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PUBLIC EMPLOYEES' RETIREMENT BOARD MEETING

June 27, 2022

9:30 A.M.

A regular meeting of the Public Employees Retirement Board (PERB) convened at 9:31 a.m., Monday, June 27, 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, June 17, 2022. Public notice of this meeting was published in the Lincoln Journal-Star and Omaha World-Herald on Monday, June 20, 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 NOT PRESENT:

PAM LANCASTER

NONMEMBERS PRESENT:

RANDY GERKE

Director

JACK HARDY

Information Technology (IT) Manager

TYLER CUMMINGS

Member Services Manager

DEAN GRESS

IT Senior Developer

JAYDEEP DESHPANDE

OSERS Transfer Project Manager

BILL BIVEN

Fiscal Policy Office

RYAN WALTON

State Budget Office

JOSH RUHNKE

Ameritas

OSCAR LOPEZ

Empower

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 June 27, 2022, Board Meeting to order at 9:31 a.m. Present at meeting: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, A. Simpson, J. Schulz, M. Walden-Newman, and T. Zimmerman.

Agenda Item 4 – Approval of Minutes: G. Clausen moved for approval of the minutes of the May 16, 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 & May Retirement Report: M. Jahnke moved to approve the Budget Status Report and the May 2022 Retirement 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 6 – Public Comments or Correspondence from Citizens: There were none.

Agenda Item 7 – Empower Annual Report: O. Lopez gave the Empower Annual Report. He stated the total plan assets as of March 31, 2022, were \$31,162,242 with an average account balance of \$84,680. He stated there are a total of 368 participants and 108 of those participants are no longer employed with the State. The remaining 260 participants were employed with the State as of March 31, 2022.

He mentioned nearly 70% of participants are in an equity asset class while just over 20% are in a bond asset class. He then presented a graph detailing the asset allocation by age group. He stated all of the 108 inactive participants are in the general fund account which has a guaranteed rate of return of 4%. He mentioned there were not any actively employed participants in the general fund account.

He provided information from the last Empower Annual Report to show the changes from December 31, 2020, through March 31, 2022. The total plan assets as of December 31, 2020, were \$33,426,518 with a total of 418 participants.

He discussed the timeline for the termination and transfer of the Empower assets to NPERS and Ameritas. He stated the blackout date will be September 23, 2022, liquidation will occur on September 30, 2020, and the transfer of assets to the State's Deferred Compensation plan will take place on October 3, 2022. He reiterated the participants in the general fund account will not be transferred.

He stated the general fund account will follow a six-five payout provision. He mentioned the first payout of the general fund account would occur on October 27, 2022, with future payouts

taking place on or around September 30th of each year during the next five years to liquidize the entire account.

R. Gerke and J. Elliott asked when an agreement was made to liquidize the general fund account.

O. Lopez stated the account would not be closed, rather it would be paid out over a five-year period. He stated again the 108 participants in the general fund account have terminated employment.

J. Schulz stated it was his understanding only the non-general fund accounts would be liquidated.

O. Lopez stated he would have to meet with his leadership to get clarification on the issue regarding the general fund account.

M. Walden-Newman mentioned to O. Lopez it would be helpful if Empower could cite their legal authority to liquidize the general fund account.

O. Lopez provided a brief background with his role at Empower and stated he will provide updated data after the second quarter.

G. Clausen moved to receive the Empower Annual 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 8 – Investment Officer’s Report: M. Walden-Newman gave the Investment Officer’s Report. The total assets managed by the Nebraska Investment Council were \$37,483,152,724 as of March 31, 2022. The Defined Benefit and Cash Balance plans lost 3.8% in the first quarter of 2022.

He provided a table of the actual allocation versus the policy allocation. He also provided graphs detailing the plan sponsor peer group analysis, total fund attribution, and asset class attribution.

He provided a table for the investment funds in the Defined Contribution and Deferred Compensation plans.

Addressing a Board question, he briefly discussed pension obligation bonds and stated these are not needed for the plans administered by NPERS.

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.

The PERB took a break from 10:29 a.m. to 10:43 a.m.

Excuse Board Member: K. Ackerman moved to excuse P. Lancaster. Motion was seconded by G. Clausen. 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 9 – Legal and Legislative Update: R. Gerke gave the Legal and Legislative Update as O. Hill could not attend the meeting. R. Gerke stated O. Hill did attend the National Association of Public Pension Attorneys' 2022 Legal Education Conference in Louisville, KY on June 21 – 24, 2022.

Agenda Item 10 – OSERS Transfer Project Update: J. Deshpande, J. Hardy, and R. Gerke provided an update on the OSERS Transfer Project.

- J. Deshpande stated the request for proposal (RFP) has been provided to the State Purchasing Bureau (SPB). NPERS is still awaiting on review comments from the SPB. Once the RFP is approved, it will be published for vendor responses.
- The OSERS Steering Committee (OSC) met on June 13, 2022. There was discussion amongst the OSC about certain decision points regarding the transfer project.
- He mentioned the Office of the Chief Information Officer (OCIO) is now involved to help setup the infrastructure for the vendor consultant.
- He stated work is still ongoing with the OSERS team on the data transfer project.
- R. Gerke stated the plan is to take the Lancaster Hearing Room to accommodate the expansion of the office. This will allow for eleven cubicles. He mentioned future PERB meetings will be held in the Buffalo Room on the 2nd floor of the First Nebraska Administrative building. The plans are being finalized and work would begin around the end of summer.
- He stated T. Cummings has begun working at OSERS over the past several weeks and is beginning to learn the processes at OSERS.
- A Retirement Specialist II position has been created for the OSERS Transfer Project. He will work with OSERS about sending the Retirement Specialist II up to Omaha as well, as OSERS does have some space concerns.

A. Simpson moved to approve the OSERS Transfer Project Update. 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 11 – Director's Report: R. Gerke gave the Director's Report.

- He stated there have been 26 COVID cases in the agency over the past few weeks.
- He and T. Zulauf have been preparing for the upcoming biennium budget and will have a meeting next week with the State Budget office. There are some challenges with the upcoming budget as spending authority for the OSERS Transfer Project was given through September 1, 2023. However, the transition of OSERS to NPERS is set to be completed on September 1, 2024.
- The State and County audit and IT audit are currently underway.

- He attended the OSERS audit exit meeting on June 21, 2022. There were eight report points in the audit: inaccurate accrual entries, allocations, refunds were miscoded, purchase-of-service credit problems, documentation issues, cost-of-living adjustment concerns, reporting issues for the two percent (2%) contribution from the State, PeopleSoft auditing issues, and concerns related to password settings.
- Education Services has completed seminars for the spring and are currently working on handbook revisions.
- The website redesign is still underway and should be completed soon.
- The State and County Cash Balance dividends are scheduled to be credited to members' accounts on July 29, 2022.
- He presented a summary of the State and County valuations at the NIC meeting.
- The Cavanaugh Macdonald contract renewal was approved by the SPB.
- He stated mileage reimbursement rates will be increasing to 62.5 cents per mile effective July 1, 2022.
- T. Cummings filled the OSERS Plan Manager position which opened up the Member Services Manager position. This position was filled by B. Dinges. This now leaves a Retirement Specialist II position open in the Member Services department. There are also two Auditor positions open. An OCIO Programmer was hired and S. Wuestewald filled an Accountant II position which opens up an Accountant I position. Finally, N. Brooks was hired as a SOS Receptionist.

R. Gerke requested tentative approval for travel, with up to \$4,500 for expenses, to attend the National Association of State Retirement Administrators (NASRA) conference on August 6 – 10, 2022, in Long Beach, CA.

M. Jahnke 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.

T. Zimmerman moved to approve up to \$5,000 in expenses for R. Gerke to attend the NASRA conference on August 6 – 10, 2022, in Long Beach, CA. 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.

M. Walden-Newman left the meeting.

Agenda Item 12 – Board Committee Reports: There were none.

Agenda Item 13 – Board Education/Travel Requests: There were none.

Agenda Item 14 – Future Meetings/Agendas: The next PERB meeting is on July 18, 2022.

Agenda Items 15 and 16 – Executive Session: At 11:22 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-22-8; Prevention of Needless Injury to the Reputation of an Individual; Case Review No. D-22-9; 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 A. Simpson. 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 12:16 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-22-8 and Case Review No. D-22-9. 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.

K. Ackerman moved to approve the Director's Evaluation. 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.

Adjournment: M. Jahnke moved that the meeting adjourn. 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.

The meeting adjourned at 12:19 p.m.



Randy Gerke
Director