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## **PUBLIC EMPLOYEES RETIREMENT BOARD MEETING**

**OCTOBER 17, 2016**

**10:00 A.M.**

A regular meeting of the Public Employees Retirement Board convened at 10:00 a.m., Monday, October 17, 2016, in the 1526 Building, Development Center, 1526 "K" Street, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda posted on the PERB SharePoint website on Friday, October 7, 2016. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, October 10, 2016. R. Ecklund chaired the meeting and V. Huber recorded the minutes.

### **MEMBERS PRESENT:**

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

### **NONMEMBERS PRESENT:**

PHYLLIS CHAMBERS Director	KATE ALLEN Retirement Committee Legal Counsel
RANDY GERKE Deputy Director	KATHY TENOPIR Legislative Fiscal Office
ORRON HILL Legal Counsel	NANCY REIMER Ameritas
PATTY PIERSON Retirement Plan Supervisor	NEIL BATEMAN Retired Teachers
JACK HARDY IT Manager	JASON HAYES Nebraska State Education Association
TERESA ZULAUF Internal Auditor	MARTHA STODDARD Omaha World Herald
VICKI HUBER Administrative Assistant	ERIC ASBOE Nebraska Supreme Court
GARY BUSH AS - State Budget Administrator's Office	

**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 October 17, 2016, Board Meeting to order at 10:00 a.m. Present at roll call: D. Blank, E. Stuhr, J. Elliott, R. Ecklund, D. Leonard, K. Ackerman, J. Derr, P. Lancaster, and M. Walden-Newman. Absent: None.

**Agenda Item 4 – Approval of Minutes:** D. Leonard moved for approval of the minutes of the September 19, 2016, Board Meeting. D. Blank seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, R. Ecklund, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

**Agenda Item 5 – Approval of Budget Status Report & September 2016 Retirement Report:** E. Stuhr moved to approve the Budget Status Report and the September 2016 Retirement Report. D. Leonard seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, R. Ecklund, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

**Agenda Item 6 – Public Comments or Correspondence from Citizens:** Martin Costello, retired State Patrol member, was present. He provided the Board with a handout outlining his request for NPERS to consider offering a pre-tax deduction of health insurance premiums from monthly retirement benefits paid to State Patrol retirees.

P. Chambers stated NPERS has researched this matter in the past. R. Ecklund appointed a committee to review his request. Members of the committee are D. Leonard, J. Derr, and O. Hill. M. Costello offered to assist the PERB's special committee in any way.

**Agenda Item 7 – 2016 Experience Study Recommendations:** The 2016 Experience Study (Study) results were presented at the August and September PERB meetings. R. Ecklund reported that he and P. Chambers met with Senator Kolterman, Senator Stinner, and representatives from the Governor's office to discuss the affects and timing of changing the assumption rates, as recommended by the actuaries in the Study. They discussed making the new assumptions effective in the next fiscal year in order to give the legislature time to make appropriate changes to the statutes.

R. Ecklund commented that the common goal is to recognize there is a 50-year horizon and performance will undoubtedly change. The PERB will continue to monitor the plan experience.

D. Leonard moved to accept the economic and demographic assumptions recommended by the actuary outlined in the 2016 Experience Study with an effective date of July 1, 2017, for the School, Judges, and Patrol plans and an effective date of January 1, 2018, for the State and County Cash Balance plans. D. Blank seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, R. Ecklund, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

**Agenda Item 8 – Revise Deferred Compensation Plan Document:** O. Hill gave a brief background of the deferred compensation plan (DCP) document and history of its revisions. He stated he had revised the document and provided the board with a draft. R. Ecklund asked the Regulation and Policy Review Committee to meet, discuss the proposed revisions, and report back to the PERB at the November meeting.

**Agenda Item 9 – Legal/Legislative Update:** O. Hill requested the Regulation and Policy Review Committee meet with him to discuss Chapter 14- Capping of Retirement Compensation immediately following the PERB meeting.

He stated he has been working on the requirements of LB 867; which changed provisions of the Administrative Procedure Act. He is preparing instructions for complying with the changes in the law, which includes the agency's production of an index summarizing the subject matter of its rules and regulations and other guidance documents.

He has been working with P. Chambers and J. Hardy on the microfiche scanning agreement. He expects to be able to move forward soon.

O. Hill has been working with the Retirement Committee and P. Chambers regarding a placeholder bill for revisions needed regarding the assumed rates, statutory language, and other technical issues.

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

**Agenda Item 10 – Director's Report:** P. Chambers reported receiving a letter from Governor Ricketts addressed to all non-code agencies, regarding spending restraint for 2016-17. She pointed out NPERS is diligent with spending even though it is not required.

She reported three audit conferences were held on September 27, 2016. The State and County and GASB audit exit conferences were held; along with the School, Judges, and Patrol entrance conference. R. Ecklund, D. Leonard, and P. Lancaster were present at the meetings. The State and County audit report included only one audit point. The State auditors will present their final report to the PERB at the next meeting. The School, Judges, and Patrol audit will begin in October.

D. Leonard commented that the superior results of the audits are because the PERB and NPERS' staff are determined to achieve a perfect score; no audit points. P. Chambers stated NPERS' staff is always transparent answering the auditor's questions. She mentioned P. Lancaster has served as the Hall County Audit Committee Chairperson for many years and she is an asset to the PERB Audit Committee.

P. Chambers reported NPERS staff is working on required minimum distributions (RMDs). They advise members in advance if an RMD is required before the end of the year. NPERS works with MassMutual and Ameritas to monitor RMDs.

She reported R. Gerke is working on the deficit budget request. Potential payout of unused sick leave and vacation will be included in the request, as NPERS anticipates some staff members are preparing to retire.

P. Chambers and O. Hill met with Margie Bell, Director of State Personnel and members of her staff on October 6, 2016, to discuss separation of service and returning to work after retirement.

P. Chamber reported receiving an invitation to testify at an Agriculture Committee hearing, regarding a recent Nebraska Brand Committee audit. She and O. Hill attended the hearing on October 14, 2016, and provided information to the AG Committee, pertaining to the eligibility of brand inspectors to participate in the State retirement plan. She described the issue to the PERB; explaining the unique job description and duties of intermittent brand inspectors compared to fulltime brand inspectors. Full time inspectors are required to be in the retirement plan. Intermittent inspectors have not been required to be in the plan.

She reported the microfilm portion of the scanning project is progressing well and may be completed ahead of schedule.

Staff continues to work overtime to process rollovers and refunds.

She stated the next PERB meeting is the annual joint meeting with the Nebraska Investment Council (NIC) on Monday, November 21, 2016. The actuaries will present the School, Judges, and Patrol valuations and the NIC's investment consultants, AON Hewitt, will present the capital market assumptions. The regular PERB meeting will immediately follow the joint meeting.

After the PERB meeting the actuaries will meet with the Governor to present the School, Judges and Patrol valuations and answer any questions regarding the 2016 Experience Study.

On Tuesday, November 22, 2016, the actuaries will present the valuations to the Legislative Retirement Committee at a public hearing scheduled to begin at 9:00 a.m.

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

**Agenda Item 11 – Board Committee Reports:** R. Ecklund reported the Audit Committee met for three audit conferences, as discussed in the Director's Report.

**Agenda Item 12 – Board Education/Travel Requests:** J. Elliott and K. Ackerman reported on the National Council on Teacher Retirement (NCTR) Annual Conference, they attended October 8-12, 2016.

Topics of the sessions they attended included: retirement security, effective communication, federal and state legislation, the restructuring of plans, market volatility, the future of technology, cyber security and insurance to cover breaches, and political history.

J. Elliott reported being elected to serve a three-year term on the Executive Committee of NCTR.

K. Ackerman thanked the Board for the opportunity to attend. She stated you get a world-wide view of retirement and learn valuable information. J. Elliott added that attending together was a great benefit. They could discuss the conference topics amongst themselves, outside of the sessions, and gain even more understanding.

R. Ecklund congratulated J. Elliott on being elected to the NCTR Executive Committee.

E. Stuhr moved to approve the education reports provided by K. Ackerman and J. Elliott. D. Blank seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, R. Ecklund, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

**Agenda Item 13 – Future Meetings/Agendas:** The next PERB meeting is the joint meeting with the Nebraska Investment Council, Monday, November 21, 2016, at the Cornhusker-Marriot Hotel. The joint meeting is scheduled to start at 8:30 a.m. in the Arbor Room.

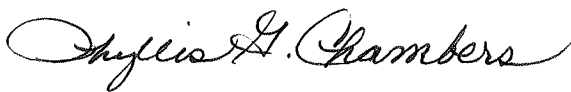
**Agenda Items 14 and 15 – Executive Session:** At 11:07 a.m., D. Blank moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing Disability Application for Retirement No. 434697; personnel matters; and other legal matters. E. Stuhr seconded the motion. R. Ecklund repeated the motion for the record. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, R. Ecklund, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

At 1:19 p.m., J. Derr moved that the Board exit Executive Session and reconvene in Regular Session. P. Lancaster seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, R. Ecklund, 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. 434697. D. Leonard seconded the motion. Members voted as follows: For: K. Ackerman, D. Blank, J. Derr, R. Ecklund, J. Elliott, P. Lancaster, D. Leonard, and E. Stuhr. Against: None. Motion carried.

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

The meeting adjourned at 1:21 p.m.



Phyllis G. Chambers  
Director