



**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 meeting room door.

**Agenda Items 2 and 3 – Meeting Called to Order:** J. Elliott called the January 27, 2020, Board Meeting to order at 9:35 a.m. Present at roll call: J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and M. Walden-Newman. Absent: K. Ackerman.

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

**Agenda Item 4 – Election of Officers:** J. Elliott reviewed the election of officers' procedures. She opened nominations for Board Secretary. J. Schulz nominated R. Gerke for Board Secretary. J. Derr seconded the motion. Members voted as follows: For: J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson.

R. Gerke opened nominations for Board Chair. P. Lancaster nominated J. Elliott for Chair and moved nominations cease. A. Simpson seconded the motion. Members voted as follows: For: J. Derr, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Abstain: J. Elliott.

J. Elliott opened nominations for the Board Vice-Chair. P. Lancaster nominated K. Ackerman for Vice-Chair and moved nominations cease. M. Jahnke seconded the motion. Members voted as follows: For: J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson.

**Agenda Item 5 – Approval of Minutes:** A. Simpson moved for approval of the minutes of the December 16, 2019, Board Meeting. M. Jahnke seconded the motion. Members voted as follows: For: J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

**Agenda Item 6 – Approval of Budget Status Report & December 2019 Retirement Report:** J. Schulz moved to approve the Budget Status Report and the December 2019 Retirement Report. P. Lancaster seconded the motion. Members voted as follows: For: J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

**Agenda Item 7 – Public Comments or Correspondence from Citizens:** Rich Nelson, Chair of the Hamilton County Board of Commissioners, and Mike Powell, Hamilton County Attorney, addressed the PERB.

R. Nelson provided a background on past decisions of Hamilton County and provided information as to why certain employees left the Retirement System for Nebraska Counties plan. R. Nelson stated that, for many years, they had a great ambulance crew who would sometimes work 11 hour shifts, 7 days a week. He said they served a population of approximately 10,000 citizens, costing \$600-800k a year to provide the ambulance service. He stated the ambulance service is not required to be provided by Hamilton County. He

informed the PERB that the city of Aurora actually made up 80% of the calls to the ambulance service. He stated Hamilton County spent multiple years studying the matter, included an advisory citizens group, and considered public and private alternatives to the ambulance service. Ultimately, it was decided the County would exit from offering the ambulance service, and the city of Aurora would assume responsibility for it.

R. Nelson stated that, approximately, a week and a half ago, the Hamilton County Board received a letter from NPERS, regarding Hamilton County's liability to the County Retirement Plan.

R. Nelson clarified that the interest of 7.50% is an expense above and beyond the liability amount of \$64,165.00, with the assumption the interest is being assigned back to January 1, 2019. O. Hill stated his assumption was that interest would be retroactive to June of 2019, not January of 2019. O. Hill further clarified that June of 2019, was the date of the business decision to drop the ambulance service. R. Nelson stated the County only learned of the actuarial expense two weeks ago.

M. Walden-Newman asked R. Nelson to clarify the Hamilton County Board was unaware of their liability, when they decided to leave the retirement plan. R. Nelson stated the County was unaware of their liability. R. Nelson asked if the PERB would re-consider the interest being assigned.

J. Elliott stated there is usually an employee responsible for knowledge regarding retirement obligations and the laws surrounding them, or who has attended educational meetings regarding the retirement plan and its provisions. R. Nelson stated the County Clerk has that responsibility for the County; but, he stated the County Clerk assumed, that as the ambulance employees would no longer be contributing to the retirement plan, the County would have no further obligation to the plan. R. Nelson stated they took the retirement plan for granted, and after discussing the matter via phone with O. Hill, he knows there are additional educational opportunities available in regard to the plan.

R. Gerke assured R. Nelson the retirement liability is not ongoing. It is a single obligation, due to the retirement plan withdrawal.

J. Derr addressed the fact that passage of LB 1005, in 2018, regarding retirement plan liabilities due to employer withdrawal, was in place prior to Hamilton County's decision to leave the plan. The final adoption of the methodology for determining liability, was adopted by the PERB at the October 21, 2019, meeting. The interest of concern to Hamilton County is assignable under the law, which was passed well-before the decision of Hamilton County to leave the plan.

R. Nelson stated the County would have made the decision to stop providing ambulance service, even if they had been aware of the retirement plan obligation and liability. He stated three Nebraska Commission of Industrial Relations (CIR) cases were dropped, after the ambulance exit decision was made, and the employees seem to be happier under a Fire and Rescue model. He stated the decision would have been disclosed differently to the public,

had they been aware of the liability. The matter of the retirement plan obligation would have been disclosed to the public.

J. Elliott stated she would encourage counties to ensure County Clerks and other personnel are aware of retirement issues affecting their retirement plans and continue education efforts to support the employees of the plan.

J. Derr asked O. Hill to make a statement regarding the obligation. O. Hill stated he recommends the board give the County precise guidance on the obligation. R. Nelson stated the bill would be paid in 30 days and the matter could be addressed quickly, as the Hamilton County Board meets every week. J. Derr suggested the PERB give the County 30 days to pay the obligation. The date of February 28, 2020, was determined to be an agreeable due date.

J. Schulz asked if the liability would need to be adjusted, as well as the interest assigned. O. Hill stated he could review that information with the actuary for clarification.

J. Derr asked both O. Hill and R. Gerke to be of assistance to the County and its commissioners, but stated the law is clear on the County's obligation to the retirement plan. The PERB extended their thanks to R. Nelson and M. Powell for attending the meeting and speaking with the PERB.

**Agenda Item 8 – Hamilton County Withdrawal:** J. Elliott asked if there was a motion to approve an actuary re-valuation of interest assigned to Hamilton County, using the beginning interest date of June 1, 2019, and a final interest date due of February 28, 2020.

J. Derr moved to approve an actuary valuation of liability and interest assigned to Hamilton County, using the numbers at the beginning of the plan year, January 1, 2019, the beginning interest date of June 1, 2019, and a final interest date due of February 28, 2020. M. Jahnke seconded the motion. There was discussion regarding language referencing the beginning and end dates of the plan year in the methodology policy. Members voted as follows: For: J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

J. Elliott asked O. Hill to confirm with the actuary the dates necessary to provide the liability and interest assigned to Hamilton County, and write a letter to Hamilton County, informing them of the exact liability and interest obligations to the retirement plan.

**Agenda Item 9 – Legal/Legislative Update:** O. Hill thanked the Legislative Committee for their work. The PERB Legislative Committee members are: J. Schulz – Chair, K. Ackerman, and A. Simpson.

O. Hill presented a summary of legislation currently before the Legislative Retirement Committee, as of January 23, 2020, as follows:

LB 1054 modifies plans to bring them in alignment with the SECURE Act. Increases the required minimum distribution (RMD) age from 70.5 to 72, for those turning 70.5

after December 31, 2019. The hearing is set for February 5, 2020. He thanked K. Allen for her assistance in preparing the bill. O. Hill recommends supporting the bill.

He stated many of the following proposed bills might affect agency operation. The following bills are being introduced outside of the Legislative Retirement Committee.

LB 806 exempts social security and retirement benefits from taxation. He recommends monitoring its progress.

LB 819 changes provisions relating to the taxation of benefits under the federal Social Security Act. This may be combined with LB 806.

LR 300CA is a constitutional amendment to eliminate the state income tax over a four-year period. He consulted with NPERS' IT department, and they stated they should be able to act quickly to accommodate a change such as this.

LB 846 changes provisions relating to compensation under the Nebraska Worker's Compensation Act. He recommends monitoring the bill.

LB 857 requires state agencies to review rules and regulations. This should not affect the agency, as NPERS continually reviews and revises rules and regulations.

LB 889 changes appeal provisions under the Administrative Procedure Act. This may be of concern, as the intent is unclear. He recommended two courses of action to either: speak with the introducing Senator, or write a letter in a neutral capacity to express the PERB's concerns.

LB 895 changes provisions related to decedents' estates. The concern is that the person who has parental rights terminated and the relationship is not reestablished by the court are barred from inheriting from the child. NPERS has very clear guidelines regarding beneficiaries. If this bill passes, we would strongly suggest beneficiary forms are updated for the small amount of people it may effect.

LB 927 provides for payment of claims against the State. Authorizes write off of \$8,045.21 by NPERS for request # 2020-19968. O. Hill recommends support of the bill.

LB 1008 provides, changes, and eliminates provisions relating to appropriations. Recommend support of the bill, even if it is through a letter of support. Establish appropriation for Agency 85, Program 515 retirement funding. Increased the FY2020-21 amount to fund the retirement plans from \$54,709,000 to \$54,839,932. Also increased the specific funding items for the School Plan, Judges Plan, and Patrol Plan accordingly. O. Hill recommends support of the bill.

LB 1108 changes provisions relating to property under the Uniform Disposition of Unclaimed Property Act (UDUPA), the School Employees Retirement Act, and the Uniform Residential Landlord and Tenant Act. Shortens the number of years the

agency conducts due diligence for missing or unresponsive members from 5 to 3 years. O. Hill proposes to recommend a writing a friendly amendment in neutral testimony to introduce language which would generically cover all plans by following UDUPA.

LB 1186 requires salary to be paid to injured school employees as prescribed. Recommends treating as compensation for services rendered. O. Hill stated there was no note from the PERB Retirement Committee on how to proceed with the bill. J. Schulz stated the Committee recommends monitoring the bill.

LB 1063 notified just recently of this bill. Cheryl Wolfe of the policy review office brought the bill to O. Hill's attention. The bill's intent and scope is not immediately apparent. J. Schulz suggested O. Hill could hold a conference call with the Senator Lindstrom in regard to the intent depending on the Senator's availability.

O. Hill requested a motion supporting LB 1054, LB 927, and LB 1008, submitting letters in neutral capacities for LB 889 and LB 1108, and monitoring the other bills.

J. Schulz moved to support LB 1054, LB 927, and LB 1008, submit letters in neutral capacities for LB 889 and LB 1108, and monitor the other bills. A. Simpson seconded the motion. Members voted as follows: For: J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

M. Walden-Newman asked for clarification of an earlier statement, and verified there are no trade association members, or private members, in the NPERS plans.

**Agenda Item 10 – Education Services Report:** J. Winkelman provided the annual Education Services Report. He stated attendance has diminished at the Under 50 seminars, and seems to be getting worse. The weather played a large part in seminar cancellations during 2019. The original sessions at La Vista and North Platte original sessions were combined, while Kearney added another session.

He reported two employees left the Education Services team in 2019.

He introduced Heather Critchfield-Smith, as the new training specialist, and Anna Hayden-Roy, as the new graphic artist.

He stated an important project undertaken by Educational Services last year was the School benefit notification letter, which targeted members who are eligible to receive a full, unreduced benefit. At last count, out of 281 letters mailed, 98 of those individuals are now receiving a benefit. The second school notification letter was mailed Dec 12, 2019.

O. Hill asked if legislation could be introduced in the future in regard to Under 50 sessions, with a potential amendment to current statute regarding Under 50 sessions. J. Winkelman mentioned it is a very significant expense, \$1500, to have a financial expert present at the Under 50 sessions. R. Gerke stated, if there are less than 15 attendees registered, the

session is cancelled. J. Elliott asked if data can be collected in regard to additional seminar attendance from attendees of the under 50 sessions.

M. Jahnke stated the Retirement 101 training sessions for the State Patrol are invaluable. The dividends are apparent, as 20-25% of troopers are now being on-boarded and educated by people with direct knowledge of the plan. J. Winkelman has been granted additional Retirement 101 Patrol sessions by the State Patrol, as full sessions have capped out in less than 48 hours, and sessions for employees within 10 years of retirement filled within 24 hours.

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

**Agenda Item 11 – Employee Spotlight: Featuring Education Services:** R. Gerke re-introduced the employees. J. Winkelman stated H. Critchfield-Smith is training for each segment of the seminar presentations, and A. Hayden-Roy is also learning a great deal, while completing projects. He said both individuals have positive attitudes, and it is a pleasure to work with them.

The PERB took a break from 11:07 a.m. to 11:18 a.m.

**Agenda Item 12 – Deferred Compensation Plan Document Review:** O. Hill stated this review serves as a three year review of this document. O. Hill stated the Governor charged State agencies to remove redundant and unnecessary language when agency documents may simply site to statutes already in place. O. Hill has adjusted additional language to be more in line with statutory language and summarized his suggested revisions, as follows:

On page 9, much of the language is struck due to language already stated in statute or regulations.

On page 12, recommends tables be removed, to refer to the Federal tax code as a whole. For the age 50 catch up provisions, members are provided this text in newsletters and it is on NPERS' website.

On page 13, in regard to section 457 catch up language, he does not recommend removing this just yet, as it is a closed program and no other individuals may join. However, authority should remain to administer what is necessary.

On page 14, Special Rules section, he recommends adding language so members know it is their responsibility to tell us.

Section 6, needs to be revised due to investment options changes, and the adjustment will account for investment option changes occurring in the near future.

Section 7.1.5 – there is no revision, as this relates to in-service distributions not relating to RMDs. The rest of section 7, features important changes, including: 7.2

cleans up unclaimed property language and 7.2.5 eliminates the annuity option. The advantage to 7.2.5, is we will not need to renew the annuity contract with Mutual of Omaha. Section 7.3 changes death benefits rules, to bring it in line with State and Federal law. Section 7.5 is revised due to the overhaul of the federal RMD age. Section 7.6.2 adds regulatory changes discussed at prior meetings dealing with the unforeseeable emergency rule. Section 7.6.7, is deleted due to regulatory changes.

Section 8.1.4, adds language requesting the member provide reasonable documentation to perform rollovers to qualified plans.

O. Hill stated there are minor language changes to the remainder of the text.

Section 9.7.3 and 9.7.4, regarding post termination pay, holds the authority for the plan to administer provisions taken from the federal tax code.

O. Hill stated changes to the plan document have been introduced at today's meeting. Any revisions or adjustments may be submitted in the time before the next PERB meeting. Adoption of the revisions may be approved by the PERB at next month's meeting.

J. Elliott stated the PERB has the revised draft DCP plan document for review. She noted members may submit changes to O. Hill, so approval of the document may be sought at the next meeting.

**Agenda Item 13 – Accountability and Disclosure Forms:** R. Gerke provided the PERB with information for filing their Financial Interests Forms (Form C-1) for 2019, to the Accountability and Disclosure Commission by March 2, 2020. He stated M. Nuss has hard copies of the form available, but the Commission has online forms available for download. He stated if PERB members would like to provide M. Nuss with the original forms, she will send them to the Commission.

**Agenda Item 14 – Director's Report:** R. Gerke provided the Director's Report.

- The 1099Rs have been mailed and NPERS is already receiving returned 1099Rs.
- NPERS is reviewing ways we may educate entities as to their obligations regarding the retirement plans, as well as identify employers who have left a plan without notifying NPERS of the move. Employers have the responsibility to notify NPERS of their business decisions which may affect a plan withdrawal. The Hamilton County participation withdrawal of ambulance drivers was caught by an agency employee, otherwise, NPERS was not notified of the County's business decision to leave the County retirement plan.
- The OSERS Study continues, and an outline is being created for the report. Linea, the firm handling data for the study was onsite at NPERS and OSERS.
- The audit exit conference for School, Judges, and Patrol will be held after today's PERB meeting, and will be presented at the next PERB meeting in February.
- The hearing for LB 1008, the budget bill, will be held February 4, 2020.



- February 24, 2020, is the hearing date for the claims bill, LB 927, and R. Gerke stated the NPERS Controller, T. Zulauf, will testify at the hearing
- O. Hill may be testifying for LB 1054, as he wrote the bill.
- No more printers have been purchased in the continuing centralized printing project.
- R. Gerke stated J. Winkelman had the idea for DCP enrollment to be included in the State's benefits open enrollment period, and he and J. Hardy are moving ahead with the project through some minor bumps.
- The creation of the 2020 Annual Report for the Legislature has started.
- The Legal Compliance Audit continues, with O. Hill heading the audit logistics for NPERS.
- Employee performance evaluations are still being completed. R. Gerke stated Jason Jackson, Department of Administrative Services Interim Director, continues to move forward on a pay-for-performance structure, and spoke at the recent Independent Agency meeting.
- Personnel matters: the Accountant III employee retired, as planned, at the end of December 2019, and Jenna Vandeventer is the new Accountant III. NPERS is now filling the Internal Auditor position that J. Vandeventer vacated.
- A reminder that the Call Center is here at NPERS to answer any member questions. If members are provided with employees' private numbers, they are not able to perform their functions optimally.

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

**Agenda Item 15 – Board Committee Reports:** J. Schulz gave the Legislative Committee report. He stated the bulk of the Committee's findings were presented during the Legal/Legislation Report. He stated the Committee would continue to meet to address additional legislative matters.

**Agenda Item 16 – Board Education/Travel Requests:** There were no requests. J. Elliott stated she was re-elected to the National Council on Teacher Retirement (NCTR) Executive Committee.

**Agenda Item 17 – Future Meetings/Agendas:** The next PERB meeting will be held Monday, February 24, 2020.

R. Gerke confirmed the November 16, 2020, meeting of the PERB will be held at 1526 K Street, in the Development Center

R. Gerke stated M. Nuss recommended holding the April 20, 2020, meeting at the Ferguson House, due to the 1526 K Street Building meeting rooms being unavailable. The PERB agreed to relocate the meeting to the Ferguson House.

**Agenda Items 18 and 19 – Executive Session:** At 11:55 a.m., M. Jahnke 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. D-20-01: Prevention of

Needless Injury to the Reputation of an Individual, Case Review No. D-20-02: Prevention of Needless Injury to the Reputation of an Individual, Case Review No. D-20-03: 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; and Update on Pending Legal Matters; Protection of Public Interest. J. Derr seconded the motion. J. Elliott repeated the motion for the record. Members voted as follows: For: J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

At 1:35 p.m., P. Lancaster moved that the Board exit Executive Session and reconvene in Regular Session. A. Simpson seconded the motion. Members voted as follows: For: J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried. Motion carried.

M. Jahnke moved to approve Case Nos. D-20-01, D-20-02, D-20-03. P. Lancaster seconded the motion. Members voted as follows: For: J. Derr, J. Elliott, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried. Motion carried.

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

The meeting adjourned at 1:36 p.m.



Randy Gerke  
Director