

**STAFF MEETING MINUTES  
LANCASTER COUNTY BOARD OF COMMISSIONERS  
COUNTY-CITY BUILDING, ROOM 113  
THURSDAY, MARCH 25, 2010  
8:30 A.M.**

Commissioners Present: Ray Stevens, Vice Chair  
Bob Workman  
Deb Schorr

Commissioners Absent: Bernie Heier, Chair  
Larry Hudkins

Others Present: Kerry Eagan, Chief Administrative Officer  
Dan Nolte, County Clerk  
Cori Beattie, Deputy County Clerk  
Ann Taylor, County Clerk's Office

The Vice Chair opened the meeting at 8:31 a.m.

**AGENDA ITEM**

**1 APPROVAL OF THE STAFF MEETING MINUTES, THURSDAY, MARCH 18, 2010**

**MOTION:** Workman moved and Schorr seconded approval of the March 18, 2010 Staff Meeting minutes. Workman, Stevens and Schorr voted aye. Motion carried 3-0.

**2 ADDITIONS TO THE AGENDA**

- A. Board of Zoning Appeals Appointment
- B. Lincoln Chamber of Commerce's Public Policy Forum

**MOTION:** Schorr moved and Workman seconded approval of the additions to the agenda. Schorr, Stevens and Workman voted aye. Motion carried 3-0.

**3 LEGISLATIVE UPDATE - Joe Kohout, Kissel/E&S Associates (Legislative Consultant)**

Joe Kohout, Legislative Consultant, gave a legislative update (Exhibit A).

Kerry Eagan, Chief Administrative Officer, expressed concern regarding the fiscal impact of a last minute amendment to Legislative Bill (LB) 800 (Provide methods of early intervention for children at risk). He said Douglas County has similar concerns.

Kohout said he will work with Douglas County and will apprise the Nebraska Association of County Officials (NACO) of the negative fiscal impact to counties.

It was noted that LB 780 (Change Nebraska Workers' Compensation Act provisions relating to personal injuries) is scheduled on today's Legislative agenda. A similar bill was proposed two years ago and the Board took a position of opposition at that time.

Dean Settle, Community Mental Health Center (CMHC) Director, appeared and expressed concern regarding how expansive the definition of first responder may be in the bill.

Board consensus was to continue to oppose the bill. Kohout was asked to coordinate efforts with Sue Eckley, County Risk Manager.

### **ACTION ITEMS**

D. Microcomputer Request C#61361, \$633.82 from County Treasurer's Budget, for One (1) 19" LCD Monitor and One (1) 22" Wide-Screen LDC Monitor

**MOTION:** Workman moved and Schorr seconded approval of the request. Workman, Stevens and Schorr voted aye. Motion carried 3-0.

### **4 RETIREMENT PLAN AND DEFERRED COMPENSATION**

**INVESTMENT REVIEW** - Frank Picarelli, Segal Advisors Vice President; Kristy Dinh, Prudential Vice President, Client Management; Russell Paoletti, Prudential Vice President, Investment Strategy

Kristy Dinh, Prudential Vice President, Client Management, presented the 4<sup>th</sup> Quarter 2009 Progress Report for the Lancaster County Retirement Plan, noting the following (Exhibit B):

- \* Plan Profile - 401(a) Pension Plan (Section II)
  - \* Plan Demographics (Page 19)
  - \* Asset Allocation by Asset Class (Page 20)
  - \* Investment Allocation by Age (Page 21)
  - \* Contributions (Page 22)
  - \* Member Age Count by Fund (Pages 23-26)

- \* Member Fund Transfers (Pages 27-30)
- \* Retirement Income Calculator (RIC) Results (Pages 31-32)
- \* RIC Participant Utilization (Page 32)

Workman asked how many employees visit the website to check their balances, etc.

Dinh said she will check and will forward the information to Eagan.

- \* Fee Review - 401(a) Pension Plan (Section III)
  - \* Expense Ratio Detail (Page 38)
- \* Plan Profile - 457 Deferred Compensation Plan (Section IV)

Dinh noted participation in the 47 plan is relatively low (less than 500 participants).

- \* Plan Demographics (Page 43)

Dinh said net cashflow decreased in the third quarter of 2009 but did not attribute it to the sale of Lancaster Manor. She said most of those distributions will occur in 2010. Dinh indicated there is approximately \$7,000,000 in Manor employee money invested in the plan.

- \* Asset Allocation by Asset Class (Page 44)
- \* Investment Allocation by Age (Page 45)
- \* Contributions (Page 46)
- \* Member Age County by Fund (Pages 47-50)

Dinh said there are few participants in the age group of 18-29. The greatest participation is in the age group of 50-59.

- \* Member Fund Transfers (Pages 51-54)
- \* Retirement Income Calculator (RIC) Results (Pages 55-56)

Russell Paoletti, Prudential Vice President, Investment Strategy, briefly discussed guaranteed lifetime income products and target-date funds. Guaranteed lifetime income products are income annuities that provide a guarantee that retirement income will last as long as the participant lives, regardless of how the financial markets perform. He said guaranteed lifetime income products are a “hot button” issue right now and said the County has addressed it through the addition of the Income-Flex product (an investment option with a guaranteed minimum withdrawal benefit). A target-date fund is a mutual fund in the hybrid category that automatically resets the asset mix (stocks, bonds, cash equivalents) in its portfolio according to a selected time frame that is appropriate for a particular investor. A target-date fund is similar to a life-cycle fund except it is structured to address a date in the future, such as retirement. Paoletti said Prudential’s GoalMaker product (401(k) asset allocation service) is less aggressive than target-date funds because it takes participants to, rather than through, retirement.

Dinh added that many target-date funds do not allow plan participants to control their risk tolerance.

Information on participation in Prudential’s GoalMaker product and whether there has been feedback from participants was requested.

A document titled Retirement Plan Strategies was also disseminated (Exhibit C).

Frank Picarelli, Segal Advisors Vice President, presented Lancaster County, Nebraska 401(a) and 457 Deferred Compensation Plans, Analysis of Investment Performance Through December 31, 2009, noting the following (Exhibit D):

- \* Financial Market Conditions: Review of Fourth Quarter
  - The Economy: Key Indicators
    - \* Percentage Change in Real Gross Domestic Product (GDP) (Annualized) (Page 1)
    - \* Consumer Price Index (CPI) and Core CPI: Percentage Change Year Over Year (Page 1)
    - \* Federal Funds Target Rate (Page 2)
    - \* Labor Market Contraction and the Unemployment Rate (Page 2)
  - Investment Performance: Selected Rates of Return
    - \* Equity Index Returns (Page 3)
    - \* Fixed Income and Other Index Returns: Fourth Quarter 2009 (Page 3)
  - Investment Performance: Equity Sector and Yield Spread Analysis
    - \* Standard & Poor’s (S&P) 500 Sector Performance (Page 4)

- \* Option Adjusted Spreads (OAS) in Basis Points (Page 4)
- Investment Performance: Long-Term Equity Trends
- \* Large Growth Stocks vs. Large Value Stocks (Page 5)
  - \* Small Growth Stocks vs. Small Value Stocks (Page 5)
  - \* Large Stocks vs. Small Stocks (Page 6)
  - \* Foreign Stocks vs. U.S. Stocks (Page 6)
- Investment Performance: Fixed Income and Alternative Asset Class Data
- \* Yield Curve Steepening (Page 7)
  - \* Private Real Estate Sector and Region Performance (Page 8)
- Quarterly Highlights: Noteworthy Developments
- \* Small Business Optimism Index (Page 9)
  - \* Credit Lending Standards (Page 9)
  - \* Net Debt as a Percent of Gross Domestic Product (GDP) in Advanced Economies (Page 10)
  - \* Infrastructure Spending in Emerging Markets (Page 10)
- \* Lancaster County, Nebraska 401(a) Plan Activity, January 1, 2009 Through December 31, 2009 (Page 11)
    - \* Plan Asset Allocation as of December 31, 2009 (Page 12)
    - \* 2009 Plan Contributions (Page 13)
  - \* Lancaster County, Nebraska 457 Deferred Compensation Plan Activity, January 1, 2009 Through December 31, 2009 (Page 14)
    - \* Asset Allocation as of December 31, 2009 (Pages 15-16)
  - \* Asset Allocation & Performance, 401(a) Plan (Pages 17-20)

Picarelli said the numbers reflect Lipper rankings (Lipper, Inc., is a leading provider of mutual fund industry data) and said low numbers are preferable. He said the 3<sup>rd</sup> and 5<sup>th</sup> year performance numbers are key because of the anomalies in the 2008 and 2009 market. **NOTE:** See Section 3 for the peer group analysis and fund information.

Picarelli distributed additional information on the Gibraltar Guaranteed Fund (Exhibit E).

Dinh clarified that the projected rate of 4.35% is for the first quarter, January 1 to March 31, 2010. She said the projected rate for the second quarter, April 1 to June 30, 2010, is 4.17%

Picarelli said being in the 4% range is a very “sweet spot” and said, in comparison, the average five-year Treasury yield is 2.22%.

Picarelli said there is one fund that is "on the cusp", the American Century Vista Inv. Fund. He recommended that it be placed on a watch list and monitored through March 31<sup>st</sup>. A recommendation will then be made as to whether to close out the fund, map it to the other fund in its asset class (Mid Cap Growth) or add another fund to that class.

**NOTE:** There is \$520,082 in the fund, with 60 participants.

Eagan inquired about exposure to emerging markets.

Paoletti said the American Funds EuroPacific Growth Fund has direct emerging market exposure in the 8% range. He said there is also indirect exposure through international holdings.

Doug Cyr, Pension Review Committee (PRC), noted the County has two 457 Plans, one with Prudential and the other with The Hartford. Prudential's is by far the largest with almost \$100,000,000 in funds.

Eagan noted the Board cut off new participation in The Hartford plan in 1995. There are currently 43 active participants in the plan and 31 retirees drawing funds. Funds in the plan total \$1,357,000.

Dinh said the Board has a fiduciary responsibility for both plans, which includes oversight of fees and investments.

Cyr said the PRC has never looked at The Hartford plan and has no idea what their fees are or how their investments are doing.

Picarelli said it is not effective to have two plans. He said there may be back-end charges to liquidate the fund and move it over to the Prudential platform.

Cyr said the back-end charge was limited to ten years. He asked whether it would be better to encourage participants to voluntarily move their funds to Prudential or force a plan-to-plan transfer.

Dinh said a plan-to-plan transfer is the easiest solution. She said Prudential does not accept retiree monies unless there is a plan-to-plan transfer.

Schorr asked whether the PRC has looked at this issue.

Eagan said they have. He said the PRC recommends the plans be consolidated into one.

**MOTION:** Schorr moved and Workman seconded to refer to the following issues to the Pension Review Committee (PRC) for recommendation: 1) Placement of the American Century Vista Inv. Fund on a watch list; and 2) Consolidation of the two 457 Plans. Schorr, Stevens and Workman voted aye. Motion carried 3-0.

Picarelli also reported there have been no major changes to Prudential's ratings and said the company has no issues in terms of its financial standings.

**NOTE:** The following members of the Pension Review Committee (PRC) were also present for the discussion: Terry Adams, Tim Genuchi, Dennis Meyer and Marcia Thomas.

## 5 RURAL TRANSIT UPDATE - Carol Meyerhoff, Rural Transit Manager

Carol Meyerhoff, Rural Transit Manager, presented the following documents (Exhibit F):

- \* Annual Status Report
- \* Stimulus II Project Requests
- \* Total Mileage/Boardings

Meyerhoff said she has received clarification from the Federal Transit Administration (FTA) on two issues since the previous application cycle. The first clarified that Rural Transit is able to transfer riders from any point within the city limits. She said this change was implemented immediately because it did not require a change in Rural Transit's application or program description. The second ruling will allow Rural Transit to re-write their application and change transit service to allow persons within city limits to utilize their services to travel to rural areas.

- \* Budget Summary

Meyerhoff said she reduced administrative salaries and increased the drivers' salaries because there will be additional vehicles on the road. She also reported that state funding will not be reduced because rural transit is a funding priority, but said it also cannot be increased.

- \* Application for Public Transportation Assistance

**MOTION:** Workman moved and Schorr seconded to authorize the Vice Chair to sign the application for public transportation assistance. Schorr, Workman and Stevens voted aye. Motion carried 3-0.

**6 PENDING LITIGATION - Mike Thew, Chief Deputy County Attorney**

**MOTION:** Schorr moved and Workman seconded to enter Executive Session at 10:33 a.m. for the purpose of protecting the public interest with regards to pending litigation. Schorr, Stevens and Workman voted aye. Motion carried 3-0.

**MOTION:** Schorr moved and Workman seconded to exit Executive Session at 10:49 a.m. Workman, Stevens and Schorr voted aye. Motion carried 3-0.

**7 ACTION ITEMS**

- A. Authorization for County Sheriff to Use Compensatory Time to Pay Overtime for Unrepresented, Non-Exempt Employees

Terry Wagner, Lancaster County Sheriff, appeared and presented information regarding the process his office uses for compensatory time accrual and usage (Exhibit G).

**MOTION:** Workman moved and Schorr seconded to allow the Vice Chair to give written authorization for the County Sheriff to use compensatory time to pay overtime for unrepresented, non-exempt employees in his office.

Eagan said Mark Koller, Personnel Director, will likely give his written authorization once he and the Sheriff work out the formal process.

**ROLL CALL:** Schorr, Workman and Stevens voted aye. Motion carried 3-0.

- B. Signature on Novation Agreement Involving Lancaster County, Lancaster Manor Rehabilitation Center and the United States of America
- C. Signature on Indemnification and Assumption of Liabilities Agreement Involving Lancaster County, Lancaster Manor Rehabilitation Center, LLC and Lancaster Manor Real Estate LLC

**MOTION:** Workman moved and Schorr seconded to authorize the Vice Chair to sign both agreements. Workman, Stevens and Schorr voted aye. Motion carried 3-0.

- D. Microcomputer Request C#61361, \$633.82 from County Treasurer's Budget, for One (1) 19" LCD Monitor and One (1) 22" Wide-Screen LDC Monitor



Item was moved forward on the agenda.

## **ADDITIONS TO THE AGENDA**

### **A. Board of Zoning Appeals Appointment**

Stevens said Lee Volker has agreed to serve on the Board of Zoning Appeals.

Schorr said Steve Wiley has also expressed interest in serving and suggested the Board consider him for future appointment.

## **8 CONSENT ITEMS**

There were no consent items.

## **9 ADMINISTRATIVE OFFICER REPORT**

### **A. Salary Increase for Dr. Gary Nadala**

Kerry Eagan, Chief Administrative Officer, explained that Dr. Gary Nadala, a psychiatrist at the Community Mental Health Center (CMHC), was omitted from the resolution that addressed the matter of annual salaries for certain employees in the unclassified service (Resolution No. R-10-0008).

Board consensus was to schedule a salary increase of 1% for Dr. Gary Nadala from \$89 per hour to \$89.89 per hour, effective December 31, 2009, on the March 30, 2010 County Board of Commissioners Meeting agenda.

### **B. Exceptional Circumstance Award for Mary Meyer, Joint Receptionist for City Council/County Board**

Discussion took place on how much time Mary Meyer, the joint receptionist for City Council/County Board, is spending on City Council duties since the secretary to the City Council resigned and how to best compensate Meyer for her expanded duties and reimburse the County for that cost. **NOTE:** Meyer is a County employee.

**MOTION:** Schorr moved and Workman seconded to authorize a one-time, exceptional circumstance award, in the amount of \$500, for Mary Meyer, Joint Receptionist for City Council/County Board, with the stipulation that the cost is to be recouped from the City.

After further discussion, the maker of the motion and the seconder withdrew their motion.

Eagan was directed to research compensation options.

The Vice Chair agreed to relay the Board's concerns about the length of time it is taking to fill the vacancy to Doug Emery, City Council Chair.

C. City-County Common Meeting (April 5, 2010)

It was noted the meeting has been cancelled.

D. Management Team Meeting (April 8, 2010)

Informational only.

**10 PENDING**

There were no pending items.

**11 DISCUSSION OF BOARD MEMBER MEETINGS**

A. Downtown Lincoln Association (DLA) Board of Directors - Stevens

Stevens said they discussed the Lincoln Haymarket Arena Project, the Urban 38 Project (develop the block bounded by 13<sup>th</sup>, 14<sup>th</sup>, Q and P Streets into a nine-story building with retail, apartment and parking space) and plans for a Civic Plaza on the northeast corner of the 13<sup>th</sup> & P Street intersection.

B. General Assistance (GA) Monitoring Committee - Workman, Stevens

Workman said they discussed the GA Guidelines.

Stevens added they are looking at contracting with the Express Care Clinic, an urgent care facility and primary care medical clinic, for after hours care for GA clients.

C. Community Mental Health Center (CMHC) Advisory Committee - Stevens

Stevens said they had a presentation on special needs trusts. He also reported the Lincoln Berean Church is running a volunteer sex treatment program as part of their outreach and said approximately 100 sex offenders are participating in the program.

## **ADDITIONS TO THE AGENDA**

### **B. Lincoln Chamber of Commerce's Public Policy Forum**

Stevens said State Senator John Harms, Chairman of the Legislature's Long-Range Planning Committee, was the featured speaker.

## **12 EMERGENCY ITEMS AND OTHER BUSINESS**

There were no emergency items or other business.

## **13 ADJOURNMENT**

**MOTION:** Schorr moved and Workman seconded to adjourn the meeting at 11:27 a.m. Schorr, Stevens and Workman voted aye. Motion carried 3-0.

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Dan Nolte  
Lancaster County Clerk