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PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

December 20, 2021

9:30 A.M.

A regular meeting of the Public Employees Retirement Board (PERB) convened at 9:27 a.m., Monday, December 20, 2021, in the First Nebraska Administrative Building, Fourth Floor, Lancaster Hearing Room, 1526 "K" Street, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda posted on the PERB SharePoint website on Friday, December 10, 2021. Public notice of this meeting was published in the Lincoln Journal-Star and Omaha World-Herald on Monday, December 13, 2021. J. Elliott chaired the meeting and T. Cummings recorded the minutes.

MEMBERS PRESENT:

JANIS ELLIOTT, CHAIR
KELLI ACKERMAN, VICE-CHAIR
GERALD CLAUSEN
MIKE JAHNKE
PAM LANCASTER
JIM SCHULZ
ALLEN SIMPSON
THOMAS ZIMMERMAN
MICHAEL WALDEN-NEWMAN, EX-OFFICIO

NONMEMBERS PRESENT:

RANDY GERKE Director	VANESSA HOHLEN Auditor
ORRON HILL Legal Counsel/Deputy Director	JONATHAN NEWCOMB Auditor
JACK HARDY Information Technology (IT) Manager	ERIC ASBOE Supreme Court
MELISSA NUSS Retirement Plan Manager	NEIL SULLIVAN State Budget Office
TYLER CUMMINGS Retirement Plan Manager	BILL BIVEN Fiscal Policy Office
JOHNETTA LANG Data Services Manager	JOSH RUHNKE Ameritas

Agenda Item 1: J. Elliott stated this meeting will follow the Nebraska Open Meetings Act and a copy of the Act is provided electronically, via a link on the final agenda posted on the Nebraska Public Employees Retirement Systems' (NPERS) website, on the Attorney General's website, 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 December 20, 2021, Board Meeting to order at 9:27 a.m. Present at meeting: J. Elliott, G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, M. Walden-Newman, and T. Zimmerman.

Agenda Item 4 – Approval of Minutes: G. Clausen moved for approval of the minutes of the November 15, 2021, Board Meeting. Motion was seconded by M Jahnke. Members voted as follows: For: J. Elliott, G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & November Retirement Report: P. Lancaster moved to approve the Budget Status Report and the November 2021 Retirement Report. Motion was seconded by T. Zimmerman. Members voted as follows: For: J. Elliott, G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

Agenda Item 6 – Public Comments or Correspondence from Citizens: There were none.

K. Ackerman joined the meeting at 9:31 a.m.

Agenda Item 7 – Internal Auditor's Report: In Tim Baker's absence, Vanessa Hohlen gave the Internal Auditor's Report.

She briefly discussed the number of audit reports issued and initiated for the School and County plans.

She mentioned the Internal Audit team reaches out to employer reporting agents to educate them on rules and regulations and the applicable laws regarding the School and County plans. The Internal Audit department created a plan eligibility checklist for State and County reporting agents to help determine if an employee should be enrolled into the retirement plan.

She discussed the number of follow-up calls the department conducts during their audits.

She discussed some of the findings in the School and County audits. She noted some of the top reasons that result in an audit finding for the School and County plans. Some examples include eligible members that did not have contributions, not enrolling members in a timely basis, and members taking a distribution without a bona fide separation.

She clarified that when contributions are missed, Internal Audit will reach out to the employer to discuss the issue. She did state the employee would also be notified of the missed contributions.

Answering a Board question, she stated there is a timeline for employers to rectify the findings in the audit report.

P. Lancaster suggested meeting with an organization that represents the County Clerks. V. Hohlen stated Internal Audit is working with Education Services to create an educational video to disperse to the county employers.

K. Ackerman moved to approve the Internal Auditor's Report. Motion was seconded by P. Lancaster. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

Agenda Item 8 – Investment Officer's Update: M. Walden-Newman gave the Investment Officer's Update.

He discussed the summary of assets and the most recent quarterly returns for the Defined Benefit and Cash Balance plans. He reviewed the returns for the new investment options in the Defined Contribution and Deferred Compensation plans.

He discussed how the investments made by the Nebraska Investment Council are used to pay benefits for the retirees of the NPERS plans. He stated it is typical for retirement plans in general to have around sixty percent (60%) of retiree payments paid from the investments of the plans. For the NPERS plans, around one-third of the payments come from investments.

He provided a liquidity analysis of the School plan. He discussed several graphs which detailed the liquidity of the School plan compared to other plans under varying economic scenarios. He reported the NPERS plans are in a favorable liquidity status.

He also stated Pew's Fiscal Sustainability Matrix listed Nebraska as one of five states to meet all three tests of solvency, debt sustainability, and cost predictability for the retirement plans administered by NPERS excluding the Deferred Compensation plan.

J. Schulz moved to approve the Investment Officer's Update. Motion was seconded by M. Jahnke. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

The PERB took a break from 10:36 a.m. to 10:47 a.m.

Agenda Item 9 – Legal/Legislative Update: O. Hill gave the Legal/Legislative Update. He provided a summary of the potential legislation for the upcoming 2022 legislative session. He stated he separated his report based on drafts with an emergency clause and those without one.

The following legislative proposals do have an emergency clause:

- Updates to the NPERS education program.
- Technical corrections for vesting language.

- Eliminating the early retirement inducement forms for the School plan.

The following legislative proposals do not have an emergency clause:

- Adding investment language to the equal retirement benefit fund.
- Striking obsolete investment language.
- 84-1503 and NIC technical amendment.

The following topics are still in discussion or in draft:

- Revisions to the disability process.
- Nebraska Department of Education & State Code Agencies Teachers Association (SCATA) plan membership and termination of employment rules.

He briefly discussed the Legislative Retirement Committee hearing regarding the OSERS Legal Compliance. He also provided an update for the NPERS Rules and Regulation revisions which are currently still in progress of being revised.

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

Agenda Item 10 – OSERS Transfer Project: R. Gerke provided an update on the OSERS transfer project.

He stated NPERS is required by statute to provide a draft of the OSERS project transfer timeline to the Legislature by December 31, 2021.

Gartner Consulting facilitated a readiness survey to help determine some of the next steps for the transfer project.

R. Gerke stated he had two meetings with the Department of Administrative Services (DAS) regarding office space needs. Additional staff will be hired as a part of the transfer project, and NPERS will need to accommodate space for the additional staff. He stated the line item in the budget for office space needs was \$10,000 to accommodate seven additional staff members. The number of staff that will now be hired has increased to twelve staff members. He met with DAS this past Friday to discuss the costs of providing additional office space. He said DAS estimated the costs would be hundreds of thousands of dollars.

The Board expressed concern about the costs of remodeling the current workspace and the disruption it would cause for the NPERS staff.

He, O. Hill, and J. Hardy are regularly meeting with key stakeholders regarding the OSERS transfer.

The experience study for OSERS has not been voted on as of yet. The goal is to have the same assumptions as the NPERS School plan by 2024.

A. Simpson moved to approve the OSERS Transfer Project Update. Motion was seconded by M. Jahnke. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

Agenda Item 11 – Actuarial Contract Renewal: R. Gerke discussed the actuarial contract renewal for Cavanaugh Macdonald. The renewal period would be for the next three years and would include an increase in the fees, though, this was written into the original contract.

There was discussion amongst the Board regarding the decision-making process when Cavanaugh Macdonald was initially hired, the current market for hiring actuaries, and the increase in costs which were a part of the original contract. The Board felt renewing the contract with Cavanaugh Macdonald would be in the best interest of the retirement systems.

P. Lancaster moved to approve the Actuarial Contract Renewal. Motion was seconded by J. Schulz. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

Agenda Item 12 – Director’s Report: R. Gerke gave the Director’s Report.

- Education Services has completed the 2021 seminar and webinar season. In total, there were 10 in-person seminars and 19 webinars conducted for the School plan. The in-person seminars had a total of 460 registrants while the webinars had a total of 711 registrants. There were 12 in-person seminars and 11 webinars held for the State and County plans. There were 353 registrations for the in-person seminars and 220 registrants for the webinars. Finally, Education Services conducted 5 specialized webinars for the State and County plans for an additional 1,530 participants.
- He, J. Elliott, B. Banister, and P. Beckham met with Governor Ricketts on November 15, 2021.
- Gabriel Roeder Smith continues to work on the actuarial audit.
- The School, Judges, and State Patrol audit by the Auditor of Public Accounts should be completed soon.
- The technology assessment by Provaliant is still underway. There were a few staff members from Provaliant at the NPERS office.
- Ameritas will conduct in-person OMNI training for NPERS staff. Ameritas also wants to shadow some of the NPERS staff.
- The following positions have been filled: Accountant I, Office Specialist I in Data Services SOS Benefits, and SOS Receptionist. There are two staff openings which are IT Security Analyst and Retirement Specialist I in Member Services.

K. Ackerman moved to approve the Director’s Report. Motion was seconded by G. Clausen. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

Agenda Item 13 – Board Committee Reports: There were none.

Agenda Item 14 – Board Education/Travel Requests: There were none.

Agenda Item 15 – Future Meetings/Agendas: The next PERB meeting is on January 24, 2022.

T. Zimmerman moved to approve the 2022 PERB Calendar. Motion was seconded by M. Jahnke. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

Agenda Items 16 and 17 – Executive Session: At 11:52 a.m., M. Jahnke moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing applications of plan members: Case Review No. D-21-19; 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. Motion was seconded by G. Clausen. J. Elliott repeated the motion for the record. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

J. Schulz left the meeting during Executive Session.

At 1:10 p.m., M. Jahnke moved the Board exit Executive Session and reconvene in Regular Session. Motion was seconded by G. Clausen. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, A. Simpson, and T. Zimmerman. Against: None. Motion carried. M. Jahnke moved for approval of Case Review No. D-21-19. Motion was seconded by K. Ackerman. For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

P. Lancaster moved to increase the Director's salary to \$175,000 effective at the beginning of the calendar year. Motion was seconded by G. Clausen. P. Lancaster moved to amend her motion to increase the Director's salary to \$175,000 effective as of January 1, 2022. Motion was seconded by G. Clausen. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, P. Lancaster, and T. Zimmerman. Against: M. Jahnke and A. Simpson. Motion carried.

Adjournment: M. Janke moved that the meeting adjourn. Motion was seconded by P. Lancaster. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

The meeting adjourned at 1:14 p.m.



Randy Gerke
Director