

**STAFF MEETING MINUTES
LANCASTER COUNTY BOARD OF COMMISSIONERS
COUNTY-CITY BUILDING
ROOM 113 - BILL LUXFORD STUDIO
THURSDAY, AUGUST 4, 2016
8:30 A.M.**

Commissioners Present: Roma Amundson, Chair
Larry Hudkins
Deb Schorr
Bill Avery

Commissioners Absent: Todd Wiltgen, Vice Chair

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

Advance public notice of the Board of Commissioners Staff Meeting was posted on the County-City Building bulletin board and the Lancaster County, Nebraska, web site and provided to the media on August 3, 2016.

The Chair noted the location of the Open Meetings Act and opened the meeting at 8:33 a.m.

AGENDA ITEM

1 APPROVAL OF THE JULY 28, 2016 STAFF MEETING MINUTES

MOTION: Schorr moved and Hudkins seconded approval of the July 28, 2016 Staff Meeting minutes. Avery, Schorr, Hudkins and Amundson voted yes. Wiltgen was absent. Motion carried 4-0.

2 ADDITIONS TO THE AGENDA

- A. Recognition of Julie Lattimer for Her Service on the Visitors Promotion Committee (VPC)
- B. Request for Extension of the Lancaster County Visitors Improvement Fund Grant Contract Between Lancaster County and the Abbott Sports Complex

- C. Report on Meeting with the Firth Board of Trustees
- D. Report on National Association of County Officials (NACo) Annual Conference

MOTION: Hudkins moved and Avery seconded approval of the additions to the agenda. Schorr, Hudkins, Avery and Amundson voted yes. Wiltgen was absent. Motion carried 4-0.

3 BUDGET UPDATE - Dennis Meyer, Budget and Fiscal Officer
A) 15 CENT RURAL LEVY

Dennis Meyer, Budget and Fiscal Officer, said the proposed budget has been filed with the County Clerk's Office. A public hearing on the budget will be held August 30th.

A) 15 Cent Rural Levy

Meyer said the political subdivisions that fall under the 15 cent levy (Lancaster County Agricultural Society, Lancaster County Correctional Facility Joint Public Agency (JPA), Lancaster County Fairgrounds JPA, Public Building Commission (PBC), Railroad Transportation Safety District (RTSD), Rural Fire Districts and Rural Library) have submitted their budget requests and explained the Board has until the end of August to act on those requests. He said the PBC, Lancaster County Correctional Facility JPA and Lancaster County Fairgrounds JPA are only set up for bonded debt, which is outside the 15 cent levy. Only the tax districts that include the Raymond Rural Fire District are close to exceeding the levy. The Rural Library's levy is decreasing and the RTSD will "bump" back up to 1.9 cents.

**4 PENSION REVIEW COMMITTEE (PRC) RECOMMENDATION:
PARTICIPATION AGREEMENT FOR VANTAGETRUST II MULTIPLE
COLLECTIVE INVESTMENT FUNDS TRUST WITH INTERNATIONAL
CITY/COUNTY MANAGEMENT ASSOCIATION-RETIREMENT
CORPORATION (ICMA-RC)**

NOTE: International City/County Management Association - Retirement Corporation (ICMA-RC), which handles the County's Post Employment Health Plan (PEHP), is changing its investment structure to a collective investment trust.

Kerry Eagan, Chief Administrative Officer and Pension Review Committee (PRC) member, presented the following recommendations from the PRC (Exhibit A):

- Lancaster County should adopt the VantageTrust II Multiple Collective Investment Funds Trust Participation Agreement prior to August 31, 2016.

- The County should seek the services of a third party consultant with expertise in the area of retirement health savings plans to review the plan with ICMA-RC, and advise the County on what actions to take in the future with regard to the plan.

Eagan estimated the cost of hiring a third party consultant at \$8,000 to \$10,000 and said he will bring back options. Schorr suggested Eagan consult Larry Dix, Nebraska Association of County Officials (NACO) Executive Director.

ADDITIONS TO THE AGENDA

- A. Recognition of Julie Lattimer for Her Service on the Visitors Promotion Committee (VPC)

There was consensus to recognize Julie Lattimer with a plaque at the August 23, 2016 County Board of Commissioners Meeting for her service on the Visitors Promotion Committee (VPC). The cost was estimated at \$50.00.

- B. Request for Extension of the Lancaster County Visitors Improvement Fund Grant Contract Between Lancaster County and the Abbott Sports Complex

Eagan said the Abbott Sports Complex has requested extension of their grant contract until September 30, 2016. An addendum will be scheduled on the August 9, 2016 County Board of Commissioners Meeting agenda.

ADMINISTRATIVE OFFICER REPORT

- A. Meeting with State Senator Sue Crawford on Tax Increment Financing (TIF)

Eagan said he was in attendance, along with Scott Gaines, Lancaster County Chief Administrative Deputy Assessor/Register of Deeds; Mary Ann Borgeson, Douglas County Board of Commissioners Chair; Patrick Bloomingdale, Douglas County Chief Administrative Officer; and the Douglas and Lancaster County lobbyists. He said they expressed concerns about TIF "stacking" (creating a TIF District that partially overlays an existing TIF District which extends the period of time that full taxes are not collected), using TIF funds for housing, the notification date for valuation purposes, the lack of input into how the TIF Districts are drafted, and oversight of the TIF's. Eagan said Senator Crawford plans to hold meetings with other stakeholders. There will also be Legislative review through Legislative Resolution (LR) 439 (Interim study to examine the use of tax-increment financing by municipalities for residential development).

**5 A) UNREPRESENTED, CLASSIFIED EMPLOYEE SALARIES; AND
B) LABOR NEGOTIATIONS** - Doug McDaniel, Human Resources
Director; Nicole Gross and Amy Sadler, Compensation Technicians; Kristy
Bauer, Deputy Lancaster County Attorney

A) Unrepresented, Classified Employee Salaries

Doug McDaniel, Human Resources Director, recommended the County provide a 2.5% cost of living increase to unrepresented, classified employees, based on trend data for similar counties in the salary array. He said the increase will apply to 196 employees and estimated the total cost at \$443,577.

MOTION: Schorr moved and Hudkins seconded to direct the County Attorney's Office to prepare a resolution to provide a cost of living increase in the amount of 2.5% for unrepresented employees in the classified service. Hudkins, Avery, Schorr and Amundson voted yes. Wiltgen was absent. Motion carried 4-0.

B) Labor Negotiations

MOTION: Schorr moved and Hudkins seconded to enter Executive Session at 9:01 a.m. for the purpose of protecting the public interest with regard to labor negotiations.

The Chair said it has been moved and seconded that the Board enter into Executive Session.

ROLL CALL: Schorr, Hudkins, Avery and Amundson voted yes. Wiltgen was absent. Motion carried 4-0.

The Chair restated the purpose for the Board entering into Executive Session.

Schorr exited the meeting.

MOTION: Hudkins moved and Avery seconded to exit Executive Session at 9:20 a.m. Avery, Hudkins and Amundson voted yes. Schorr and Wiltgen were absent. Motion carried 3-0.

Schorr returned to the meeting at 9:21 a.m.

6 ACTION ITEMS

There were no action items.

7 CONSENT ITEMS

There were no consent items.

8 ADMINISTRATIVE OFFICER REPORT

- A. Meeting with State Senator Sue Crawford on Tax Increment Financing (TIF)

Item was moved forward on the agenda.

- B. Legislative Retreat (Thursday, August 25, 2016)

The Board requested information on continental breakfast cost options.

ADDITIONS TO THE AGENDA

- C. Report on Meeting with the Firth Board of Trustees

Schorr said she gave an update on the South Beltway and Saltillo Road projects and other projects in the Firth area. She said she was informed the Village of Firth is utilizing Tax Increment Financing (TIF) for a large housing development north of the community.

Avery exited the meeting at 9:26 a.m.

- D. Report on National Association of County Officials (NACo) Annual Conference

Hudkins said he attended several workshops, including one that addressed payment in lieu of taxes (PILT), and a mobile workshop on international trade and transport links that included a tour of the Port of Long Beach. He said he also attended the trade show and learned that Ford Motor Company has a sport utility vehicle (SUV) that is suitable for use by law enforcement. Hudkins said Ford will retrofit the SUV's with light bars, estimating it could save the County a third of the retrofitting cost, and said he will relay that information to Terry Wagner, Lancaster County Sheriff. He said he also learned the Bobcat Company, which manufactures farm and construction equipment, has a lease program and said he will share that information with Pam Dingman, County Engineer; Todd Wiltgen, County Commissioner and Chair of the Lancaster County Fairgrounds Joint Public Agency (JPA); and the Lancaster Event Center.

Avery returned to the meeting at 9:30 a.m.

9 PENDING

There were no pending items.

10 DISCUSSION OF BOARD MEMBER MEETINGS

A. Air Pollution Control Advisory Board - Avery

Avery said they discussed a change in the environmental quality standards, air quality data, and monitoring of data on sulphur dioxide.

B. Chamber Coffee - Amundson

Amundson said she did not attend the meeting.

C. Public Safety Project Oversight Committee - Schorr

Schorr explained this Committee oversees funds from the quarter-cent sales tax increase to finance the new emergency radio system and fire stations. She said they reviewed the interlocal agreement with the State of Nebraska to share emergency radio system assets and received an update on the status of the location of the fire stations involved in the project. Schorr said revenue has been coming in at a rate of approximately \$1,000,000 a month, noting the account balance is approximately \$3,500,000.

11 EMERGENCY ITEMS AND OTHER BUSINESS

There were no emergency items or other business.

12 ADJOURNMENT

MOTION: Schorr moved and Hudkins seconded to adjourn the meeting at 9:41 a.m. Avery, Schorr, Hudkins and Amundson voted yes. Wiltgen was absent. Motion carried 4-0.



Dan Nolte
Lancaster County Clerk





**PENSION REVIEW COMMITTEE
RECOMMENDATIONS
VANTAGETRUST II COLLECTIVE INVESTMENT TRUST
PARTICIPATION AGREEMENT
&
REVIEW OF ICMA-RC HEALTH SAVINGS PLAN
August 4, 2016**

INTRODUCTION

The Pension Review Committee (PRC) met August 2, 2016 to review correspondence from ICMA-RC asking Lancaster County to enter into a Participation Agreement with the VantageTrust II Multiple Collective Investment Funds Trust. The purpose of the Agreement is to move all plan assets invested in the Vantagepoint Funds and the Dreyfus Cash Management Fund into the VantageTrust II (VT II) collective investment trust (CIT). The Lancaster County Board asked the Pension Review Committee to make a recommendation to the Board on whether the County should adopt the Participation Agreement.

DISCUSSION

Lancaster County received a letter from ICMA-RC in March 2016 announcing the creation of a collective investment trust (CIT), referred to as the VantageTrust II Funds (VT II Funds) for the County's retirement health savings plan with ICMA-RC. A CIT combines the assets of multiple plans and investors into a single fund with a specific investment strategy. One advantage of a CIT is lower expenses. ICMA-RC estimates County participants will save between .12 and .14 basis points with the VT II Funds CIT. Another feature of CIT's is that they are not regulated by the Securities Exchange Commission (SEC). Instead, CIT's fall under banking regulations. It should be noted, however, that VT II Funds will still be advised by managers who are registered with the SEC. The VT II Funds CIT will maintain the same investment objectives and strategies as the existing Vantagepoint Funds and Dreyfus Cash Management Fund. The same managers and trade processes will also be maintained. Assets in the existing funds will be mapped to the same type of investments in the new VT II Funds. The County will need to adopt a Participation Agreement with VT II Funds to move plan assets to the CIT.

Although fees will be slightly lower with the CIT, concerns were voiced by the Committee that there will be less fee transparency. This makes it difficult to ascertain that participants are getting the best deal with regard to fees.

In June of 2016 the County received additional correspondence from ICMA-RC indicating that the existing Vantagepoint Funds and the Dreyfus Cash Management Fund would be closed at the end of September 2016. Any remaining assets would be transferred to the plan default option, which is the money market. Assets in the money market would be out of the stock market. The letter further indicated the County must signed the VT II Funds Participation Agreement by August 31, 2016.

Under these circumstances, the County has very little choice but to adopt the Participation Agreement and move plan assets to the VT II Funds CIT. However, the County Board may want to hire a qualified consultant to perform a thorough review of the new investment structure.

RECOMMENDATION

Based on the foregoing information and discussion, the Pension Review Committee hereby tenders the following recommendations to the Lancaster County Board of Commissioners:

1. **Lancaster County should adopt the VantageTrust II Multiple Collective Investment Funds Trust Participation Agreement prior to August 31, 2016; and**
2. **The County should seek the services of a third party consultant with expertise in the area of retirement health savings plans to review the plan with ICMA-RC, and advise the County on what actions to take in the future with regard to the plan.**

Respectively submitted this 4th day of August, 2016 on behalf of the Pension Review Committee.



Kerry P Eagan
Chief Administrative Officer