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PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

JUNE 17, 2019

9:30 A.M.

A regular meeting of the Public Employees Retirement Board convened at 9:33 a.m., Monday, June 17, 2019, in the 1526 Building, 4th Floor, Conference Room 4D, 1526 "K" Street, Lincoln, Nebraska.

The Board members were notified of this meeting by the Agenda posted on the PERB SharePoint website on Friday, June 7, 2019. Public notice of this meeting was published in the Lincoln Journal Star and Omaha World Herald on Monday, June 10, 2019. J. Elliott chaired the meeting and M. Nuss recorded the minutes.

MEMBERS PRESENT:

JANIS ELLIOTT, CHAIR
KELLI ACKERMAN, VICE-CHAIR
JUDGE J DERR
PAM LANCASTER
JIM SCHULZ
ALLEN SIMPSON
MIKE JAHNKE

MEMEBERS ABSENT:

MICHAEL WALDEN-NEWMAN, EX-OFFICIO

NONMEMBERS PRESENT:

RANDY GERKE

Director

ORRON HILL

Legal Counsel/ Deputy Director

JOHN WINKELMAN

Education Services Manager

JACK HARDY

Information Technology Manager

DIANE HOLTORF

Internal Auditor

TERESA ZULAUF

Controller

PATTY PIERSON

Retirement Plan Manager

MELISSA NUSS

Retirement Plan Manager

MITCH SNYDER

Retirement Specialist

MARIA DAVIS

Retirement Specialist

JOHNETTA LANG

Data Services Specialist

LINDSAY WHITE

IT Applications Developer

MELISSA MENDOZA

Retirement Specialist

HEATHER CRITCHFIELD-SMITH

Retirement Specialist

JO-ANN RUSSELL

Retirement Specialist

THOMAS WUESTEWALD

Staff Assistant

Agenda Item 1: J. Elliott stated this meeting will follow the Nebraska Open Meetings Act and a copy of the Act is located on the table by the door.

Agenda Items 2 and 3 – Meeting Called to Order: J. Elliott called the June 17, 2019, Board Meeting to order at 9:33 a.m. Present at roll call: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Absent: Michael Walden-Newman.

Agenda Item 4 – Approval of Minutes: J. Schulz moved for approval of the minutes of the May 20, 2019, Board Meeting. P. Lancaster seconded the motion. Members voted as follows: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & May 2019 Retirement Report:

K. Ackerman moved to approve the Budget Status Report and the May 2019 Retirement Report. A. Simpson seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

Agenda Item 6 – Public Comments or Correspondence from Citizens: There were no public comments or correspondence from citizens with business not scheduled on the agenda.

Agenda Item 7 – NPERS Employee Spotlight: R. Gerke introduced a new initiative that will introduce the PERB to teammates throughout the agency. P. Pierson provided a brief overview of the Benefits Department refund team, as well as efficiency improvements they are experiencing. M. Mendoza, team lead, introduced the members of the team, including: Heather Critchfield-Smith, Jo-Ann Russell, and Thomas Wuestewald. Also in attendance from the Benefits Department were M. Davis and M. Snyder.

Agenda Item 8 – Internal Auditor Report: D. Holtorf gave the Quarterly Internal Auditor Report. To date, she reported no new issues were discovered from the School Employer Audit FYE June 30, 2019.. There were 32 audits completed. There were continued issues with gross wage reporting, temporary employees, eligibility errors, and tracking hours. The audit reviewed total contributions for schools, and where variances may occur and why.

D. Holtorf reported the internal auditors are switching to electronic work papers in an effort to support paperless initiatives, including developing a process for reporting agents to submit audit documentation to NPERS using secure email.

She stated internal auditors continue to monitor MassMutual.

D. Holtorf is reviewing service organization controls (SOC) reports which validate controls utilized by an entity and their service providers. She stated there are 9 different reports annually which she reviews.

P. Lancaster left the meeting at 9:50 a.m.

K. Ackerman commented that online training would be optimal for new reporting agents. O. Hill stated the NPERS online employer reporting video would be beneficial for reporting agents. D. Holtorf will also consider adding information in the School newsletter to remind reporting agents of NPERS video resources.

J. Derr moved to approve the Internal Auditor Report. M. Jahnke seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

The PERB took a break from 9:58 a.m. to 10:15 a.m.

Agenda Item 9 – Information System Report: J. Hardy provided the Information System Report. He announced the PERB will be receiving new tablets. He requested the PERB members bring their current tablets and accessories to the July retreat.

J. Hardy reported NPERS is undergoing a risk assessment conducted by Ron Woerner, Senior State Security Analyst. J. Hardy stated regular status updates are conducted with R. Gerke, so the agency may utilize resources as needed for security enhancements. J. Hardy stated the goal is toward continuous and ongoing process improvement. He commended Chad Schlotfeld on his work regarding the risk assessment.

J. Hardy commented R. Woerner held a risk training session for all staff at the NPERS agency meeting in June. Additional customized training was provided for the entire IT staff, and additional training is being developed for the Call Center.

J. Elliott mentioned the retreat would feature additional security training, as well as a special focus on security during the Executive Session.

P. Lancaster returned to the meeting at 10:23 a.m.

J. Hardy stated work has begun on developing the IT requirements for the Omaha Public Schools Employees Retirement System (OSERS) administrative transfer study. It is becoming clear there is a large amount of technical work that will need to be done for the study.

He reported a significant improvement to the print-to-mailroom function was completed and deployed to production on June 5, 2019. The new project prints items directly to the mailroom with the ability to include and print multiple enclosures.

J. Hardy stated a new project to create an online process for submission of non-contributing member forms has started. The forms will be submitted by employer reporting agents and HR contacts through the NPERS self-service website. J. Hardy stated the tentative anticipated start date could possibly be Fall of 2019.

K. Ackerman moved to approve the Information System Report. A. Simpson seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

Agenda Item 10 – Legal/Legislative Update: O. Hill stated the Legislation Session is complete for 2019, and he stated many impactful retirement changes went through during this session. He reported there are two Legislative Retirement Committee bills held over, LB683, to provide a work plan for a one-time payout of OSERS benefits, and LB706, a one year freeze on OSERS cost of living adjustments (COLAs).

He reported that he and R. Gerke are constructing a cover letter and statement of work for the Legal Compliance Audit. He commended Pete Kroll, State Procurement Advisor, and his team for their guidance regarding the Legal Compliance Audit. The Legal Compliance Audit is due by December 31, 2020.

O. Hill thanked J. Hardy and Charles Waity, in particular, who have provided a Power of Attorney (POA) function which enables O. Hill to review POA's upon receipt and provide guidance to staff.

M. Jahnke moved to approve the Legal/Legislative Update. P. Lancaster seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

Agenda Item 11 – Director's Report: R. Gerke reported on his attendance at the National Council of Teacher Retirement's (NCTR) Director's Meeting, held in Boise, ID, from June 12-14, 2019. He stated the many systems represented there were very different in some ways, but similar challenges were common, and both challenges and solutions were shared. He reported the meeting began with a round table discussion of the Directors, which started with the Public Employee Retirement System of Idaho (PERSI) reporting on their school system and the challenge of open carry laws within their school system. Directors discussed topics such as contribution rates, Deferred Compensation Plan (DCP) application capabilities, funding goals, IT upgrades and costs, provisions for health insurance, numbers of benefits, and required minimum distribution (RMD) process challenges. The Directors also heard from the Idaho State Investment Officer.

R. Gerke stated PERSI provided a great deal of information to attendees about their system. He noted the PERSI Director has met with every member of the Idaho Legislature, and R. Gerke reported PERSI has 67 staff members serving member numbers similar to NPERS, while NPERS serves members with only 51 staff members. R. Gerke stated PERSI spends \$14 per member for IT. He asked J. Hardy to provide him with a similar estimate on IT spending.

R. Gerke stated there were a few vendors participating in the meeting, including a representative from a company that offers an advanced death audit solution. R. Gerke would like to have the representative meet with appropriate NPERS staff. Half of the agencies in attendance use this company, and the company completes a death audit every week for their clients.

He concluded his NCTR Director's Meeting report by thanking the PERB for allowing him to attend the meeting, as it was extremely valuable.

R. Gerke stated confirmation hearings were held on May 23, 2019, for J. Elliott, A. Simpson, and M. Jahnke, and they were all confirmed. He stated the PERB's Public seat is still vacant.

He stated several meetings have been held regarding RMD process improvements, and he reported Ameritas has offered to process all recurring RMDs. He expressed thanks to Nancy Reimer for making the offer.

R. Gerke stated all Schools are now reporting online, and he thanked T. Zulauf, and her team, for their efforts to complete this task.

R. Gerke stated benefit processing numbers and timelines are basically the same as last year for new retirees. He reported the inactive retirement numbers are higher this year, due to an inactive member letter project, initiated by J. Winkelman, which sent letters to members alerting them to their potential eligibility for benefits.

R. Gerke stated Education Services is concluding the School seminar season.

He reported various meetings have been held regarding OSERS with the Department of Administrative Services Material and NPERS managers. There are two lists that have been provided to Cecilia Carter, Director of OSERS, requesting information for the OSERS study regarding administrative questions and technical questions.

He reported on NPERS personnel. He stated the Call Center is fully staffed. R. Gerke stated Education Services will be replacing a staff member. Education Services will also need to replace their current Artist, as she will be returning to school in the fall. Finally, there will, most likely, be a position to fill in the Benefits Department.

R. Gerke stated Ameritas would like to offer electronic statements. Currently, they are providing paper statements, with an option to receive digital statements. Ameritas will be moving to provide digital statements, with an option to select paper statements. R. Gerke asked for feedback regarding providing digital statements, with an option to select paper statements. O. Hill stated, that legally, NPERS must offer the option to receive paper statements. J. Hardy stated there might be 6-8% of NPERS members receiving digital statements, currently. NPERS would need to collect email addresses, if digital statements were required. The PERB has the authority to set policy regarding this matter.

J. Schulz moved to approve the Director's Report. J. Derr seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

Agenda Item 12 – Board Committee Assignments: J. Elliott announced there are new PERB Committee Assignments. She also reported an OSERS Review Committee was formed. She encouraged knowledge transfer from former committee members to new members, as several committee assignments have been adjusted.

Agenda Item 13 – Board Committee Reports: J. Derr reported the Policy Review Committee met before today's PERB meeting. He stated O. Hill will present the Committee's

policy recommendations for the PERB at the July retreat. P. Lancaster gave the Education Committee Report, as J. Derr, Education Committee Chair, was attending the Policy and Review Committee meeting. P. Lancaster provided an overview of the July PERB retreat agenda.

Agenda Item 14 – Board Education/Travel Requests: There were no requests.

J. Elliott stated the Nebraska Education Association (NEA) has asked her to participate in a retirement workshop in July, held in Houston, TX, for which they will reimburse her as appropriate.

Agenda Item 15 – Future Meetings/Agendas: The next PERB meeting is the Annual Retreat at Eugene T. Mahoney State Park to be held on Monday, July 15, 2019, at 9:30 a.m.

P. Lancaster moved to excuse M. Walden-Newman. J. Derr seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

Agenda Items 16 and 17 – Executive Session: At 11:31 a.m., J. Derr moved the Board exit Regular Session and convene in Executive Session for the purpose of discussing applications of plan members and legal matters: Case Review No. A-19-1; Prevention of Needless Injury to the Reputation of an Individual, Case Review No. D-19-13; Prevention of Needless Injury to the Reputation of an Individual, Personnel Matters; Protection of Public Interest, Prevention of Needless Injury to the Reputation of an Individual; Update on Pending Legal Matters; Protection of Public Interest. P. Lancaster seconded the motion. J. Elliott repeated the motion for the record. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

At 1:12 p.m., P. Lancaster moved that the Board exit Executive Session and reconvene in Regular Session. J. Derr seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

A. Simpson moved for approval of the Hearing Officer's Proposed Order to Dismiss the appeal in Case No. A-19-1 without a hearing, pursuant to the consent of the parties, dated May 23, 2019, following the receipt of a Joint Motion to Dismiss filed by the Petitioner and Respondent's legal counsel in this case. M. Jahnke seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

P. Lancaster moved for approval of Case Review No. D-19-13. J. Schulz seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

Adjournment: J. Derr moved that the meeting adjourn. P. Lancaster seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

The meeting adjourned at 1:14 p.m.



Randy Gerke
Director