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PUBLIC EMPLOYEES' RETIREMENT BOARD MEETING

April 18, 2022

9:30 A.M.

A regular meeting of the Public Employees Retirement Board (PERB) convened at 9:34 a.m., Monday, April 18, 2022, 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, April 8, 2022. Public notice of this meeting was published in the Lincoln Journal-Star and Omaha World-Herald on Monday, April 11, 2022. J. Elliott chaired the meeting and T. Cummings recorded the minutes.

MEMBERS PRESENT:

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

MEMBERS ABSENT:

PAM LANCASTER

NONMEMBERS PRESENT:

RANDY GERKE Director	Education Services Manager
ORRON HILL Legal Counsel/Deputy Director	CASSIE SNYDER Auditor
VANESSA HOHLEN Internal Auditor	JOSH RUHNKE Ameritas
TERESA ZULUAF Controller	BROOKE FINE Ameritas
JACK HARDY Information Technology (IT) Manager	EDDIE KRAMER Ameritas
TYLER CUMMINGS Member Services Manager	NEIL SULLIVAN State Budget Office
JOHNETTA LANG Data Services Manager	RYAN WALTON State Budget Office
HEATHER CRITCHFIELD-SMITH	

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 April 18, 2022, Board Meeting to order at 9:34 a.m. Present at meeting: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, A. Simpson, J. Schulz, M. Walden-Newman, and T. Zimmerman.

Excuse Board Member: T. Zimmerman moved to excuse P. Lancaster. Motion was seconded by M. Jahnke. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, J. Schulz, A. Simpson and T. Zimmerman. Against: None. Motion carried.

Agenda Item 4 – Approval of Minutes: G. Clausen moved for approval of the minutes of the March 21, 2022, Board Meeting. Motion was seconded by K. Ackerman. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, J. Schulz, A. Simpson and T. Zimmerman. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & March Retirement Report: A. Simpson moved to approve the Budget Status Report and the March 2022 Retirement Report. Motion was seconded by K. Ackerman. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, A. Simpson, J. Schulz, and T. Zimmerman. Against: None. Motion carried.

Agenda Item 6 – Public Comments or Correspondence from Citizens: N. Sullivan introduced the new budget analyst, Ryan Walton, for the agency.

Agenda Item 7 – Ameritas Annual Report: J. Ruhnke, from Ameritas, gave the Ameritas Annual Report.

He stated the total assets for the State plan were \$2,444,172,328.30 for the year ending 2021. The average account balance was \$90,827.66 and the average age for the members in the plan was 44.8 years. He mentioned there were 4,230 distributions processed for 2,178 members by Ameritas in 2021. He also discussed the different types of distributions that were processed.

He stated the total number of members in 2020 were 26,493 and in 2021 it increased to a total of 27,874 members.

He discussed the dollar amounts for each investment fund in the State Defined Contribution plan. He then provided graphs detailing the average account balance in the Cash Balance and Defined Contribution plans broken down by age groups.

He then moved on to discuss the County plan which had a balance of \$806,783,442.93 at the end of 2021. The average account balance was \$65,289.59 and the average age for the members in the plan was 48.0 years. He stated there were 1,864 distributions processed for

the County plan in 2021 for 903 members. He then broke down the types of distributions that were processed.

He discussed the dollar amounts for each investment fund in the County Defined Contribution plan. He then provided graphs detailing the average account balance in the Cash Balance and Defined Contribution plans broken down by age groups.

He stated the Deferred Compensation plan (DCP) had a total of \$233,512,677.90 at the end of 2021. The membership of the DCP grew from 4,317 members in 2020 to 4,906 members in 2021. The average account balance fell from \$55,136.11 to \$52,683.94 and the average age for the DCP decreased from 53.9 years in 2020 to 52.9 years for 2021

There were 1,525 distributions processed by Ameritas for the DCP for a total of 586 members. He then provided graphs for the DCP for the average account balance broken down by age.

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

Agenda Item 8 – Internal Auditor’s Report: V. Hohlen gave the Internal Auditor’s Report. She introduced Cassie Snyder as the new Auditor who replaced V. Hohlen.

She stated her team is restructuring the School audit initiation templates and they are conducting LB 147 tests for each audit completed.

She and her team are working with other departments within the agency to address issues and concerns regarding audits. She stated the Internal Audit team is collaborating with Education Services to create a County plan employer educational video. She also mentioned she and O. Hill will be presenting at the Nebraska Association of School Business Officials State Convention on Wednesday, April 21, 2022.

She mentioned Internal Audit is helping oversee the termination of Empower. She stated there are 365 participants in the Empower plans.

There were 8 School audits issued and 7 follow-ups on previous completed audits. She briefly discussed some of the findings in the School audits.

There was discussion amongst the PERB about the expectations regarding what authority the NPERS Internal Audit team has regarding findings.

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

The PERB took a break from 10:55 a.m. to 11:08 a.m.

Agenda Item 9 – Investment Officer’s Report: M. Walden-Newman gave the Investment Officer’s Report.

He stated the fiscal year-to-date return for the School, Judges, and State Patrol plans was 5.3% as of December 31, 2021. The investment return for the Cash Balance plans was 16.4% for the 2021 calendar year.

He discussed the asset allocation of the retirement fund investments. He mentioned his agency is in the process of completing a blank sheet review for the fixed income asset allocations. He stated bonds are 30% of the asset allocation. Two-thirds of the bonds are risk-reducing fixed income bonds while the other one-third is invested in return-seeking bonds managed by multi-asset managers.

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

Agenda Item 10 – Legal/Legislative Update: O. Hill gave the Legal/Legislative Update.

He discussed the below legislative bills (LB):

- LB 1011 provides, changes, and eliminates provisions relating to appropriations.
- LB 1083 provides for payment of claims against the state.
- LB 908 provides additional requirements for virtual conferencing under the Open Meetings Act.
- LB 1124 changes provisions relating to small estate affidavits.

He stated on March 29, 2022, HR 29-54 (Secure Act 2.0) was passed by the United States House of Representatives. The bill changes the required minimum distribution (RMD) age, allows for higher catchup limit provisions for people aged 60 to 64, updates rules regarding recovering retirement overpayments, creates a retirement savings lost and found website administered by the federal government (doesn’t apply to government sponsored plans), increases the limit on de minimus distributions from \$5,000 to \$7,000, and eliminates processing paperwork until the first of the month following when the paperwork is received.

He stated some of the provisions of the Secure Act 2.0 will take effect without PERB or legislative action while other provisions will need PERB or legislative action.

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

Agenda Item 11 – OSERS Transfer Project: R. Gerke provided an update on the Omaha School Employees' Retirement System (OSERS) Transfer Project.

- He stated work on the request for proposal (RFP) for the transfer project is underway. The goal is to publish the RFP by the middle of June.
- J. Hardy, M. Nuss, and M. Davis spent the day shadowing at OSERS on March 25, 2022.
- He mentioned work on the data migration planning is still underway.
- A Project Manager, Jaydeep Deshpande, was hired for the transfer project and he will begin work on April 26, 2022.
- The Retirement Specialist II and Retirement Plan Manager positions for OSERS are currently being created.

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, A. Simpson, J. Schulz, and T. Zimmerman. Against: None. Motion carried.

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

- He stated he addressed media inquiries about death overpayments discussed in the Auditor of Public Account's audit last month. M. Nuss and J. Hardy are working with the Department of Health and Human Services to obtain death certificate information. Death certificates are only issued for those who die within Nebraska's borders.
- On March 30, 2022, he provided the Annual Report to the Legislative Retirement Committee.
- J. Schulz PERB reappointment was confirmed by the Legislative Retirement Committee on March 30, 2022, as well.
- A notice regarding the Empower termination will be sent out in May and a newsletter article will be published in July. The blackout notice will be sent in August and the transfer date of the Empower funds will be September 30, 2022.
- He attended a National Council on Teacher Retirement webinar on March 23, 2022.
- He discussed the Open Meetings Act and the provisions related to virtual attendance for board meetings. If a PERB member attends virtually, then the public must be provided the same option to attend virtually. Only 50% or fewer of the meetings can be attended virtually.
- There were three positions filled: Retirement Specialist I, IT Security Analyst, and Auditor. There are two open positions: OCIO Developer and Auditor.

T. Zimmerman moved to approve the Director's Report. Motion was seconded by A. Simpson. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, A. Simpson, J. Schulz, 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 May 16, 2022.

Agenda Items 16 and 17 – Executive Session: At 11:50 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-22-5; 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 K. Ackerman. J. Elliott repeated the motion for the record. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, A. Simpson, J. Schulz, and T. Zimmerman. Against: None. Motion carried.

At 12:33 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, A. Simpson, J. Schulz, and T. Zimmerman. Against: None. Motion carried.

M. Jahnke moved for approval of Case Review No. D-22-5. Motion was seconded by T. Zimmerman. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, A. Simpson, J. Schulz, and T. Zimmerman. Against: None. Motion carried.

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

The meeting adjourned at 12:35 p.m.



Randy Gerke
Director