



1526 K Street, Suite 400
P.O. Box 94816
Lincoln, NE 68509-4816
Phone 402-471-2053
Toll Free 800-245-5712
Fax 402-471-9493
npers.ne.gov

PUBLIC EMPLOYEES' RETIREMENT BOARD MEETING

February 27, 2023

9:30 A.M.

A regular meeting of the Public Employees Retirement Board (PERB) convened at 9:29 a.m., Monday, February 27, 2023, in the First Nebraska Administrative Building, Lower-Level Training and Development Room, 1526 "K" Street, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda posted on the PERB SharePoint website on Friday, February 17, 2023. Public notice of this meeting was published in the Lincoln Journal-Star and Omaha World-Herald on Tuesday February 21, 2023. K. Ackerman chaired the meeting and B. Dinges recorded the minutes.

MEMBERS PRESENT:

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

MEMBERS NOT PRESENT:

JANIS ELLIOTT

NONMEMBERS PRESENT:

RANDY GERKE
Director
ORRON HILL
Legal Counsel
TERESA ZULAUF
Controller
DEAN GRESS
Information Technology (IT)
BRANDON RADKE
Information Technology (IT)
MELISSA NUSS
Retirement Plan Manager
TYLER CUMMINGS
Retirement Plan Manager
BRENDA DINGES
Retirement Plan Manager
JAYDEEP DESHPANDE
OSERS Transfer Project Manager

ZACH WELLS
Nebraska State Auditor
EMILY PARKER
Nebraska State Auditor
VANESSA HOHLEN
Internal Auditor
JOHNETTA LANG
Data Services Manager
JOSH RUHNKE
Ameritas
NEAL ERICKSON
Retirement Committee Legal Counsel
RYAN WALTON
State Budget Office
KINGSLEY SWAMIDOSS
Provaliant Business Solutions

Agenda Item 1: K. Ackerman 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: K. Ackerman called the February 27, 2023, Board Meeting to order at 9:29 a.m. Present at meeting: K. Ackerman, G. Clausen, M. Jahnke, A. Simpson, J. Schulz, M. Walden-Newman, and T. Zimmerman.

Excuse Board Member: M. Jahnke moved to excuse J. Elliott. Motion was seconded by A. Simpson. Members voted as follows: K. Ackerman, J. Schulz, G. Clausen, T. Zimmerman, A. Simpson, and M. Jahnke.

K. Ackerman recognized J. Schulz for receiving the Crystal Angel Award from Madonna for providing outstanding service on the Madonna Rehabilitation Board as well as the Madonna Foundation Board for 19 years.

Agenda Item 4 – Approval of Minutes: M. Jahnke moved for approval of the minutes of the January 23, 2023 Board Meeting. Motion was seconded by T. Zimmerman. Members voted as follows: For: K. Ackerman, G. Clausen, A. Simpson, J. Schulz, M. Jahnke, and T. Zimmerman

Agenda Item 5 – Approval of Budget Status Report & January Retirement Report: T. Zimmerman moved for approval to approve the Budget Status Report and the January 2023 Retirement Report. Motion was seconded by M. Jahnke. Members voted as follows: For: K. Ackerman, G. Clausen, M. Jahnke, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

Agenda Item 6 – Public Comments or Correspondence from Citizens: None

Agenda Item 7 – School-Judges-Patrol Audit: E. Parker and Z. Wells gave the School, Judges, and State Patrol Audit of Public Accounts Audit report for the fiscal year ending June 30, 2022.

The report was issued February 9, 2023. They issued an unmodified opinion stating that the financial statements present fairly in all respects to the financial position of the plans.

There were no reported findings, no deficiencies in internal control, and no instances of noncompliance.

E. Parker and Z. Wells thanked the NPERS staff for their cooperation and assistance and stated they will start the State, County, and Deferred Compensation audit this spring

M. Jahnke moved to approve the School, Judges, and State Patrol Audit. Motion was seconded by G. Clausen. Members voted as follows: For: K. Ackerman, G. Clausen, M. Jahnke, A. Simpson, J. Schulz, and T. Zimmerman. Against: None. Motion carried.

Agenda Item 8 – Basis Point Fee Changes: T. Zulauf started by saying NPERS feels the Basis Point Fees need to be reduced for the State, County, and Deferred Compensation Plans.

She provided recommendations to the Board as follows: lower the Deferred Compensation plan from 6 basis points down to 1, lower the State Defined Contribution (DC) plan from 2 basis points to 1 basis point, and lower the County Defined Contribution plan (DC) from 4.5 basis points to 3 basis points.

The funds are used to pay the bills, payroll, rent, office supplies etc., and the basis points are used to provide funding from those specific plans. She stated that the basis points fees have not been changed since June 2018, she stated NPERS needs to use the reserve and by charging less basis point fees it will leave more money in the members accounts.

The effective date of the change is March 25, 2023.

There is a plan to do an annual review of the Basis Point Fees. The allocation of expenses per plan are reviewed quarterly.

The Nebraska Investment Council calculates their fee using the balance as of June 30 and charges the plans quarterly.

M. Jahnke moved to approve the Basis Point Review effective March 25, 2023, as written, and submitted. Motion was seconded by A. Simpson. Members voted as follows: For: K. Ackerman, G. Clausen, M. Jahnke, A. Simpson, J. Schulz, and T. Zimmerman. Against: None. Motion carried.

Agenda Item 9 – Legal/Legislative Update: O. Hill gave the Legal/Legislative Update.

Hearings are complete for Legislative Bills (LB) 103, 104, 105, 160,198, 658, and 659.

Two bills, LB 196, and LB 378 will be heard on March 2, 2023., LB 196 makes changes to the contribution rates, cost-of-living adjustments, and death benefits for the State Patrol Plan. An actuarial study is recommended by your legal counsel.

LB 378 is the Immigration Eligibility and Documentation bill for all plans. This bill changes the documentation to be provided to the employer by potential members. The employer will determine eligibility, maintain all documents, and produce them upon the PERB or NPERS request. One of the following documents must be maintained by the employee and employer:

1. Nebraska (NE) driver's license
2. NE state ID
3. Birth certificate or delayed birth certificate issued by any state, territory, or possession of the US
4. A US certificate of birth abroad
5. A US passport
6. A foreign passport with a US visa
7. A US Certificate of Naturalization
8. A US Certificate of Citizenship
9. A tribal certificate of Native American blood or similar document
10. A US CIS Employment Authorization Document, Form I-766

In accordance with the Nebraska Attorney General's (AG) Opinion 22-006, issued on August 9, 2022, NPERS has completed an immigration eligibility review of 53 individuals. The Nebraska AG's opinion laid out a multi-part test for anyone who is not a US Citizen, qualified alien (permanent resident alien, asylee, refugee, certain parolees, and other limited categories that must be granted benefits similar to US citizens under federal law or regulation, or H-1B visa holder. The case-by-case test NPERS must conduct is based on the documents the member and employer produce and must show:

- The individual is a nonimmigrant under the Immigration and Nationality Act.
- The individual is lawfully present in the US.
- The individual “hold[s] [a] visa [] related to their employment or are work authorized,” and
- “[T]he federal statutes and regulations governing the type of visa they hold requires that they receive the same fringe benefits as the employer’s other workers.”

The Remaining Legislative Retirement Committee Bills for Hearing:

1. LB 221 redefines salary under the retirement plan for first class cities,
2. LB 406 what appears to be a placeholder bill to increase the contribution rates under the retirement plan for first class cities, and
3. LB 686 which adopts the cities of the first-class firefighter’s cash balance retirement act.

None of these bills affect the PERB or NPERS and no testimony is likely.

O. Hill will continue to monitor bills in other committees.

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

The PERB took a break from 10:17 a.m. to 10:29 a.m.

Agenda Item 10 – OSERS Transfer Project:

J. Deshpande stated the Project Plan for the engagement and development is being finalized and will be presented in the March Steering Committee meeting. Linea has started on the requirements gathering for the project. There are two weekly working sessions with Linea and there will be a 3-day onsite workshop the first week in March.

The IT team is in the process of setting up the working environments with masked data for Linea and it is expected to be completed by the end of March.

The data migration requirements gathering with vendors is continuing to be finalized for the project.

R. Gerke mentioned Omaha Public Schools is sending a letter to the entire OSERS member population providing an overview of the transfer project. OPS plans to send additional letters periodically throughout the transfer project.

An individual has been offered the Retirement Specialist I position and is planning to start in the middle of March. One more Retirement Specialist I position is still open for the OSERS department within NPERS. T. Cummings and T. Wuestewald continue working in Omaha a few days a week.

T. Zimmerman moved to approve the OSERS Transfer Project Report. Motion was seconded by M. Jahnke. Members voted as follows: For: 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

- The School Seminar season has started with webinars. The in-person seminars will start this week.

- Education Services is having Q & A sessions with the Department of Health and Human Services about our plans.
- The State Auditor, M. Foley, complimented NPERS on the School, Judges, and State Patrol Audit.
- On February 7, 2023, two hearings took place regarding LB 104 and 105.
- R. Gerke provided a briefing to the Legislative Retirement Committee regarding the work the agency does, and he provided a brief overview of the plans.
- Ameritas is working on education for new members that will include information as well as FAQ, hoping to get them to set up online accounts.
- Currently, there is a discussion to have the April PERB meeting at the Ameritas office, though this has not been solidified.
- The budget hearing was February 14, 2023, where he discussed our requests and answered questions regarding how purchasing works and why we put estimates in our budget that we don't have a contract for. The final recommendation by the Appropriations Committee will be out by the end of March.
- J. Hardy spoke on the specifics of the IT items at the hearing that are in the proposed budget.
- IT and Data Services are in the process of testing the W4 changes.
- NPERS has openings for a Retirement Specialist I in Member Services, one SOS Receptionist, one Office Specialist in Data Services, as well as an Auditor I position. There is still a Retirement Specialist I position open with OSERS. NPERS filled one Retirement Specialist I position in the Refunds area.
- NPERS managers are currently working on the Performance Evaluations.
- He reminded the Board to complete their Statement of Financials by March 1, 2023.
- He contacted the Governor's Office to get updates on the renewals for G. Clausen, and M. Jahnke, and a replacement for P. Lancaster.

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

The PERB took a break from 10:27 a.m. to 10:40 a.m.

Agenda Item 12 – Board Committee Reports: None

Agenda Item 13 – Board Education/Travel Requests: None

Agenda Item 14 – Future Meetings/Agendas: The next PERB meeting is on March 20, 2023.

Agenda Items 15 and 16 – Executive Session: At 10:41 a.m. M. Jahnke moved that the Board exit Regular Session and convene in the Executive Session for the purpose of discussing applications of plan members: Case Review No. D-23-1; 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 of Pending Legal Matters; Protection of Public Interest. Motion was seconded by G. Clausen. Members voted as follows: For: K. Ackerman, G. Clausen, M. Jahnke, A. Simpson, J. Schulz, and T. Zimmerman. Against: None. Motion carried.

At 11:33 a.m., M. Jahnke moved the Board exit Executive Session and reconvene in Regular Session. Motion was seconded by T. Zimmerman. Members voted as follows: For: 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-23-1. Motion was seconded by A. Simpson. Members voted as follows: For: K. Ackerman, G. Clausen, M. Jahnke, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

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

The meeting adjourned at 11:35 a.m.

A handwritten signature in blue ink, appearing to read "Randy Gerke". The signature is stylized with a large initial "R" and a long horizontal stroke.

Randy Gerke
Director