moved to approve the Budget Status Report and the April 2016 Retirement Report. E. Stuhr seconded the motion. P. Chambers explained how the Retirement Report is prepared. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, P. Lancaster, 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 – Approve State and County Actuary Valuation Reports and Equal Retirement Benefit Fund Reports, as of January 1, 2016:** E. Stuhr moved that the PERB approve the actuary's Valuation Report and ERBF Report for the State and County Plans presented at the April 2016 PERB meeting. J. Derr seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

E. Stuhr moved that the PERB accept the actuary's recommendation not to grant a dividend to the State and County Cash Balance plan members based upon the plan's valuation and the guidance in Board Policy #8. K. Ackerman seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

**Agenda Item 8 – Legal/Legislative Update:** O. Hill stated the legislative session is done. Work has already begun on legislation for next year.

He reported the following bills, relating to retirement, were passed:

LB 447 – Changes provision of Class V School Employees Retirement Act. Provisions of LBs 986, 922, 805, and 448 were amended in whole or part into LB 447.

LB 467 – Creates a second tier in the State Patrol plan.

LB 790 – Alphabetizes defined terms under various retirement statutes.

LB 803 – Changes court docket fees.

Other bills of interest passed were: LBs 830, 867, 876, and 1016.

O. Hill reported he has been working with NPERS staff on language for statutory beneficiaries in the Judges plan, supplemental lump sum COLA payments language for Tier 2 in the Patrol and Judges Plans, and updating plan handbooks due to recent changes in the law.

He is also reviewing the DCP plan document for potential revisions. He stated he would like to meet with the PERB Legislative and Policy Review Committee members to discuss future legislation and the DCP plan document.

E. Stuhr thanked P. Chambers and O. Hill for their work on legislation.

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

**Agenda Item 9 – Investment Officer's Update:** M. Walden-Newman reported the calendar year-to-date performance for the cash balance plans was +1.5% as of March 31, 2016. The fiscal year-to-date performance of the defined benefit plans was -0.6%.

He reported Nebraska Investment Council (NIC) staff has finished the global equity review. There will be some change in fund managers. Investment fees were negotiated with the fund managers and will save Nebraska \$1 million.

Members of the NIC investment team have begun to review the domestic and international equity portfolio. A review of the defined contribution and deferred compensation portfolios will begin in the fall.

With the passing of LB 447, starting January 1, 2017, the NIC will manage funds of the Omaha School Employees Retirement System (OSERS). M. Walden-Newman reported he met with the new director of OSERS, a member of the Omaha School Board, and trustees to discuss management style and respective roles. The NIC transition plan is due to the Legislature July 1, 2016. He stated, effective March 31, 2016, OSERS will be charged for their own expenses; separate from NPERS. This includes transition expenses.

M. Walden-Newman proposed changing the day of the week in which the PERB/NIC Joint Meeting is held in the future. He would like to change it to Tuesday, instead of Monday.

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

**Agenda Item 10 – Director's Report:** P. Chambers reported NPERS is currently very busy with the School retirement season. May is typically the busiest month for members to submit their retirement applications.

She and O. Hill met with Senator Kolterman and Kate Allen to discuss possible legislation for 2017. She stated NPERS provides information on retirement issues and trends to the Legislative Retirement Committee for their consideration in the next legislative session.

On April 20, 2016, P. Chambers met with Cecelia Carter, the new director of OSERS, to acquaint her with NPERS and discuss school retirement issues in Nebraska. They discussed LB 447 and how NPERS will work with OSERS to implement the payment processing fund transfers. P. Chambers is organizing a meeting of all the parties involved in the OSERS fund transfer process.

P. Chambers reported the annual OCIO-NPERS Agency Service Agreement is in the process of being renewed. The annual IT Management Charter has been revised. The only change to the Management Charter was a monthly increase for the IT Manager's salary and benefits. P. Chambers complimented J. Hardy on his excellent management skills and contributions to NPERS. She stated the relationship with OCIO is working well. The contract with the OCIO developers will also be renewed.

P. Chambers informed the Board that NPERS has been working on an issue regarding Deferred Compensation Plan (DCP) enrollments. A few state agencies have been submitting DCP enrollments at the same time the participants terminate, instead of the month prior to the month of termination. NPERS sent notification to all state agencies on April 28, 2016 to clarify the requirements regarding DCP enrollment and the transfer of unused vacation and sick leave.

She stated plans for the PERB Retreat are underway. The PERB Retreat will be Monday, July 18, 2016, and will begin at 8:45 a.m. The NIC Retreat begins at 1:00 p.m. on Tuesday, July 19<sup>th</sup> and continues through noon on Wednesday, July 20<sup>th</sup>. P. Chambers reviewed the PERB Retreat agenda and M. Walden-Newman provided information on the NIC Retreat.

The Board previously approved the Director's travel to the National Association State Retirement Administrators (NASRA) Annual Conference, August 6-10, 2016, in Coeur D'Alene, Idaho, with expenses up to \$3500. P. Chambers reported the airfare to attend the NASRA conference is more than she anticipated. She requested the Board increase her travel expenses from \$3500 to \$3700.

E. Stuhr moved to approve the Director's report. P. Lancaster seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

D. Leonard moved that the Director's travel expenses to attend the NASRA Conference August 6-10, 2016, be increased, not to exceed \$4000. P. Lancaster seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

**Agenda Item 11 – Board Committee Reports:** On behalf of the PERB Personnel Committee, J. Elliott reported sending an electronic survey to PERB members to complete for the Director's performance review. She thanked the Board for their input.

**Agenda Item 12 – Board Education/Travel Requests:** D. Leonard moved to approve reimbursement of the travel expenses, including the mileage and overnight lodging, incurred for Board member attendance at the NIC Retreat July 19-20, 2016, in Nebraska City. E. Stuhr seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

D. Leonard moved to approve reimbursement for travel and lodging expenses incurred by all PERB members on Sunday, July 17, 2016; to meet with the keynote speaker the night before the Retreat, regardless of the distance of their residence to the Retreat location. P. Lancaster seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

**Agenda Item 13 – Future Meetings/Agendas:** The next PERB meeting is Monday, June 20, 2016.

**Agenda Items 14 and 15 – Executive Session:** At 11:22 a.m., E. Stuhr moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Appeal No. 1-2015; Disability Application of Retirement No. 105204; personnel matters, Director's evaluation and salary; and other legal matters. P. Lancaster seconded the motion. J. Elliott repeated the motion for the record. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

M. Walden-Newman left the meeting during Executive Session.

At 1:24 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: K. Ackerman, J. Derr, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

K. Ackerman moved that the Hearing Officer's Recommended Order in Appeal No. 1-2015 be accepted and that the Vice-Chairperson, acting on behalf of the PERB, sign an order memorializing the PERB's decision. D. Leonard seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

E. Stuhr moved for approval of the Disability Application of Retirement No. 105204. P. Lancaster seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

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

The meeting adjourned at 1:27 p.m.

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

Phyllis G. Chambers  
Director