

LEGISLATURE OF NEBRASKA

ONE HUNDRED THIRD LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 759

Final Reading

Introduced by Mello, 5; Ashford, 20; Krist, 10; Lathrop, 12;
Nordquist, 7.

Read first time January 09, 2014

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to retirement; to amend sections 2-3228, 12-101,
2 14-567, 14-1805.01, 14-2111, 15-1017, 16-1002, 16-1007,
3 16-1017, 16-1021, 16-1027, 16-1037, 19-3501, 23-1118,
4 23-2309.01, 23-3526, and 72-1263, Reissue Revised
5 Statutes of Nebraska, sections 30-3209, 71-1631.02, and
6 84-1310.01, Revised Statutes Cumulative Supplement, 2012,
7 and section 84-304, Revised Statutes Supplement, 2013; to
8 require annual reports relating to defined benefit
9 retirement plans; to change provisions relating to police
10 officers' and firefighters' retirement in cities of the
11 first class, investments for certain defined contribution
12 plans, the standard of care for corporate trustees
13 regarding governmental retirement and pension funds, and
14 duties of the state investment officer and the Auditor of
15 Public Accounts; to change a limit on total deposits
16 received under the Nebraska Capital Expansion Act; to

1 harmonize provisions; and to repeal the original
2 sections.

3 Be it enacted by the people of the State of Nebraska,

1 Section 1. (1) On or before November 1, 2014, each
2 political subdivision which offers a defined benefit plan pursuant to
3 section 401(a) of the Internal Revenue Code which was open to new
4 members on January 1, 2004, shall submit written notification to the
5 Nebraska Retirement Systems Committee of the Legislature that it
6 offers such a plan.

7 (2) Beginning November 15, 2014, and each November 15
8 thereafter, the governing entity of the retirement plan of each
9 political subdivision that offers such a defined benefit retirement
10 plan shall file with the committee a copy of the most recent annual
11 actuarial valuation of the retirement plan. The valuation report
12 shall be filed electronically.

13 (3)(a) Beginning November 15, 2014, and each November 15
14 thereafter, the governing entity of the retirement plan of each
15 political subdivision that offers such a defined benefit retirement
16 plan shall file a report with the committee if either of the
17 following conditions exists as of the latest annual actuarial
18 valuation of the retirement plan: (i) The contributions do not equal
19 the actuarial requirement for funding; or (ii) the funded ratio is
20 less than eighty percent.

21 (b) The report shall include, but not be limited to, an
22 analysis of the conditions and a recommendation for the circumstances
23 and timing of any future benefit changes, contribution changes, or
24 other corrective action, or any combination of actions, to improve
25 the conditions. The committee may require a governing entity to

1 present its report to the committee at a public hearing. The report
2 shall be submitted electronically.

3 (4) If a governing entity does not file the reports
4 required by subsection (2) or (3) of this section with the committee
5 by November 15, the Auditor of Public Accounts may audit, or cause to
6 be audited, the political subdivision offering the retirement plan.
7 All costs of the audit shall be paid by the political subdivision.

8 (5) For purposes of this section, political subdivision
9 means any local governmental body formed and organized under state
10 law and any joint entity or joint public agency created under state
11 law to act on behalf of political subdivisions.

12 Sec. 2. Section 2-3228, Reissue Revised Statutes of
13 Nebraska, is amended to read:

14 2-3228 (1) Each district shall have the power and
15 authority to:

16 (a) Receive and accept donations, gifts, grants,
17 bequests, appropriations, or other contributions in money, services,
18 materials, or otherwise from the United States or any of its
19 agencies, from the state or any of its agencies or political
20 subdivisions, or from any person as defined in section 49-801 and use
21 or expend all such contributions in carrying on its operations;

22 (b) Establish advisory groups by appointing persons
23 within the district, pay necessary and proper expenses of such groups
24 as the board shall determine, and dissolve such groups;

25 (c) Employ such persons as are necessary to carry out its

1 authorized purposes and, in addition to other compensation provided,
2 establish and fund a pension plan designed and intended for the
3 benefit of all permanent full-time employees of the district. Any
4 recognized method of funding a pension plan may be employed. Employee
5 contributions shall be required to fund at least fifty percent of the
6 benefits, and past service benefits may be included. The district
7 shall pay all costs of any such past service benefits, which may be
8 retroactive to July 1, 1972, and the plan may be integrated with old
9 age and survivors' insurance, generally known as social security. A
10 uniform pension plan, including the method for jointly funding such
11 plan, shall be established for all districts in the state. A district
12 may elect not to participate in such a plan but shall not establish
13 an independent plan;

14 (d) Purchase liability, property damage, workers'
15 compensation, and other types of insurance as in the judgment of the
16 board are necessary to protect the assets of the district;

17 (e) Borrow money to carry out its authorized purposes;

18 (f) Adopt and promulgate rules and regulations to carry
19 out its authorized purposes; and

20 (g) Invite the local governing body of any municipality
21 or county to designate a representative to advise and counsel with
22 the board on programs and policies that may affect the property,
23 water supply, or other interests of such municipality or county.

24 (2)(a) Beginning December 31, 1998, and each December 31
25 thereafter, the Nebraska Association of Resources Districts as

1 organized under the Interlocal Cooperation Act shall file with the
2 Public Employees Retirement Board an annual report on each retirement
3 plan established pursuant to this section and section 401(a) of the
4 Internal Revenue Code and shall submit copies of such report to the
5 Auditor of Public Accounts. The Auditor of Public Accounts may
6 prepare a review of such report pursuant to section 84-304.02 but is
7 not required to do so. The annual report shall be in a form
8 prescribed by the Public Employees Retirement Board and shall contain
9 the following information for each such retirement plan:

- 10 (i) The number of persons participating in the retirement
11 plan;
- 12 (ii) The contribution rates of participants in the plan;
- 13 (iii) Plan assets and liabilities;
- 14 (iv) The names and positions of persons administering the
15 plan;
- 16 (v) The names and positions of persons investing plan
17 assets;
- 18 (vi) The form and nature of investments;
- 19 (vii) For each defined contribution plan, a full
20 description of investment policies and options available to plan
21 participants; and
- 22 (viii) For each defined benefit plan, the levels of
23 benefits of participants in the plan, the number of members who are
24 eligible for a benefit, and the total present value of such members'
25 benefits, as well as the funding sources which will pay for such

1 benefits.

2 If a plan contains no current active participants, the
3 association may file in place of such report a statement with the
4 Public Employees Retirement Board indicating the number of retirees
5 still drawing benefits, and the sources and amount of funding for
6 such benefits.

7 ~~(b) Beginning December 31, 1998, and every four years~~
8 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
9 which was open to new members on January 1, 2004, in addition to the
10 reports required by section 1 of this act, the association shall
11 cause to be prepared ~~a quadrennial~~ an annual report and shall file
12 the same with the Public Employees Retirement Board and the Nebraska
13 Retirement Systems Committee of the Legislature and submit to the
14 Auditor of Public Accounts a copy of such report. The Auditor of
15 Public Accounts may prepare a review of such report pursuant to
16 section 84-304.02 but is not required to do so. If the association
17 does not submit a copy of the report to the Auditor of Public
18 Accounts within six months after the end of the plan year, the
19 Auditor of Public Accounts may audit, or cause to be audited, the
20 association. All costs of the audit shall be paid by the association.
21 The report shall consist of a full actuarial analysis of each such
22 retirement plan established pursuant to this section. The analysis
23 shall be prepared by an independent private organization or public
24 entity employing actuaries who are members in good standing of the
25 American Academy of Actuaries, and which organization or entity has

1 demonstrated expertise to perform this type of analysis and is
2 unrelated to any organization offering investment advice or which
3 provides investment management services to the retirement plan. The
4 report to the Nebraska Retirement Systems Committee shall be
5 submitted electronically.

6 Sec. 3. Section 12-101, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 12-101 (1) The cemetery in Lincoln, Nebraska, known as
9 Wyuka Cemetery, is hereby declared to be a public charitable
10 corporation. The general control and management of the affairs of
11 such cemetery shall be vested in a board of three trustees until July
12 1, 2009, and thereafter shall be vested in a board of five trustees.
13 The trustees shall serve without compensation and shall be a body
14 corporate to be known as Wyuka Cemetery, with power to sue and be
15 sued, to contract and to be contracted with, and to acquire, hold,
16 and convey both real and personal property for all purposes
17 consistent with the provisions of sections 12-101 to 12-105, and
18 shall have the power of eminent domain to be exercised in the manner
19 provided in section 12-201.

20 (2) The trustees of Wyuka Cemetery shall have the power,
21 by resolution duly adopted by a majority vote, to authorize one of
22 their number to sign a petition for paving, repaving, curbing,
23 recurbing, grading, changing grading, guttering, resurfacing,
24 relaying existing pavement, or otherwise improving any street,
25 streets, alley, alleys, or public ways or grounds abutting cemetery

1 property. When such improvements have been ordered, the trustees
2 shall pay, from funds of the cemetery, such special taxes or
3 assessments as may be properly determined.

4 (3) The trustees of Wyuka Cemetery shall be appointed by
5 the Governor of the State of Nebraska at the expiration of each
6 trustee's term of office. The two trustees appointed for their
7 initial terms of office beginning July 1, 2009, shall be appointed by
8 the Governor to serve a five-year term and a six-year term,
9 respectively. Thereafter, each of the five trustees shall be
10 appointed by the Governor for a term of six years. In the event of a
11 vacancy occurring among the members of the board, the vacancy shall
12 be filled by appointment by the Governor, and such appointment shall
13 continue for the unexpired term.

14 (4) The board of trustees of Wyuka Cemetery shall file
15 with the Auditor of Public Accounts, on or before the second Tuesday
16 in June of each year, an itemized report of all the receipts and
17 expenditures in connection with its management and control of the
18 cemetery.

19 (5) The trustees of Wyuka Cemetery shall have the power
20 to provide, in their discretion, retirement benefits for present and
21 future employees of the cemetery, and to establish, participate in,
22 and administer plans for the benefit of its employees or its
23 employees and their dependents, which may provide disability,
24 hospitalization, medical, surgical, accident, sickness and life
25 insurance coverage, or any one or more coverages, and which shall be

1 purchased from a corporation or corporations authorized and licensed
2 by the Department of Insurance.

3 (6)(a) Beginning December 31, 1998, and each December 31
4 thereafter, the trustees shall file with the Public Employees
5 Retirement Board an annual report on each retirement plan established
6 pursuant to this section and section 401(a) of the Internal Revenue
7 Code and shall submit copies of such report to the Auditor of Public
8 Accounts. The Auditor of Public Accounts may prepare a review of such
9 report pursuant to section 84-304.02 but is not required to do so.
10 The annual report shall be in a form prescribed by the Public
11 Employees Retirement Board and shall contain the following
12 information for each such retirement plan:

13 (i) The number of persons participating in the retirement
14 plan;

15 (ii) The contribution rates of participants in the plan;

16 (iii) Plan assets and liabilities;

17 (iv) The names and positions of persons administering the
18 plan;

19 (v) The names and positions of persons investing plan
20 assets;

21 (vi) The form and nature of investments;

22 (vii) For each defined contribution plan, a full
23 description of investment policies and options available to plan
24 participants; and

25 (viii) For each defined benefit plan, the levels of

1 benefits of participants in the plan, the number of members who are
2 eligible for a benefit, and the total present value of such members'
3 benefits, as well as the funding sources which will pay for such
4 benefits.

5 If a plan contains no current active participants, the
6 trustees may file in place of such report a statement with the Public
7 Employees Retirement Board indicating the number of retirees still
8 drawing benefits, and the sources and amount of funding for such
9 benefits.

10 ~~(b) Beginning December 31, 1998, and every four years~~
11 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
12 which was open to new members on January 1, 2004, in addition to the
13 reports required by section 1 of this act, the trustees shall cause
14 to be prepared a ~~quadrennial~~ an annual report and shall file the same
15 with the Public Employees Retirement Board and the Nebraska
16 Retirement Systems Committee of the Legislature and submit to the
17 Auditor of Public Accounts a copy of such report. The Auditor of
18 Public Accounts may prepare a review of such report pursuant to
19 section 84-304.02 but is not required to do so. If the trustees do
20 not submit a copy of the report to the Auditor of Public Accounts
21 within six months after the end of the plan year, the Auditor of
22 Public Accounts may audit, or cause to be audited, Wyuka Cemetery.
23 All costs of the audit shall be paid by Wyuka Cemetery. The report
24 shall consist of a full actuarial analysis of each such retirement
25 plan established pursuant to this section. The analysis shall be

1 prepared by an independent private organization or public entity
2 employing actuaries who are members in good standing of the American
3 Academy of Actuaries, and which organization or entity has
4 demonstrated expertise to perform this type of analysis and is
5 unrelated to any organization offering investment advice or which
6 provides investment management services to the retirement plan. The
7 report to the Nebraska Retirement Systems Committee shall be
8 submitted electronically.

9 Sec. 4. Section 14-567, Reissue Revised Statutes of
10 Nebraska, is amended to read:

11 14-567 (1) Beginning December 31, 1998, and each December
12 31 thereafter, the pension board of a city of the metropolitan class
13 shall file with the Public Employees Retirement Board an annual
14 report on each retirement plan established by such city pursuant to
15 section 401(a) of the Internal Revenue Code and shall submit copies
16 of such report to the Auditor of Public Accounts. The Auditor of
17 Public Accounts may prepare a review of such report pursuant to
18 section 84-304.02 but is not required to do so. The annual report
19 shall be in a form prescribed by the Public Employees Retirement
20 Board and shall contain the following information for each such
21 retirement plan:

22 (a) The number of persons participating in the retirement
23 plan;

24 (b) The contribution rates of participants in the plan;

25 (c) Plan assets and liabilities;

1 (d) The names and positions of persons administering the
2 plan;

3 (e) The names and positions of persons investing plan
4 assets;

5 (f) The form and nature of investments;

6 (g) For each defined contribution plan, a full
7 description of investment policies and options available to plan
8 participants; and

9 (h) For each defined benefit plan, the levels of benefits
10 of participants in the plan, the number of members who are eligible
11 for a benefit, and the total present value of such members' benefits,
12 as well as the funding sources which will pay for such benefits.

13 If a plan contains no current active participants, the
14 pension board may file in place of such report a statement with the
15 Public Employees Retirement Board indicating the number of retirees
16 still drawing benefits, and the sources and amount of funding for
17 such benefits.

18 (2) ~~Beginning December 31, 1998, and every four years~~
19 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
20 which was open to new members on January 1, 2004, in addition to the
21 reports required by section 1 of this act, the pension board of a
22 city of the metropolitan class shall cause to be prepared a
23 ~~quadrennial~~ an annual report and shall file the same with the Public
24 Employees Retirement Board and the Nebraska Retirement Systems
25 Committee of the Legislature and submit to the Auditor of Public

1 Accounts a copy of such report. The Auditor of Public Accounts may
2 prepare a review of such report pursuant to section 84-304.02 but is
3 not required to do so. If the pension board does not submit a copy of
4 the report to the Auditor of Public Accounts within six months after
5 the end of the plan year, the Auditor of Public Accounts may audit,
6 or cause to be audited, the city. All costs of the audit shall be
7 paid by the city. The report shall consist of a full actuarial
8 analysis of each such retirement plan established by the city. The
9 analysis shall be prepared by an independent private organization or
10 public entity employing actuaries who are members in good standing of
11 the American Academy of Actuaries, and which organization or entity
12 has demonstrated expertise to perform this type of analysis and is
13 unrelated to any organization offering investment advice or which
14 provides investment management services to the retirement plan. The
15 report to the Nebraska Retirement Systems Committee shall be
16 submitted electronically.

17 Sec. 5. Section 14-1805.01, Reissue Revised Statutes of
18 Nebraska, is amended to read:

19 14-1805.01 (1) Beginning December 31, 1998, and each
20 December 31 thereafter, the chairperson of the board shall file with
21 the Public Employees Retirement Board an annual report on each
22 retirement plan established pursuant to section 14-1805 and section
23 401(a) of the Internal Revenue Code and shall submit copies of such
24 report to the Auditor of Public Accounts. The Auditor of Public
25 Accounts may prepare a review of such report pursuant to section

1 84-304.02 but is not required to do so. The annual report shall be in
2 a form prescribed by the Public Employees Retirement Board and shall
3 contain the following information for each such retirement plan:

- 4 (a) The number of persons participating in the retirement
5 plan;
- 6 (b) The contribution rates of participants in the plan;
- 7 (c) Plan assets and liabilities;
- 8 (d) The names and positions of persons administering the
9 plan;
- 10 (e) The names and positions of persons investing plan
11 assets;
- 12 (f) The form and nature of investments;
- 13 (g) For each defined contribution plan, a full
14 description of investment policies and options available to plan
15 participants; and
- 16 (h) For each defined benefit plan, the levels of benefits
17 of participants in the plan, the number of members who are eligible
18 for a benefit, and the total present value of such members' benefits,
19 as well as the funding sources which will pay for such benefits.

20 If a plan contains no current active participants, the
21 chairperson may file in place of such report a statement with the
22 Public Employees Retirement Board indicating the number of retirees
23 still drawing benefits, and the sources and amount of funding for
24 such benefits.

25 (2) ~~Beginning December 31, 1998, and every four years~~

1 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
2 which was open to new members on January 1, 2004, in addition to the
3 reports required by section 1 of this act, the authority shall cause
4 to be prepared a ~~quadrennial~~ an annual report and the chairperson
5 shall file the same with the Public Employees Retirement Board and
6 the Nebraska Retirement Systems Committee of the Legislature and
7 submit to the Auditor of Public Accounts a copy of such report. The
8 Auditor of Public Accounts may prepare a review of such report
9 pursuant to section 84-304.02 but is not required to do so. If the
10 authority does not submit a copy of the report to the Auditor of
11 Public Accounts within six months after the end of the plan year, the
12 Auditor of Public Accounts may audit, or cause to be audited, the
13 authority. All costs of the audit shall be paid by the authority. The
14 report shall consist of a full actuarial analysis of each such
15 retirement plan established pursuant to section 14-1805. The analysis
16 shall be prepared by an independent private organization or public
17 entity employing actuaries who are members in good standing of the
18 American Academy of Actuaries, and which organization or entity has
19 demonstrated expertise to perform this type of analysis and is
20 unrelated to any organization offering investment advice or which
21 provides investment management services to the retirement plan. The
22 report to the Nebraska Retirement Systems Committee shall be
23 submitted electronically.

24 Sec. 6. Section 14-2111, Reissue Revised Statutes of
25 Nebraska, is amended to read:

1 14-2111 (1) The board of directors of any metropolitan
2 utilities district may also provide benefits for, insurance of, and
3 annuities for the present and future employees and appointees of the
4 district covering accident, disease, death, total and permanent
5 disability, and retirement, all or any of them, under such terms and
6 conditions as the board may deem proper and expedient from time to
7 time. Any retirement plan adopted by the board of directors shall be
8 upon some contributory basis requiring contributions by both the
9 district and the employee or appointee, except that the district may
10 pay the entire cost of the fund necessary to cover service rendered
11 prior to the adoption of any new retirement plan. Any retirement plan
12 shall take into consideration the benefits provided for employees and
13 appointees of metropolitan utilities districts under the Social
14 Security Act, and any benefits provided under a contributory
15 retirement plan shall be supplemental to the benefits provided under
16 the Social Security Act as defined in section 68-602 if the employees
17 entitled to vote in a referendum vote in favor of old age and
18 survivors' insurance coverage. To effectuate any plan adopted
19 pursuant to this authority, the board of directors of the district is
20 empowered to establish and maintain reserves and funds, provide for
21 insurance premiums and costs, and make such delegation as may be
22 necessary to carry into execution the general powers granted by this
23 section. Except as provided in subsection (4) of this section,
24 payments made to employees and appointees, under the authority in
25 this section, shall be exempt from attachment or other legal process

1 and shall not be assignable.

2 (2) Any retirement plan adopted by the board of directors
3 of any metropolitan utilities district may allow the district to pick
4 up the employee contribution required by this section for all
5 compensation paid on or after January 1, 1986, and the contributions
6 so picked up shall be treated as employer contributions in
7 determining federal tax treatment under the Internal Revenue Code,
8 except that the employer shall continue to withhold federal income
9 taxes based upon such contributions until the Internal Revenue
10 Service or the federal courts rule that, pursuant to section 414(h)
11 of the Internal Revenue Code, such contributions shall not be
12 included as gross income of the employee until such time as they are
13 distributed or made available. The employer shall pay the employee
14 contributions from the same source of funds which is used in paying
15 earnings to the employees. The employer shall pick up the
16 contributions by a salary deduction either through a reduction in the
17 cash salary of the employee or a combination of a reduction in salary
18 and offset against a future salary increase. Employee contributions
19 picked up shall be treated in the same manner and to the same extent
20 as employee contributions made prior to the date picked up.

21 (3)(a) Beginning December 31, 1998, and each December 31
22 thereafter, the chairperson of the board shall file with the Public
23 Employees Retirement Board an annual report on each retirement plan
24 established pursuant to this section and section 401(a) of the
25 Internal Revenue Code and shall submit copies of such report to the

1 Auditor of Public Accounts. The Auditor of Public Accounts may
2 prepare a review of such report pursuant to section 84-304.02 but is
3 not required to do so. The annual report shall be in a form
4 prescribed by the Public Employees Retirement Board and shall contain
5 the following information for each such retirement plan:

- 6 (i) The number of persons participating in the retirement
7 plan;
- 8 (ii) The contribution rates of participants in the plan;
- 9 (iii) Plan assets and liabilities;
- 10 (iv) The names and positions of persons administering the
11 plan;
- 12 (v) The names and positions of persons investing plan
13 assets;
- 14 (vi) The form and nature of investments;
- 15 (vii) For each defined contribution plan, a full
16 description of investment policies and options available to plan
17 participants; and
- 18 (viii) For each defined benefit plan, the levels of
19 benefits of participants in the plan, the number of members who are
20 eligible for a benefit, and the total present value of such members'
21 benefits, as well as the funding sources which will pay for such
22 benefits.

23 If a plan contains no current active participants, the
24 chairperson may file in place of such report a statement with the
25 Public Employees Retirement Board indicating the number of retirees

1 still drawing benefits, and the sources and amount of funding for
2 such benefits.

3 (b) ~~Beginning December 31, 1998, and every four years~~
4 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
5 which was open to new members on January 1, 2004, in addition to the
6 reports required by section 1 of this act, the board of directors of
7 any metropolitan utilities district shall cause to be prepared a
8 ~~quadrennial~~ an annual report and shall file the same with the Public
9 Employees Retirement Board and the Nebraska Retirement Systems
10 Committee of the Legislature and submit to the Auditor of Public
11 Accounts a copy of such report. The Auditor of Public Accounts may
12 prepare a review of such report pursuant to section 84-304.02 but is
13 not required to do so. If the board of directors does not submit a
14 copy of the report to the Auditor of Public Accounts within six
15 months after the end of the plan year, the Auditor of Public Accounts
16 may audit, or cause to be audited, the metropolitan utilities
17 district. All costs of the audit shall be paid by the metropolitan
18 utilities district. The report shall consist of a full actuarial
19 analysis of each such retirement plan established pursuant to this
20 section. The analysis shall be prepared by an independent private
21 organization or public entity employing actuaries who are members in
22 good standing of the American Academy of Actuaries, and which
23 organization or entity has demonstrated expertise to perform this
24 type of analysis and is unrelated to any organization offering
25 investment advice or which provides investment management services to

1 the retirement plan. The report to the Nebraska Retirement Systems
2 Committee shall be submitted electronically.

3 (4) If an employee or appointee is convicted of or pleads
4 no contest to a felony that is defined as assault, sexual assault,
5 kidnapping, child abuse, false imprisonment, or theft by embezzlement
6 and is found liable for civil damages as a result of such felony,
7 following distribution of the employee's or appointee's benefits or
8 annuities from the retirement plan, the court may order the payment
9 of the employee's or appointee's benefits or annuities under the
10 retirement plan for such civil damages, except that the benefits or
11 annuities to the extent reasonably necessary for the support of the
12 employee or appointee or any of his or her beneficiaries shall be
13 exempt from such payment. Any order for payment of benefits or
14 annuities shall not be stayed on the filing of any appeal of the
15 conviction. If the conviction is reversed on final judgment, all
16 benefits or annuities paid as civil damages shall be forfeited and
17 returned to the employee or appointee. The changes made to this
18 section by Laws 2012, LB916, shall apply to persons convicted of or
19 who have pled no contest to such a felony and who have been found
20 liable for civil damages as a result of such felony prior to, on, or
21 after April 7, 2012.

22 Sec. 7. Section 15-1017, Reissue Revised Statutes of
23 Nebraska, is amended to read:

24 15-1017 (1) A city of the primary class which has a city
25 pension and retirement plan or fund, or a city fire and police

1 pension plan or fund, or both, may provide by ordinance as authorized
2 by its home rule charter, and not prohibited by the Constitution of
3 Nebraska, for the investment of any plan or fund, and it may provide
4 that (a) such a city shall place in trust any part of such plan or
5 fund, (b) it shall place in trust any part of any such plan or fund
6 with a corporate trustee in Nebraska, or (c) it shall purchase any
7 part of any such plan from a life insurance company licensed to do
8 business in the State of Nebraska. The powers conferred by this
9 section shall be independent of and in addition and supplemental to
10 any other provisions of the laws of the State of Nebraska with
11 reference to the matters covered hereby and this section shall be
12 considered as a complete and independent act and not as amendatory of
13 or limited by any other provision of the laws of the State of
14 Nebraska.

15 (2)(a) Beginning December 31, 1998, and each December 31
16 thereafter, the clerk of a city of the primary class shall file with
17 the Public Employees Retirement Board an annual report on each
18 retirement plan established pursuant to this section, section
19 15-1026, and section 401(a) of the Internal Revenue Code and shall
20 submit copies of such report to the Auditor of Public Accounts. The
21 Auditor of Public Accounts may prepare a review of such report
22 pursuant to section 84-304.02 but is not required to do so. The
23 annual report shall be in a form prescribed by the Public Employees
24 Retirement Board and shall contain the following information for each
25 such retirement plan:

1 (i) The number of persons participating in the retirement
2 plan;

3 (ii) The contribution rates of participants in the plan;

4 (iii) Plan assets and liabilities;

5 (iv) The names and positions of persons administering the
6 plan;

7 (v) The names and positions of persons investing plan
8 assets;

9 (vi) The form and nature of investments;

10 (vii) For each defined contribution plan, a full
11 description of investment policies and options available to plan
12 participants; and

13 (viii) For each defined benefit plan, the levels of
14 benefits of participants in the plan, the number of members who are
15 eligible for a benefit, and the total present value of such members'
16 benefits, as well as the funding sources which will pay for such
17 benefits.

18 If a plan contains no current active participants, the
19 city clerk may file in place of such report a statement with the
20 Public Employees Retirement Board indicating the number of retirees
21 still drawing benefits, and the sources and amount of funding for
22 such benefits.

23 (b) ~~Beginning December 31, 1998, and every four years~~
24 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
25 which was open to new members on January 1, 2004, in addition to the

1 reports required by section 1 of this act, the city council of a city
2 of the primary class shall cause to be prepared a ~~quadrennial~~ an
3 annual report and shall file the same with the Public Employees
4 Retirement Board and the Nebraska Retirement Systems Committee of the
5 Legislature and submit to the Auditor of Public Accounts a copy of
6 such report. The Auditor of Public Accounts may prepare a review of
7 such report pursuant to section 84-304.02 but is not required to do
8 so. If the city council does not submit a copy of the report to the
9 Auditor of Public Accounts within six months after the end of the
10 plan year, the Auditor of Public Accounts may audit, or cause to be
11 audited, the city. All costs of the audit shall be paid by the city.
12 The report shall consist of a full actuarial analysis of each such
13 retirement plan established pursuant to this section and section
14 15-1026. The analysis shall be prepared by an independent private
15 organization or public entity employing actuaries who are members in
16 good standing of the American Academy of Actuaries, and which
17 organization or entity has demonstrated expertise to perform this
18 type of analysis and is unrelated to any organization offering
19 investment advice or which provides investment management services to
20 the retirement plan. The report to the Nebraska Retirement Systems
21 Committee shall be submitted electronically.

22 Sec. 8. Section 16-1002, Reissue Revised Statutes of
23 Nebraska, is amended to read:

24 16-1002 For purposes of the Police Officers Retirement
25 Act, unless the context otherwise requires:

1 (1) Actuarial equivalent means equality in value of the
2 aggregate amount of benefit expected to be received under different
3 forms of benefit or at different times determined as of a given date
4 as adopted by the city or the retirement committee for use by the
5 retirement system. Actuarial equivalencies shall be specified in the
6 funding medium established for the retirement system, except that if
7 benefits under the retirement system are obtained through the
8 purchase of an annuity contract, the actuarial equivalent of any such
9 form of benefit shall be the amount of pension benefit which can be
10 purchased or otherwise provided by the police officer's retirement
11 value. All actuarial and mortality assumptions adopted by the city or
12 retirement committee shall be on a sex-neutral basis;

13 (2) Beneficiary means the person or persons designated by
14 a police officer, pursuant to a written instrument filed with the
15 retirement committee before the police officer's death, to receive
16 death benefits which may be payable under the retirement system;

17 (3) Funding agent means any bank, trust company, life
18 insurance company, thrift institution, credit union, or investment
19 management firm selected by the city or retirement committee to hold
20 or invest the funds of the retirement system;

21 (4) Regular interest means the rate of interest earned
22 each calendar year equal to the rate of net earnings realized for the
23 calendar year from investments of the retirement fund. Net earnings
24 means the amount by which income or gain realized from investments of
25 the retirement fund exceeds the amount of any realized losses from

1 such investments during the calendar year;

2 (5) Regular pay means the average salary of the police
3 officer for the period of five consecutive years preceding elective
4 retirement, death, or date of disability which produces the highest
5 average;

6 (6) Salary means all amounts paid to a participating
7 police officer by the employing city for personal services as
8 reported on the participant's federal income tax withholding
9 statement, including the police officer's contributions picked up by
10 the city as provided in subsection (2) of section 16-1005 and any
11 salary reduction contributions which are excludable from income for
12 federal income tax purposes pursuant to section 125 or 457 of the
13 Internal Revenue Code;

14 (7) Sex-neutral basis means the benefit calculation
15 provided to the city of the first class by a licensed domestic or
16 foreign insurance or annuity company with a product available for
17 purchase in Nebraska that utilizes a blended, non-gender-specific
18 rate for actuarial assumptions, mortality assumptions, and annuity
19 conversion rates for a particular participant, except that if a
20 blended, non-gender-specific rate is not available for purchase in
21 Nebraska, the benefit calculation shall be performed using the
22 arithmetic mean of the male-specific actuarial assumptions, mortality
23 assumptions, or annuity conversion rates and the female-specific
24 actuarial assumptions, mortality assumptions, or annuity conversion
25 rates, as applicable, for a particular participant, and the

1 arithmetic mean shall be determined by adding the male-specific
2 actuarial assumptions, mortality assumptions, or annuity conversion
3 rates to the female-specific actuarial assumptions, mortality
4 assumptions, or annuity conversion rates applicable to a particular
5 participant and dividing the sum by two;

6 ~~(7)~~—(8) Retirement committee means the retirement
7 committee created pursuant to section 16-1014;

8 ~~(8)~~—(9) Retirement system means a retirement system
9 established pursuant to the act;

10 ~~(9)~~—(10) Retirement value means the accumulated value of
11 the police officer's employee account and employer account. The
12 retirement value consists of the sum of the contributions made or
13 transferred to such accounts by the police officer and by the city on
14 the police officer's behalf and the regular interest credited to the
15 accounts as of the date of computation, reduced by any realized
16 losses which were not taken into account in determining regular
17 interest in any year, and further adjusted each year to reflect the
18 pro rata share for the accounts of the appreciation or depreciation
19 of the fair market value of the assets of the retirement system as
20 determined by the retirement committee. The retirement value shall be
21 reduced by the amount of all distributions made to or on the behalf
22 of the police officer from the retirement system. Such valuation
23 shall be computed annually as of December 31. If separate investment
24 accounts are established pursuant to subsection (3) of section
25 16-1004, a police officer's retirement value with respect to such

1 accounts shall be equal to the value of his or her separate
2 investment accounts as determined under such subsection;

3 ~~(10)~~—(11) Annuity contract means the contract or
4 contracts issued by one or more life insurance companies and
5 purchased by the retirement system in order to provide any of the
6 benefits described in the act. Annuity conversion rates contained in
7 any such contract shall be specified on a sex-neutral basis; and

8 ~~(11)~~—(12) Straight life annuity means an ordinary annuity
9 payable for the life of the primary annuitant only and terminating at
10 his or her death without refund or death benefit of any kind.

11 Sec. 9. Section 16-1007, Reissue Revised Statutes of
12 Nebraska, is amended to read:

13 16-1007 (1) At any time before the retirement date, the
14 retiring police officer may elect to receive at his or her retirement
15 date a pension benefit either in the form of a straight life annuity
16 or any optional form of annuity benefit established by the retirement
17 committee and provided under a purchased annuity contract. The
18 optional annuity benefit shall be specified in the funding medium for
19 the retirement system and shall include a straight life annuity with
20 a guarantee of at least sixty monthly payments or an annuity payable
21 for the life of the retiring police officer and, after the death of
22 the retiree, monthly payments, as elected by the retiring police
23 officer, of either one hundred percent, seventy-five percent, or
24 fifty percent of the amount of annuity payable to the retiring police
25 officer during his or her life, to the beneficiary selected by the

1 retiring police officer at the time of the original application for
2 an annuity. The optional benefit forms for the retirement system
3 shall include a single lump-sum payment of the police officer's
4 retirement value. The retiring police officer may further elect to
5 defer the date of the first annuity payment or lump-sum payment to
6 the first day of any specified month prior to age seventy. If the
7 retiring police officer elects to receive his or her pension benefit
8 in the form of an annuity, the amount of annuity benefit shall be the
9 amount paid by the annuity contract purchased or otherwise provided
10 by his or her retirement value as of the date of the first payment.
11 Any such annuity contract purchased by the retirement system may be
12 distributed to the police officer and, upon such distribution, all
13 obligations of the retirement system to pay retirement, death, or
14 disability benefits to the police officer and his or her
15 beneficiaries shall terminate, without exception.

16 (2)(a) For all officers employed on January 1, 1984, and
17 continuously employed by the city from such date through the date of
18 their retirement, the amount of the pension benefit, when determined
19 on the straight life annuity basis, shall not be less than the
20 following amounts:

21 (i) If retirement occurs following age sixty and with
22 twenty-five years of service with the city, fifty percent of regular
23 pay; or

24 (ii) If retirement occurs following age fifty-five but
25 before age sixty and with twenty-five years of service with the city,

1 forty percent of regular pay.

2 (b) A police officer entitled to a minimum pension
3 benefit under this subsection may elect to receive such pension
4 benefit in any form permitted by subsection (1) of this section,
5 including a single lump-sum payment. If the minimum pension benefit
6 is paid in a form other than a straight life annuity, such benefit
7 shall be the actuarial equivalent of the straight life annuity that
8 would otherwise be paid to the officer pursuant to this subsection.

9 (c) If the police officer chooses the single lump-sum
10 payment option, the officer can request that the actuarial equivalent
11 be equal to the average of the cost of three annuity contracts
12 ~~purchased on the open market.~~ based on products available for
13 purchase in Nebraska. Of the three annuity contracts used for
14 comparison, one shall be chosen by the police officer, one shall be
15 chosen by the retirement committee, and one shall be chosen by the
16 city. The annuity contracts used for comparison shall all use the
17 same type of sex-neutral basis benefit calculation.

18 (3) If the retirement value of an officer entitled to a
19 minimum pension benefit under subsection (2) of this section is not
20 sufficient at the time of the first payment to purchase or provide
21 the required pension benefit, the city shall transfer such funds as
22 may be necessary to the employer account of the police officer so
23 that the retirement value of such officer is sufficient to purchase
24 or provide for the required pension benefit.

25 (4) Any retiring police officer whose pension benefit is

1 less than twenty-five dollars per month on the straight life annuity
2 option shall be paid a lump-sum settlement equal to the retirement
3 value and shall not be entitled to elect to receive annuity benefits.

4 Sec. 10. Section 16-1017, Reissue Revised Statutes of
5 Nebraska, is amended to read:

6 16-1017 (1) It shall be the duty of the retirement
7 committee to:

8 (a) Provide each employee a summary of plan eligibility
9 requirements and benefit provisions;

10 (b) Provide, within thirty days after a request is made
11 by a participant, a statement describing the amount of benefits such
12 participant is eligible to receive; and

13 (c) Make available for review an annual report of the
14 retirement system's operations describing both (i) the amount of
15 contributions to the retirement system from both employee and
16 employer sources and (ii) an identification of the total assets of
17 the retirement system.

18 (2)(a) Beginning December 31, 1998, and each December 31
19 thereafter, the chairperson of the retirement committee shall file
20 with the Public Employees Retirement Board a report on each
21 retirement plan established pursuant to section 401(a) of the
22 Internal Revenue Code and administered by a retirement system
23 established pursuant to the Police Officers Retirement Act and shall
24 submit copies of such report to the Auditor of Public Accounts. The
25 Auditor of Public Accounts may prepare a review of such report

1 pursuant to section 84-304.02 but is not required to do so. The
2 annual report shall be in a form prescribed by the Public Employees
3 Retirement Board and shall contain the following information for each
4 such retirement plan:

- 5 (i) The number of persons participating in the retirement
6 plan;
- 7 (ii) The contribution rates of participants in the plan;
- 8 (iii) Plan assets and liabilities;
- 9 (iv) The names and positions of persons administering the
10 plan;
- 11 (v) The names and positions of persons investing plan
12 assets;
- 13 (vi) The form and nature of investments;
- 14 (vii) For each defined contribution plan, a full
15 description of investment policies and options available to plan
16 participants; and
- 17 (viii) For each defined benefit plan, the levels of
18 benefits of participants in the plan, the number of members who are
19 eligible for a benefit, and the total present value of such members'
20 benefits, as well as the funding sources which will pay for such
21 benefits.

22 If a plan contains no current active participants, the
23 chairperson may file in place of such report a statement with the
24 Public Employees Retirement Board indicating the number of retirees
25 still drawing benefits and the sources and amount of funding for such

1 benefits.

2 (b) ~~Beginning December 31, 1998, and every four years~~
3 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
4 which was open to new members on January 1, 2004, in addition to the
5 reports required by section 1 of this act, the retirement committee
6 shall cause to be prepared ~~a quadrennial~~ an annual report and the
7 chairperson shall file the same with the Public Employees Retirement
8 Board and the Nebraska Retirement Systems Committee of the
9 Legislature and submit to the Auditor of Public Accounts a copy of
10 such report. The Auditor of Public Accounts may prepare a review of
11 such report pursuant to section 84-304.02 but is not required to do
12 so. If the retirement committee does not submit a copy of the report
13 to the Auditor of Public Accounts within six months after the end of
14 the plan year, the Auditor of Public Accounts may audit, or cause to
15 be audited, the city. All costs of the audit shall be paid by the
16 city. The report shall consist of a full actuarial analysis of each
17 such retirement plan administered by a retirement system established
18 pursuant to the act. The analysis shall be prepared by an independent
19 private organization or public entity employing actuaries who are
20 members in good standing of the American Academy of Actuaries, and
21 which organization or entity has demonstrated expertise to perform
22 this type of analysis and is unrelated to any organization offering
23 investment advice or which provides investment management services to
24 the retirement plan. The report to the Nebraska Retirement Systems
25 Committee shall be submitted electronically.

1 Sec. 11. Section 16-1021, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 16-1021 For the purposes of sections 16-1020 to 16-1042,
4 unless the context otherwise requires:

5 (1) Actuarial equivalent ~~shall mean means~~ means equality in
6 value of the aggregate amount of benefit expected to be received
7 under different forms or at different times determined as of a given
8 date as adopted by the city or the retirement committee for use by
9 the retirement system. ~~Such actuarial~~ Actuarial equivalencies shall
10 be specified in the funding medium established for the retirement
11 system, except that if benefits under the retirement system are
12 obtained through the purchase of an annuity contract, the actuarial
13 equivalency of any such form of benefit shall be the amount of
14 pension benefit which can be purchased or otherwise provided by such
15 contract. All actuarial and mortality assumptions adopted by the city
16 or retirement committee shall be on a sex-neutral basis;

17 (2) Annuity contract ~~shall mean means~~ means the contract or
18 contracts issued by one or more life insurance companies or
19 designated trusts and purchased by the retirement system in order to
20 provide any of the benefits described in such sections. Annuity
21 conversion rates contained in any such contract shall be specified on
22 a sex-neutral basis;

23 (3) Beneficiary ~~shall mean means~~ means the person or persons
24 designated by a firefighter, pursuant to a written instrument filed
25 with the retirement committee before the firefighter's death, to

1 receive death benefits which may be payable under the retirement
2 system;

3 (4) Funding agent ~~shall mean~~ means any bank, trust
4 company, life insurance company, thrift institution, credit union, or
5 investment management firm selected by the retirement committee,
6 subject to the approval of the city, to hold or invest the funds of
7 the retirement system;

8 (5) Regular interest ~~shall mean~~ means the rate of
9 interest earned each calendar year commencing January 1, 1984, equal
10 to the rate of net earnings realized for the calendar year from
11 investments of the retirement fund. Net earnings ~~shall mean~~ means the
12 amount by which income or gain realized from investments of the
13 retirement fund exceeds the amount of any realized losses from such
14 investments during the calendar year. The retirement committee shall
15 annually report the amount of regular interest earned for such year;

16 (6) Regular pay ~~shall mean~~ means the salary of a
17 firefighter at the date such firefighter elects to retire or
18 terminate employment with the city;

19 (7) Retirement committee ~~shall mean~~ means the retirement
20 committee created pursuant to section 16-1034;

21 (8) Retirement system ~~shall mean~~ means a retirement
22 system established pursuant to sections 16-1020 to 16-1042;

23 (9) Retirement value ~~shall mean~~ means the accumulated
24 value of the firefighter's employee account and employer account. The
25 retirement value at any time shall consist of the sum of the

1 contributions made or transferred to such accounts by the firefighter
2 and by the city on the firefighter's behalf and the regular interest
3 credited to the accounts through such date, reduced by any realized
4 losses which were not taken into account in determining regular
5 interest in any year, and as further adjusted each year to reflect
6 the accounts' pro rata share of the appreciation or depreciation of
7 the assets of the retirement system as determined by the retirement
8 committee at their fair market values, including any account under
9 subsection (2) of section 16-1036. Such valuation shall be undertaken
10 at least annually as of December 31 of each year and at such other
11 times as may be directed by the retirement committee. The value of
12 each account shall be reduced each year by the appropriate share of
13 the investment costs as provided in section 16-1036.01. The
14 retirement value shall be further reduced by the amount of all
15 distributions made to or on the behalf of the firefighter from the
16 retirement system;

17 (10) Salary ~~shall mean~~ means the base rate of pay,
18 excluding overtime, callback pay, clothing allowances, and other such
19 benefits as reported on the participant's federal income tax
20 withholding statement including the firefighters' contributions
21 picked up by the city as provided in subsection (2) of section
22 16-1024 and any salary reduction contributions which are excludable
23 from income for federal income tax purposes pursuant to section 125
24 or 457 of the Internal Revenue Code; ~~and~~

25 (11) Sex-neutral basis means the benefit calculation

1 provided to the city of the first class by a licensed domestic or
2 foreign insurance or annuity company with a product available for
3 purchase in Nebraska that utilizes a blended, non-gender-specific
4 rate for actuarial assumptions, mortality assumptions, and annuity
5 conversion rates for a particular participant, except that if a
6 blended, non-gender-specific rate is not available for purchase in
7 Nebraska, the benefit calculation shall be performed using the
8 arithmetic mean of the male-specific actuarial assumptions, mortality
9 assumptions, or annuity conversion rates and the female-specific
10 actuarial assumptions, mortality assumptions, or annuity conversion
11 rates, as applicable, for a particular participant, and the
12 arithmetic mean shall be determined by adding the male-specific
13 actuarial assumptions, mortality assumptions, or annuity conversion
14 rates to the female-specific actuarial assumptions, mortality
15 assumptions, or annuity conversion rates applicable to a particular
16 participant and dividing the sum by two; and

17 ~~(11)~~(12) Straight life annuity ~~shall mean~~ means an
18 ordinary annuity payable for the life of the primary annuitant only,
19 and terminating at his or her death without refund or death benefit
20 of any kind.

21 Sec. 12. Section 16-1027, Reissue Revised Statutes of
22 Nebraska, is amended to read:

23 16-1027 (1) At any time before the retirement date, the
24 retiring firefighter may elect to receive his or her pension benefit
25 at retirement either in the form of a straight life annuity or any

1 optional form of annuity benefit established by the retirement
2 committee and provided under a purchased annuity contract. Such
3 optional annuity benefit shall be specified in the funding medium for
4 the retirement system and shall include a straight life annuity with
5 a guarantee of at least sixty monthly payments or an annuity payable
6 for the life of the retiring firefighter and, after the death of the
7 retiree, monthly payments, as elected by the retiring firefighter, of
8 one hundred percent, seventy-five percent, or fifty percent of the
9 amount of annuity payable to the retiring firefighter during his or
10 her life, to the beneficiary selected by the retiring firefighter at
11 the time of the original application for an annuity. For any
12 firefighter whose retirement date is on or after January 1, 1997, the
13 optional benefit forms for the retirement system shall include a
14 single lump-sum payment of the firefighter's retirement value. For
15 firefighters whose retirement date is prior to January 1, 1997, a
16 single lump-sum payment shall be available only if the city has
17 adopted such distribution option in the funding medium established
18 for the retirement system. The retiring firefighter may further elect
19 to defer the date of the first payment or lump-sum distribution to
20 the first day of any specified month prior to age seventy. In the
21 event the retiring firefighter elects to receive his or her pension
22 benefit in the form of an annuity, the amount of such annuity benefit
23 shall be the amount provided by the annuity contract purchased or
24 otherwise provided by the firefighter's retirement value as of the
25 date of the first payment. Any such annuity contract purchased by the

1 retirement system may be distributed to the retiring firefighter.
2 Upon the payment of a lump sum or the distribution of a paid-up
3 annuity contract, all obligations of the retirement system to pay
4 retirement benefits to the firefighter and his or her beneficiaries
5 shall terminate, without exception.

6 (2) For all firefighters employed on January 1, 1984, the
7 amount of the pension benefit at the retirement date shall not be
8 less than the following amounts:

9 (a) If retirement from the city occurs following age
10 fifty-five with twenty-one years of service with the city, fifty
11 percent of regular pay;

12 (b) If retirement from the city occurs following age
13 fifty but before age fifty-five with at least twenty-one years of
14 service with the city, such firefighter shall receive the actuarial
15 equivalent of the benefit which would otherwise be provided at age
16 fifty-five;

17 (c) If retirement from the city occurs on or after age
18 fifty-five with less than twenty-one years of service with the city,
19 such firefighter shall receive a pension of at least fifty percent of
20 the salary he or she was receiving at the time of retirement
21 multiplied by the ratio of the years of service to twenty-one;

22 (d) For terminations of employment from the city on or
23 after September 9, 1993, if such termination of employment as a
24 firefighter occurs before age fifty-five but after completion of
25 twenty-one years of service with the city, such firefighter shall

1 receive upon the attainment of age fifty-five a pension benefit of
2 fifty percent of regular pay;

3 (e) Unless an optional annuity benefit is selected by the
4 retired firefighter, at the death of any such retired firefighter the
5 same rate of pension as is provided for in this section shall be paid
6 to the surviving spouse of such deceased firefighter during such time
7 as the surviving spouse remains unmarried and, in case there is no
8 surviving spouse, then the minor children, if any, of such deceased
9 firefighter shall equally share such pension benefit during their
10 minority, except that as soon as a child of such deceased firefighter
11 ceases to be a minor, such pension as to such child shall cease; or

12 (f) In the event a retired firefighter or his or her
13 surviving beneficiaries die before the aggregate amount of pension
14 payments received by the firefighter and his or her survivor
15 beneficiaries, if any, equals the total amount in the firefighter's
16 employee account, at the time of the first benefit payment the
17 difference between the total amount in the employee's account and the
18 aggregate amount of pension payments received by the retired
19 firefighter and his or her surviving beneficiaries, if any, shall be
20 paid in a single sum to the firefighter's estate.

21 A firefighter entitled to a minimum pension benefit under
22 this subsection may elect to receive such pension benefit in any form
23 permitted by subsection (1) of this section, including a single lump-
24 sum payment, if the firefighter retires on or after January 1, 1997,
25 or if the city has adopted a lump-sum distribution option for

1 firefighters retiring before January 1, 1997, in the funding medium
2 for the retirement system. If the minimum pension benefit is paid in
3 the form of an optional annuity benefit or a single lump-sum payment,
4 such benefit or payment shall be the actuarial equivalent of the
5 annuity that would otherwise be paid to the firefighter pursuant to
6 this subsection.

7 If the firefighter chooses the single lump-sum payment
8 option, the firefighter may request that the actuarial equivalent be
9 equal to the average of the cost of two annuity contracts ~~purchased~~
10 ~~on the open market, based on products available for purchase in~~
11 Nebraska, if the difference between the cost of the two annuity
12 contracts does not exceed five percent. Of the two annuity contracts
13 used for comparison, one shall be chosen by the firefighter and one
14 shall be chosen by the city. If the difference between the two
15 annuity contracts exceeds five percent, the retirement committee
16 shall review the costs of the two annuity contracts and make a
17 recommendation to the city council as to the amount of the lump-sum
18 payment to be made to the firefighter. The city council shall, after
19 a hearing, determine the amount of the single lump-sum payment due
20 the firefighter. The annuity contracts used for comparison shall all
21 use the same type of sex-neutral basis benefit calculation.

22 (3) If the retirement value of a firefighter entitled to
23 a minimum pension benefit under subsection (2) of this section is not
24 sufficient at the time of the first payment to purchase or provide
25 the required pension benefit, the city shall utilize such funds as

1 may be necessary from the unallocated employer account of the
2 retirement system to purchase or provide for the required pension
3 benefit.

4 (4) Any retiring firefighter whose pension benefit is
5 less than twenty-five dollars per month on the straight life annuity
6 option shall be paid a lump-sum settlement equal to the retirement
7 value in lieu of annuity and shall not be entitled to elect to
8 receive annuity benefits.

9 Sec. 13. Section 16-1037, Reissue Revised Statutes of
10 Nebraska, is amended to read:

11 16-1037 (1) It shall be the duty of the retirement
12 committee to:

13 (a) Elect a chairperson, a vice-chairperson, and such
14 other officers as the committee deems appropriate;

15 (b) Hold regular quarterly meetings and special meetings
16 upon the call of the chairperson;

17 (c) Conduct meetings pursuant to the Open Meetings Act;

18 (d) Provide each employee a summary of plan eligibility
19 requirements, benefit provisions, and investment options available to
20 such employee;

21 (e) Provide, within thirty days after a request is made
22 by a participant, a statement describing the amount of benefits such
23 participant is eligible to receive; and

24 (f) Make available for review an annual report of the
25 system's operations describing both (i) the amount of contributions

1 to the system from both employee and employer sources and (ii) an
2 identification of the total assets of the retirement system.

3 (2)(a) Beginning December 31, 1998, and each December 31
4 thereafter, the chairperson of the retirement committee shall file
5 with the Public Employees Retirement Board an annual report on each
6 retirement plan established pursuant to section 401(a) of the
7 Internal Revenue Code and administered by a retirement system
8 established pursuant to sections 16-1020 to 16-1042 and shall submit
9 copies of such report to the Auditor of Public Accounts. The Auditor
10 of Public Accounts may prepare a review of such report pursuant to
11 section 84-304.02 but is not required to do so. The annual report
12 shall be in a form prescribed by the Public Employees Retirement
13 Board and shall contain the following information for each such
14 retirement plan:

15 (i) The number of persons participating in the retirement
16 plan;

17 (ii) The contribution rates of participants in the plan;

18 (iii) Plan assets and liabilities;

19 (iv) The names and positions of persons administering the
20 plan;

21 (v) The names and positions of persons investing plan
22 assets;

23 (vi) The form and nature of investments;

24 (vii) For each defined contribution plan, a full
25 description of investment policies and options available to plan

1 participants; and

2 (viii) For each defined benefit plan, the levels of
3 benefits of participants in the plan, the number of members who are
4 eligible for a benefit, and the total present value of such members'
5 benefits, as well as the funding sources which will pay for such
6 benefits.

7 If a plan contains no current active participants, the
8 chairperson may file in place of such report a statement with the
9 Public Employees Retirement Board indicating the number of retirees
10 still drawing benefits, and the sources and amount of funding for
11 such benefits.

12 (b) ~~Beginning December 31, 1998, and every four years~~
13 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
14 which was open to new members on January 1, 2004, in addition to the
15 reports required by section 1 of this act, the retirement committee
16 shall cause to be prepared ~~a quadrennial~~ an annual report and the
17 chairperson shall file the same with the Public Employees Retirement
18 Board and the Nebraska Retirement Systems Committee of the
19 Legislature and submit to the Auditor of Public Accounts a copy of
20 such report. The Auditor of Public Accounts may prepare a review of
21 such report pursuant to section 84-304.02 but is not required to do
22 so. If the retirement committee does not submit a copy of the report
23 to the Auditor of Public Accounts within six months after the end of
24 the plan year, the Auditor of Public Accounts may audit, or cause to
25 be audited, the city. All costs of the audit shall be paid by the

1 city. The report shall consist of a full actuarial analysis of each
2 such retirement plan administered by a system established pursuant to
3 sections 16-1020 to 16-1042. The analysis shall be prepared by an
4 independent private organization or public entity employing actuaries
5 who are members in good standing of the American Academy of
6 Actuaries, and which organization or entity has demonstrated
7 expertise to perform this type of analysis and is unrelated to any
8 organization offering investment advice or which provides investment
9 management services to the retirement plan. The report to the
10 Nebraska Retirement Systems Committee shall be submitted
11 electronically.

12 Sec. 14. Section 19-3501, Reissue Revised Statutes of
13 Nebraska, is amended to read:

14 19-3501 (1) The governing body of cities of the first and
15 second classes and villages may, by appropriate ordinance or proper
16 resolution, establish a pension plan designed and intended for the
17 benefit of the regularly employed or appointed full-time employees of
18 the city. Any recognized method of funding a pension plan may be
19 employed. The plan shall be established by appropriate ordinance or
20 proper resolution, which may provide for mandatory contribution by
21 the employee. The city may also contribute, in addition to any
22 amounts contributed by the employee, amounts to be used for the
23 purpose of funding employee past service benefits. Any two or more
24 cities of the first and second classes and villages may jointly
25 establish such a pension plan by adoption of appropriate ordinances

1 or resolutions. Such a pension plan may be integrated with old age
2 and survivors insurance, otherwise generally known as social
3 security.

4 (2)(a) Beginning December 31, 1998, and each December 31
5 thereafter, the clerk of a city or village with a retirement plan
6 established pursuant to this section and section 401(a) of the
7 Internal Revenue Code shall file with the Public Employees Retirement
8 Board an annual report on such plan and shall submit copies of such
9 report to the Auditor of Public Accounts. The Auditor of Public
10 Accounts may prepare a review of such report pursuant to section
11 84-304.02 but is not required to do so. The annual report shall be in
12 a form prescribed by the Public Employees Retirement Board and shall
13 contain the following information for each such retirement plan:

14 (i) The number of persons participating in the retirement
15 plan;

16 (ii) The contribution rates of participants in the plan;

17 (iii) Plan assets and liabilities;

18 (iv) The names and positions of persons administering the
19 plan;

20 (v) The names and positions of persons investing plan
21 assets;

22 (vi) The form and nature of investments;

23 (vii) For each defined contribution plan, a full
24 description of investment policies and options available to plan
25 participants; and

1 (viii) For each defined benefit plan, the levels of
2 benefits of participants in the plan, the number of members who are
3 eligible for a benefit, and the total present value of such members'
4 benefits, as well as the funding sources which will pay for such
5 benefits.

6 If a plan contains no current active participants, the
7 city or village clerk may file in place of such report a statement
8 with the Public Employees Retirement Board indicating the number of
9 retirees still drawing benefits, and the sources and amount of
10 funding for such benefits.

11 (b) ~~Beginning December 31, 1998, and every four years~~
12 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
13 which was open to new members on January 1, 2004, in addition to the
14 reports required by section 1 of this act, the city council or
15 village board shall cause to be prepared ~~a quadrennial~~ an annual
16 report and shall file the same with the Public Employees Retirement
17 Board and the Nebraska Retirement Systems Committee of the
18 Legislature and submit to the Auditor of Public Accounts a copy of
19 each report. The Auditor of Public Accounts may prepare a review of
20 such report pursuant to section 84-304.02 but is not required to do
21 so. If the city council or village board does not submit a copy of
22 the report to the Auditor of Public Accounts within six months after
23 the end of the plan year, the Auditor of Public Accounts may audit,
24 or cause to be audited, the city or village. All costs of the audit
25 shall be paid by the city or village. The report shall consist of a

1 full actuarial analysis of each such retirement plan established
2 pursuant to this section. The analysis shall be prepared by an
3 independent private organization or public entity employing actuaries
4 who are members in good standing of the American Academy of
5 Actuaries, and which organization or entity has demonstrated
6 expertise to perform this type of analysis and is unrelated to any
7 organization offering investment advice or which provides investment
8 management services to the retirement plan. The report to the
9 Nebraska Retirement Systems Committee shall be submitted
10 electronically.

11 (3) Subsection (1) of this section shall not apply to
12 firefighters or police officers who are included under an existing
13 pension or retirement system established by the municipality
14 employing such firefighters or police officers or the Legislature. If
15 a city of the first class decreases in population to less than five
16 thousand, as determined by the latest federal census, any police
17 officer or firefighter employed by such city on or prior to the date
18 such city becomes a city of the second class shall retain the level
19 of benefits established by the Legislature for police officers or
20 firefighters employed by a city of the first class on the date such
21 city becomes a city of the second class.

22 Sec. 15. Section 23-1118, Reissue Revised Statutes of
23 Nebraska, is amended to read:

24 23-1118 (1)(a) Unless the county has adopted a retirement
25 system pursuant to section 23-2329, the county board of any county

1 having a population of one hundred fifty thousand inhabitants or
2 more, as determined by the most recent federal decennial census, may,
3 in its discretion and with the approval of the voters, provide
4 retirement benefits for present and future employees of the county.
5 The cost of such retirement benefits shall be funded in accordance
6 with sound actuarial principles with the necessary cost being treated
7 in the county budget in the same way as any other operating expense.

8 (b) Except as provided in subdivision (c) of this
9 subsection, each employee shall be required to contribute, or have
10 contributed on his or her behalf, an amount at least equal to the
11 county's contribution to the cost of any such retirement program as
12 to service performed after the adoption of such retirement program,
13 but the cost of any benefits based on prior service shall be borne
14 solely by the county.

15 (c) In a county or municipal county having a population
16 of two hundred thousand or more inhabitants but not more than three
17 hundred thousand inhabitants, as determined by the most recent
18 federal decennial census, the county or municipal county shall
19 establish the employee and employer contribution rates to the
20 retirement program for each year after July 15, 1992. The county or
21 municipal county shall contribute one hundred fifty percent of each
22 employee's mandatory contribution, and for an employee hired on or
23 after July 1, 2012, the county or municipal county shall contribute
24 at least one hundred percent of each such employee's mandatory
25 contribution. The combined contributions of the county or municipal

1 county and its employees to the cost of any such retirement program
2 shall not exceed thirteen percent of the employees' salaries.

3 (2) Before the county board or council provides
4 retirement benefits for the employees of the county or municipal
5 county, such question shall be submitted at a regular general or
6 primary election held within the county or municipal county, and in
7 which election all persons eligible to vote for the officials of the
8 county or municipal county shall be entitled to vote on such
9 question, which shall be submitted in the following language: Shall
10 the county board or council provide retirement benefits for present
11 and future employees of the county or municipal county? If a majority
12 of the votes cast upon such question are in favor of such question,
13 then the county board or council shall be empowered to provide
14 retirement benefits for present and future employees as provided in
15 this section. If such retirement benefits for present and future
16 county and municipal county employees are approved by the voters and
17 authorized by the county board or council, then the funds of such
18 retirement system, in excess of the amount required for current
19 operations as determined by the county board or council, may be
20 invested and reinvested in the class of securities and investments
21 described in section 30-3209.

22 (3) As used in this section, employees shall mean all
23 persons or officers devoting more than twenty hours per week to
24 employment by the county or municipal county, all elected officers of
25 the county or municipal county, and such other persons or officers as

1 are classified from time to time as permanent employees by the county
2 board or council.

3 (4) The county or municipal county may pick up the member
4 contributions required by this section for all compensation paid on
5 or after January 1, 1985, and the contributions so picked up shall be
6 treated as employer contributions in determining federal tax
7 treatment under the Internal Revenue Code, except that the county or
8 municipal county shall continue to withhold federal income taxes
9 based upon these contributions until the Internal Revenue Service or
10 the federal courts rule that, pursuant to section 414(h) of the
11 Internal Revenue Code, these contributions shall not be included as
12 gross income of the member until such time as they are distributed or
13 made available. The county or municipal county shall pay these member
14 contributions from the same source of funds which is used in paying
15 earnings to the member. The county or municipal county shall pick up
16 these contributions by a salary deduction either through a reduction
17 in the cash salary of the member or a combination of a reduction in
18 salary and offset against a future salary increase. Member
19 contributions picked up shall be treated in the same manner and to
20 the same extent as member contributions made prior to the date picked
21 up.

22 (5)(a) Beginning December 31, 1998, and each December 31
23 thereafter, the chairperson of the county board or council with a
24 retirement plan established pursuant to this section and section
25 401(a) of the Internal Revenue Code shall file with the Public

1 Employees Retirement Board a report on such plan and shall submit
2 copies of such report to the Auditor of Public Accounts. The Auditor
3 of Public Accounts may prepare a review of such report pursuant to
4 section 84-304.02 but is not required to do so. The report shall be
5 in a form prescribed by the Public Employees Retirement Board and
6 shall contain the following information for each such retirement
7 plan:

8 (i) The number of persons participating in the retirement
9 plan;

10 (ii) The contribution rates of participants in the plan;

11 (iii) Plan assets and liabilities;

12 (iv) The names and positions of persons administering the
13 plan;

14 (v) The names and positions of persons investing plan
15 assets;

16 (vi) The form and nature of investments;

17 (vii) For each defined contribution plan, a full
18 description of investment policies and options available to plan
19 participants; and

20 (viii) For each defined benefit plan, the levels of
21 benefits of participants in the plan, the number of members who are
22 eligible for a benefit, and the total present value of such members'
23 benefits, as well as the funding sources which will pay for such
24 benefits.

25 If a plan contains no current active participants, the

1 chairperson may file in place of such report a statement with the
2 Public Employees Retirement Board indicating the number of retirees
3 still drawing benefits, and the sources and amount of funding for
4 such benefits.

5 (b) ~~Beginning December 31, 1998, and every four years~~
6 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
7 which was open to new members on January 1, 2004, in addition to the
8 reports required by section 1 of this act, the county board of a
9 county or council of the municipal county with a retirement plan
10 established pursuant to this section shall cause to be prepared ~~a~~ an
11 annual report and the chairperson shall file the same with the Public
12 Employees Retirement Board and the Nebraska Retirement Systems
13 Committee of the Legislature and submit to the Auditor of Public
14 Accounts a copy of such report. The Auditor of Public Accounts may
15 prepare a review of such report pursuant to section 84-304.02 but is
16 not required to do so. If the county board or council does not submit
17 a copy of the report to the Auditor of Public Accounts within six
18 months after the end of the plan year, the Auditor of Public Accounts
19 may audit, or cause to be audited, the county or municipal county.
20 All costs of the audit shall be paid by the county or municipal
21 county. The report shall consist of a full actuarial analysis of each
22 such retirement plan established pursuant to this section. The
23 analysis shall be prepared by an independent private organization or
24 public entity employing actuaries who are members in good standing of
25 the American Academy of Actuaries, and which organization or entity

1 has demonstrated expertise to perform this type of analysis and is
2 unrelated to any organization offering investment advice or which
3 provides investment management services to the retirement plan. The
4 report to the Nebraska Retirement Systems Committee shall be
5 submitted electronically.

6 Sec. 16. Section 23-2309.01, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 23-2309.01 (1) Each member employed and participating in
9 the retirement system prior to January 1, 2003, who has elected not
10 to participate in the cash balance benefit, shall be allowed to
11 allocate all contributions to his or her employee account to various
12 investment options. The investment options shall include, but not be
13 limited to, the following:

14 (a) An investor select account which shall be invested
15 under the direction of the state investment officer with an asset
16 allocation and investment strategy substantially similar to the
17 investment allocations made by the state investment officer for the
18 defined benefit plans under the retirement systems described in
19 subdivision (1)(a) of section 84-1503. Investments shall most likely
20 include domestic and international equities, fixed income
21 investments, and real estate, as well as potentially additional asset
22 classes;

23 (b) A stable return account which shall be invested by or
24 under the direction of the state investment officer in ~~one or more~~
25 ~~guaranteed investment contracts;~~ a stable value strategy that

1 provides capital preservation and consistent, steady returns;

2 (c) An equities account which shall be invested by or
3 under the direction of the state investment officer in equities;

4 (d) A balanced account which shall be invested by or
5 under the direction of the state investment officer in equities and
6 fixed income instruments;

7 (e) An index fund account which shall be invested by or
8 under the direction of the state investment officer in a portfolio of
9 common stocks designed to closely duplicate the total return of the
10 Standard and Poor's division of The McGraw-Hill Companies, Inc., 500
11 Index;

12 (f) A fixed income account which shall be invested by or
13 under the direction of the state investment officer in fixed income
14 instruments;

15 (g) A money market account which shall be invested by or
16 under the direction of the state investment officer in short-term
17 fixed income securities; and

18 (h) Beginning July 1, 2006, an age-based account which
19 shall be invested under the direction of the state investment officer
20 with an asset allocation and investment strategy that changes based
21 upon the age of the member. The board shall develop an account
22 mechanism that changes the investments as the employee nears
23 retirement age. The asset allocation and asset classes utilized in
24 the investments shall move from aggressive, to moderate, and then to
25 conservative as retirement age approaches.

1 If a member fails to select an option or combination of
2 options, all of his or her funds shall be placed in the option
3 described in subdivision (b) of this subsection. Each member shall be
4 given a detailed current description of each investment option prior
5 to making or revising his or her allocation.

6 (2) Members of the retirement system may allocate their
7 contributions to the investment options in percentage increments as
8 set by the board in any proportion, including full allocation to any
9 one option. A member under subdivision (1)(a) of section 23-2321 or
10 his or her beneficiary may transfer any portion of his or her funds
11 among the options, except for restrictions on transfers to or from
12 the stable return account pursuant to rule or regulation. The board
13 shall adopt and promulgate rules and regulations for changes of a
14 member's allocation of contributions to his or her accounts after his
15 or her most recent allocation and for transfers from one investment
16 account to another.

17 (3) The board shall develop a schedule for the allocation
18 of administrative costs of maintaining the various investment options
19 and shall assess the costs so that each member pays a reasonable fee
20 as determined by the board.

21 (4) In order to carry out this section, the board may
22 enter into administrative services agreements for accounting or
23 record-keeping services. No agreement shall be entered into unless
24 the board determines that it will result in administrative economy
25 and will be in the best interests of the county and its participating

1 employees.

2 (5) The state, the board, the state investment officer,
3 the members of the Nebraska Investment Council, or the county shall
4 not be liable for any investment results resulting from the member's
5 exercise of control over the assets in the employee account.

6 Sec. 17. Section 23-3526, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 23-3526 (1) The board of trustees of each facility, as
9 provided by section 23-3501, shall, upon approval of the county
10 board, have the power and authority to establish and fund a
11 retirement plan for the benefit of its full-time employees. The plan
12 may be funded by any actuarially recognized method approved by the
13 county board. Employees participating in the plan may be required to
14 contribute toward funding the benefits. The facility shall pay all
15 costs of establishing and maintaining the plan. The plan may be
16 integrated with old age and survivor's insurance.

17 (2)(a) Beginning December 31, 1998, and each December 31
18 thereafter, the chairperson of the board of trustees of a facility
19 with a retirement plan established pursuant to this section and
20 section 401(a) of the Internal Revenue Code shall file with the
21 Public Employees Retirement Board an annual report on such plan and
22 shall submit copies of such report to the Auditor of Public Accounts.
23 The Auditor of Public Accounts may prepare a review of such report
24 pursuant to section 84-304.02 but is not required to do so. The
25 annual report shall be in a form prescribed by the Public Employees

1 Retirement Board and shall contain the following information for each
2 such retirement plan:

3 (i) The number of persons participating in the retirement
4 plan;

5 (ii) The contribution rates of participants in the plan;

6 (iii) Plan assets and liabilities;

7 (iv) The names and positions of persons administering the
8 plan;

9 (v) The names and positions of persons investing plan
10 assets;

11 (vi) The form and nature of investments;

12 (vii) For each defined contribution plan which is not
13 administered by a retirement system under the County Employees
14 Retirement Act, a full description of investment policies and options
15 available to plan participants; and

16 (viii) For each defined benefit plan which is not
17 administered by a retirement system under the County Employees
18 Retirement Act, the levels of benefits of participants in the plan,
19 the number of members who are eligible for a benefit, and the total
20 present value of such members' benefits, as well as the funding
21 sources which will pay for such benefits.

22 If a plan which is not administered by a retirement
23 system under the County Employees Retirement Act contains no current
24 active participants, the chairperson may file in place of such report
25 a statement with the Public Employees Retirement Board indicating the

1 number of retirees still drawing benefits, and the sources and amount
2 of funding for such benefits.

3 (b) ~~Beginning December 31, 1998, and every four years~~
4 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
5 which was open to new members on January 1, 2004, in addition to the
6 reports required by section 1 of this act, the board of trustees
7 shall cause to be prepared ~~a quadrennial~~ an annual report for each
8 retirement plan which is not administered by a retirement system
9 under the County Employees Retirement Act, and the chairperson shall
10 file the same with the Public Employees Retirement Board and the
11 Nebraska Retirement Systems Committee of the Legislature and submit
12 to the Auditor of Public Accounts a copy of such report. The Auditor
13 of Public Accounts may prepare a review of such report pursuant to
14 section 84-304.02 but is not required to do so. If the board of
15 trustees does not submit a copy of the report to the Auditor of
16 Public Accounts within six months after the end of the plan year, the
17 Auditor of Public Accounts may audit, or cause to be audited, the
18 facility. All costs of the audit shall be paid by the facility. The
19 report shall consist of a full actuarial analysis of each such
20 retirement plan established pursuant to this section which is not
21 administered by a retirement system under the County Employees
22 Retirement Act. The analysis shall be prepared by an independent
23 private organization or public entity employing actuaries who are
24 members in good standing of the American Academy of Actuaries, and
25 which organization or entity has demonstrated expertise to perform

1 this type of analysis and is unrelated to any organization offering
2 investment advice or which provides investment management services to
3 the retirement plan. The report to the Nebraska Retirement Systems
4 Committee shall be submitted electronically.

5 Sec. 18. Section 30-3209, Revised Statutes Cumulative
6 Supplement, 2012, is amended to read:

7 30-3209 (1) Corporate trustees authorized by Nebraska law
8 to exercise fiduciary powers and holding retirement or pension funds
9 for the benefit of employees or former employees of cities, villages,
10 school districts, ~~public power districts,~~ or other governmental or
11 political subdivisions may invest and reinvest such funds in such
12 securities and investments as are authorized for trustees, guardians,
13 conservators, personal representatives, or administrators under the
14 laws of Nebraska. Retirement or pension funds of such cities,
15 villages, districts, or subdivisions may be invested in annuities
16 issued by life insurance companies authorized to do business in
17 Nebraska. Except as provided in subsection (2) of this section, any
18 other retirement or pension funds of cities, including cities
19 operating under home rule charters, villages, school districts except
20 as provided in section 79-9,107, ~~public power districts,~~ and all
21 other governmental or political subdivisions may be invested and
22 reinvested, as the governing body of such city, village, school
23 district, ~~public power district,~~ or other governmental or political
24 subdivision may determine, in the following classes of securities and
25 investments: (a) Bonds, notes, or other obligations of the United

1 States or those guaranteed by or for which the credit of the United
2 States is pledged for the payment of the principal and interest or
3 dividends thereof; (b) bonds or other evidences of indebtedness of
4 the State of Nebraska and full faith and credit obligations of or
5 obligations unconditionally guaranteed as to principal and interest
6 by any other state of the United States; (c) bonds, notes, or
7 obligations of any municipal or political subdivision of the State of
8 Nebraska which are general obligations of the issuer thereof and
9 revenue bonds or debentures of any city, county, or utility district
10 of this state when the earnings available for debt service have, for
11 a five-year period immediately preceding the date of purchase,
12 averaged not less than one and one-half times such debt service
13 requirements; (d) bonds and debentures issued either singly or
14 collectively by any of the twelve federal land banks, the twelve
15 intermediate credit banks, or the thirteen banks for cooperatives
16 under the supervision of the Farm Credit Administration; (e)
17 certificates of deposit of banks which are members of the Federal
18 Deposit Insurance Corporation or capital stock financial
19 institutions, and if the amount deposited exceeds the amount of
20 insurance available thereon, then the excess shall be secured in the
21 same manner as for the deposit of public funds; (f) accounts with
22 building and loan associations, qualifying mutual financial
23 institutions, or federal savings and loan associations in the State
24 of Nebraska to the extent that such accounts are insured or
25 guaranteed by the Federal Deposit Insurance Corporation; (g) bonds or

1 other interest-bearing obligations of any corporation organized under
2 the laws of the United States or any state thereof if (i) at the time
3 the purchase is made, they are given, by at least one statistical
4 organization whose publication is in general use, one of the three
5 highest ratings given by such organization and (ii) not more than
6 five percent of the fund shall be invested in the obligations of any
7 one issuer; (h) direct short-term obligations, generally classified
8 as commercial paper, of any corporation organized or existing under
9 the laws of the United States or any state thereof with a net worth
10 of ten million dollars or more; and (i) preferred or common stock of
11 any corporation organized under the laws of the United States or of
12 any state thereof with a net worth of ten million dollars or more if
13 (i) not more than fifty percent of the total investments at the time
14 such investment is made is in this class and not more than five
15 percent is invested in each of the first five years and (ii) not more
16 than five percent thereof is invested in the securities of any one
17 corporation. Notwithstanding the percentage limits stated in this
18 subsection, the cash proceeds of the sale of such preferred or common
19 stock may be reinvested in any securities authorized under this
20 subdivision. No city, village, school district, ~~public power~~
21 ~~district,~~ or other governmental subdivision or the governing body
22 thereof shall be authorized to sell any securities short, buy on
23 margin, or buy, sell, or engage in puts and calls. Section 77-2366
24 shall apply to deposits in capital stock financial institutions.
25 Section 77-2365.01 shall apply to deposits in qualifying mutual

1 financial institutions.

2 (2) Notwithstanding the limitations prescribed in
3 subsection (1) of this section, trustees or custodians holding
4 retirement or pension funds for the benefit of employees or former
5 employees of any city of the primary class, city of the metropolitan
6 class, metropolitan utilities district, ~~or~~ county in which a city of
7 the metropolitan class is located, or public power district shall
8 invest such funds in investments of the nature which individuals of
9 prudence, discretion, and intelligence acquire or retain in dealing
10 with the property of another. Such investments shall not be made for
11 speculation but for investment, considering the probable safety of
12 their capital as well as the probable income to be derived. The
13 trustees or custodians shall not buy on margin, buy call options, or
14 buy put options. The trustees or custodians may lend any security if
15 cash, United States Government obligations, or United States
16 Government agency obligations with a market value equal to or
17 exceeding the market value of the security lent are received as
18 collateral. If shares of stock are purchased under this subsection,
19 all proxies may be voted by the trustees or custodians. The asset
20 allocation restrictions set forth in subsection (1) of this section
21 shall not be applicable to the funds of pension or retirement systems
22 administered by or on behalf of a city of the primary class, city of
23 the metropolitan class, metropolitan utilities district, ~~or~~ county in
24 which a city of the metropolitan class is located, or public power
25 district.

1 (3) For purposes of subsection (2) of this section, a
2 custodian means a custodian meeting the requirements of section
3 401(f)(2) of the Internal Revenue Code.

4 Sec. 19. Section 71-1631.02, Revised Statutes Cumulative
5 Supplement, 2012, is amended to read:

6 71-1631.02 (1) Beginning December 31, 1998, and each year
7 thereafter, the health director of a board of health with an
8 independent retirement plan established pursuant to section 71-1631
9 and section 401(a) of the Internal Revenue Code shall file with the
10 Public Employees Retirement Board an annual report on such plan and
11 shall submit copies of such report to the Auditor of Public Accounts.
12 The Auditor of Public Accounts may prepare a review of such report
13 pursuant to section 84-304.02 but is not required to do so. The
14 annual report shall be in a form prescribed by the Public Employees
15 Retirement Board and shall contain the following information for each
16 such retirement plan:

17 (a) The number of persons participating in the retirement
18 plan;

19 (b) The contribution rates of participants in the plan;

20 (c) Plan assets and liabilities;

21 (d) The names and positions of persons administering the
22 plan;

23 (e) The names and positions of persons investing plan
24 assets;

25 (f) The form and nature of investments;

1 (g) For each independent defined contribution plan, a
2 full description of investment policies and options available to plan
3 participants; and

4 (h) For each independent defined benefit plan, the levels
5 of benefits of participants in the plan, the number of members who
6 are eligible for a benefit, and the total present value of such
7 members' benefits, as well as the funding sources which will pay for
8 such benefits.

9 If an independent plan contains no current active
10 participants, the health director may file in place of such report a
11 statement with the Public Employees Retirement Board indicating the
12 number of retirees still drawing benefits, and the sources and amount
13 of funding for such benefits.

14 (2) ~~Beginning December 31, 1998, and every four years~~
15 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
16 which was open to new members on January 1, 2004, in addition to the
17 reports required by section 1 of this act, a board of health with an
18 independent retirement plan established pursuant to section 71-1631
19 shall cause to be prepared ~~a quadrennial~~ an annual report and the
20 health director shall file the same with the Public Employees
21 Retirement Board and the Nebraska Retirement Systems Committee of the
22 Legislature and submit to the Auditor of Public Accounts a copy of
23 such report. The Auditor of Public Accounts may prepare a review of
24 such report pursuant to section 84-304.02 but is not required to do
25 so. If the board of health does not submit a copy of the report to

1 the Auditor of Public Accounts within six months after the end of the
2 plan year, the Auditor of Public Accounts may audit, or cause to be
3 audited, the local public health department. All costs of the audit
4 shall be paid by the local public health department. The report shall
5 consist of a full actuarial analysis of each such independent
6 retirement plan established pursuant to section 71-1631. The analysis
7 shall be prepared by an independent private organization or public
8 entity employing actuaries who are members in good standing of the
9 American Academy of Actuaries, and which organization or entity has
10 demonstrated expertise to perform this type of analysis and is
11 unrelated to any organization offering investment advice or which
12 provides investment management services to the retirement plan. The
13 report to the Nebraska Retirement Systems Committee shall be
14 submitted electronically.

15 Sec. 20. Section 72-1263, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 72-1263 ~~The~~ Except as provided in section 72-1264, the
18 state investment officer shall, out of funds available for
19 investment, initially cause to be offered to all banks, capital stock
20 financial institutions, and qualifying mutual financial institutions
21 in this state a time deposit open account in the amount of one
22 million dollars, except that the minimum amount that any bank,
23 capital stock financial institution, or qualifying mutual financial
24 institution may accept is the amount of one hundred thousand dollars.
25 Such deposit shall be available at any investment date to such banks,

1 capital stock financial institutions, or qualifying mutual financial
2 institutions as are willing to meet the rate and other requirements
3 set forth in the Nebraska Capital Expansion Act and make application
4 therefor. No deposit shall be made when doing so would violate a
5 fiduciary obligation of the state or section 72-1268.07. To the
6 extent that the total amount of funds initially offered to all banks,
7 capital stock financial institutions, and qualifying mutual financial
8 institutions is not accepted by such banks, capital stock financial
9 institutions, and qualifying mutual financial institutions, the
10 balance of such funds shall be immediately reoffered to any banks,
11 capital stock financial institutions, and qualifying mutual financial
12 institutions desiring additional funds in an amount not to exceed
13 each bank's, capital stock financial institution's, or qualifying
14 mutual financial institution's pro rata share of the remaining funds,
15 or five million dollars for each bank, capital stock financial
16 institution, or qualifying mutual financial institution, whichever is
17 less. The reoffered funds shall be made available to such banks,
18 capital stock financial institutions, and qualifying mutual financial
19 institutions as are willing to meet the rate and other requirements
20 set forth in the Nebraska Capital Expansion Act. All funds not
21 investable under this section shall be invested as provided by
22 section 72-1246. No one bank, capital stock financial institution, or
23 qualifying mutual financial institution may receive for deposit a sum
24 of more than ~~one~~ six million dollars.

25 Sec. 21. Section 84-304, Revised Statutes Supplement,

1 2013, is amended to read:

2 84-304 It shall be the duty of the Auditor of Public
3 Accounts:

4 (1) To give information electronically to the
5 Legislature, whenever required, upon any subject relating to the
6 fiscal affairs of the state or with regard to any duty of his or her
7 office;

8 (2) To furnish offices for himself or herself and all
9 fuel, lights, books, blanks, forms, paper, and stationery required
10 for the proper discharge of the duties of his or her office;

11 (3) To examine or cause to be examined, at such time as
12 he or she shall determine, books, accounts, vouchers, records, and
13 expenditures of all state officers, state bureaus, state boards,
14 state commissioners, the state library, societies and associations
15 supported by the state, state institutions, state colleges, and the
16 University of Nebraska, except when required to be performed by other
17 officers or persons. Such examinations shall be done in accordance
18 with generally accepted government auditing standards for financial
19 audits and attestation engagements set forth in Government Auditing
20 Standards (2011 Revision), published by the Comptroller General of
21 the United States, Government Accountability Office, and except as
22 provided in subdivision (11) of this section, subdivision (16) of
23 section 50-1205, and section 84-322, shall not include performance
24 audits, whether conducted pursuant to attestation engagements or
25 performance audit standards as set forth in Government Auditing

1 Standards (2011 Revision), published by the Comptroller General of
2 the United States, Government Accountability Office;

3 (4)(a) To examine or cause to be examined, at the expense
4 of the political subdivision, when the Auditor of Public Accounts
5 determines such examination necessary or when requested by the
6 political subdivision, the books, accounts, vouchers, records, and
7 expenditures of any agricultural association formed under Chapter 2,
8 article 20, any county agricultural society, any joint airport
9 authority formed under the Joint Airport Authorities Act, any city or
10 county airport authority, any bridge commission created pursuant to
11 section 39-868, any cemetery district, any development district, any
12 drainage district, any health district, any local public health
13 department as defined in section 71-1626, any historical society, any
14 hospital authority or district, any county hospital, any housing
15 agency as defined in section 71-1575, any irrigation district, any
16 county or municipal library, any community mental health center, any
17 railroad transportation safety district, any rural water district,
18 any township, Wyuka Cemetery, the Educational Service Unit
19 Coordinating Council, any entity created pursuant to the Interlocal
20 Cooperation Act which includes either the participation of the
21 Educational Service Unit Coordinating Council or any educational
22 service unit, any village, any political subdivision with the
23 authority to levy a property tax or a toll, or any entity created
24 pursuant to the Joint Public Agency Act which has separately levied a
25 property tax based on legal authority for a joint public agency to

1 levy such a tax independent of the public agencies forming such joint
2 public agency.

3 (b) The Auditor of Public Accounts may waive the audit
4 requirement of subdivision (4)(a) of this section upon the submission
5 by the political subdivision of a written request in a form
6 prescribed by the auditor. The auditor shall notify the political
7 subdivision in writing of the approval or denial of the request for a
8 waiver. †

9 (c) The Auditor of Public Accounts may conduct audits
10 under this subdivision for purposes of section 1 of this act and
11 sections 2-3228, 12-101, 14-567, 14-1805.01, 14-2111, 15-1017,
12 16-1017, 16-1037, 19-3501, 23-1118, 23-3526, and 71-1631.02;

13 (5) To report promptly to the Governor and the
14 appropriate standing committee of the Legislature the fiscal
15 condition shown by such examinations conducted by the auditor,
16 including any irregularities or misconduct of officers or employees,
17 any misappropriation or misuse of public funds or property, and any
18 improper system or method of bookkeeping or condition of accounts.
19 The report submitted to the committee shall be submitted
20 electronically. In addition, if, in the normal course of conducting
21 an audit in accordance with subdivision (3) of this section, the
22 auditor discovers any potential problems related to the
23 effectiveness, efficiency, or performance of state programs, he or
24 she shall immediately report them electronically to the Legislative
25 Performance Audit Committee which may investigate the issue further,

1 report it electronically to the appropriate standing committee of the
2 Legislature, or both;

3 (6)(a) To examine or cause to be examined the books,
4 accounts, vouchers, records, and expenditures of a fire protection
5 district. The expense of the examination shall be paid by the
6 political subdivision.

7 (b) Whenever the expenditures of a fire protection
8 district are one hundred fifty thousand dollars or less per fiscal
9 year, the fire protection district shall be audited no more than once
10 every five years except as directed by the board of directors of the
11 fire protection district or unless the auditor receives a verifiable
12 report from a third party indicating any irregularities or misconduct
13 of officers or employees of the fire protection district, any
14 misappropriation or misuse of public funds or property, or any
15 improper system or method of bookkeeping or condition of accounts of
16 the fire protection district. In the absence of such a report, the
17 auditor may waive the five-year audit requirement upon the submission
18 of a written request by the fire protection district in a form
19 prescribed by the auditor. The auditor shall notify the fire
20 protection district in writing of the approval or denial of a request
21 for waiver of the five-year audit requirement. Upon approval of the
22 request for waiver of the five-year audit requirement, a new five-
23 year audit period shall begin.

24 (c) Whenever the expenditures of a fire protection
25 district exceed one hundred fifty thousand dollars in a fiscal year,

1 the auditor may waive the audit requirement upon the submission of a
2 written request by the fire protection district in a form prescribed
3 by the auditor. The auditor shall notify the fire protection district
4 in writing of the approval or denial of a request for waiver. Upon
5 approval of the request for waiver, a new five-year audit period
6 shall begin for the fire protection district if its expenditures are
7 one hundred fifty thousand dollars or less per fiscal year in
8 subsequent years;

9 (7) To appoint two assistant deputies (a) whose entire
10 time shall be devoted to the service of the state as directed by the
11 auditor, (b) who shall be certified public accountants with at least
12 five years' experience, (c) who shall be selected without regard to
13 party affiliation or to place of residence at the time of
14 appointment, (d) who shall promptly report in duplicate to the
15 auditor the fiscal condition shown by each examination, including any
16 irregularities or misconduct of officers or employees, any
17 misappropriation or misuse of public funds or property, and any
18 improper system or method of bookkeeping or condition of accounts,
19 and it shall be the duty of the auditor to file promptly with the
20 Governor a duplicate of such report, and (e) who shall qualify by
21 taking an oath which shall be filed in the office of the Secretary of
22 State;

23 (8) To conduct audits and related activities for state
24 agencies, political subdivisions of this state, or grantees of
25 federal funds disbursed by a receiving agency on a contractual or

1 other basis for reimbursement to assure proper accounting by all such
2 agencies, political subdivisions, and grantees for funds appropriated
3 by the Legislature and federal funds disbursed by any receiving
4 agency. The auditor may contract with any political subdivision to
5 perform the audit of such political subdivision required by or
6 provided for in section 23-1608 or 79-1229 or this section and charge
7 the political subdivision for conducting the audit. The fees charged
8 by the auditor for conducting audits on a contractual basis shall be
9 in an amount sufficient to pay the cost of the audit. The fees
10 remitted to the auditor for such audits and services shall be
11 deposited in the Auditor of Public Accounts Cash Fund;

12 (9) To conduct all audits and examinations in a timely
13 manner and in accordance with the standards for audits of
14 governmental organizations, programs, activities, and functions
15 published by the Comptroller General of the United States;

16 (10) To develop and maintain an annual budget and actual
17 financial information reporting system for political subdivisions
18 that is accessible online by the public; and

19 (11) When authorized, to conduct joint audits with the
20 Legislative Performance Audit Committee as described in section
21 50-1205.

22 Sec. 22. Section 84-1310.01, Revised Statutes Cumulative
23 Supplement, 2012, is amended to read:

24 84-1310.01 (1) Each member employed and participating in
25 the retirement system prior to January 1, 2003, who has elected not

1 to participate in the cash balance benefit, shall be allowed to
2 allocate all contributions to his or her employee account to various
3 investment options. Such investment options shall include, but not be
4 limited to, the following:

5 (a) An investor select account which shall be invested
6 under the direction of the state investment officer with an asset
7 allocation and investment strategy substantially similar to the
8 investment allocations made by the state investment officer for the
9 defined benefit plans under the retirement systems described in
10 subdivision (1)(a) of section 84-1503. Investments shall most likely
11 include domestic and international equities, fixed income
12 investments, and real estate, as well as potentially additional asset
13 classes;

14 (b) A stable return account which shall be invested by or
15 under the direction of the state investment officer in ~~one or more~~
16 ~~guaranteed investment contracts;~~ a stable value strategy that
17 provides capital preservation and consistent, steady returns;

18 (c) An equities account which shall be invested by or
19 under the direction of the state investment officer in equities;

20 (d) A balanced account which shall be invested by or
21 under the direction of the state investment officer in equities and
22 fixed income instruments;

23 (e) An index fund account which shall be invested by or
24 under the direction of the state investment officer in a portfolio of
25 common stocks designed to closely duplicate the total return of the

1 Standard and Poor's division of The McGraw-Hill Companies, Inc., 500
2 Index;

3 (f) A fixed income account which shall be invested by or
4 under the direction of the state investment officer in fixed income
5 instruments;

6 (g) A money market account which shall be invested by or
7 under the direction of the state investment officer in short-term
8 fixed income securities; and

9 (h) Beginning on July 1, 2006, an age-based account which
10 shall be invested under the direction of the state investment officer
11 with an asset allocation and investment strategy that changes based
12 upon the age of the member. The board shall develop an account
13 mechanism that changes the investments as the employee nears
14 retirement age. The asset allocation and asset classes utilized in
15 the investments shall move from aggressive, to moderate, and then to
16 conservative as retirement age approaches.

17 If a member fails to select an option or combination of
18 options, all of his or her funds shall be placed in the option
19 described in subdivision (b) of this subsection. Each member shall be
20 given a detailed current description of each investment option prior
21 to making or revising his or her allocation.

22 (2) Members of the retirement system may allocate their
23 contributions to the investment options in percentage increments as
24 set by the board in any proportion, including full allocation to any
25 one option. A member under subdivision (1)(a) of section 84-1323 or

1 his or her beneficiary may transfer any portion of his or her funds
2 among the options, except for restrictions on transfers to or from
3 the stable return account pursuant to rule or regulation. The board
4 shall adopt and promulgate rules and regulations for changes of a
5 member's allocation of contributions to his or her accounts after his
6 or her most recent allocation and for transfers from one investment
7 account to another.

8 (3) The board shall develop a schedule for the allocation
9 of administrative costs of maintaining the various investment options
10 and shall assess the costs so that each member pays a reasonable fee
11 as determined by the board.

12 (4) In order to carry out the provisions of this section,
13 the board may enter into administrative services agreements for
14 accounting or record-keeping services. No agreement shall be entered
15 into unless the board determines that it will result in
16 administrative economy and will be in the best interests of the state
17 and its participating employees.

18 (5) The state, the board, the state investment officer,
19 the members of the Nebraska Investment Council, or the agency shall
20 not be liable for any investment results resulting from the member's
21 exercise of control over the assets in the employee account.

22 Sec. 23. Original sections 2-3228, 12-101, 14-567,
23 14-1805.01, 14-2111, 15-1017, 16-1002, 16-1007, 16-1017, 16-1021,
24 16-1027, 16-1037, 19-3501, 23-1118, 23-2309.01, 23-3526, and 72-1263,
25 Reissue Revised Statutes of Nebraska, sections 30-3209, 71-1631.02,

1 and 84-1310.01, Revised Statutes Cumulative Supplement, 2012, and
2 section 84-304, Revised Statutes Supplement, 2013, are repealed.