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**Agenda Item 1:** J. Elliott stated this meeting will follow the Nebraska Open Meetings Act. A copy of the Act is located at the NPERS office, and electronically, via a link on the final agenda posted on the NPERS website, and on the Attorney General's website.

**Agenda Items 2 and 3 – Meeting Called to Order:** J. Elliott called the May 18, 2020, Board Meeting to order at 9:37 a.m. Present at roll call: J. Derr, J. Elliott, K. Ackerman, J. Schulz, P. Lancaster, M. Jahnke, and M. Walden-Newman. Absent: A. Simpson.

**Agenda Item 4 – Approval of Minutes:** J. Schulz moved for approval of the minutes of the April 20, 2020, Board Meeting. P. Lancaster seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, and J. Schulz. Against: None. Motion carried.

**Agenda Item 5 – Approval of Budget Status Report & April 2020 Retirement Report:** K. Ackerman moved to approve the Budget Status Report and the April 2020 Retirement Report. M. Jahnke seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, and J. Schulz. Against: None. Motion carried.

**Agenda Item 6 – Public Comments or Correspondence from Citizens:** There were no public comments or correspondence from citizens with business not scheduled on the agenda.

**Agenda Item 7 – State and County Actuarial Valuations and ERBF Reports:** P. Beckham thanked the PERB, and stated the presentation format has been revised, due to the large amount of material in the valuations, and additional information is included in an Appendix of Supplementary Information of the presentation. Full reports are available on the NPERS website.

B. Bannister stated presentation topics will include the January 1, 2020, valuation results of the State and County Equal Retirement Benefit Funds (ERBFs) and the State and County Cash Balance (CB) Benefit Fund, projection results, risk assessment (ASOP 51), and dividend criteria. He stated an actuarial evaluation is a snapshot picture of the particular system as of a single date, and key results provide an evaluation of funding progress and sufficiency of statutory contributions. He stated that since January 1, 2020, the market value has changed. However, there have been no changes in plan provisions, actuarial methods, or actuarial assumptions from last year's evaluation.

He provided a brief history of the Equal Retirement Benefit Funds (ERBF), which includes members who participated in the State or County plans prior to January 1, 1984.

He reviewed the valuations of the State and County ERBF as of January 1, 2020. He noted the current assumption is that 25% of members' account balances will annuitize in the State and County Plans.

B. Bannister presented the State and County actuarial valuations as of January 1, 2020. He noted the CB Plan is a "hybrid plan." The report included valuation impact factors, membership statistics, system assets, funded ratios, the history of contribution rates, interest credits and dividends, and investment returns for the State and County plans from 2003 through 2020.

B. Bannister reported there is a \$43 million dollar surplus in the State Plan and \$16 million surplus in the County Plan. The State funded ratio is 108% as of January 1, 2020, compared to 96% on January 1, 2019. The County funded ratio is 103% as of January 1, 2020, compared to 100.8% on January 1, 2019. There are no additional State or County contributions required.

P. Beckham stated actual contributions have exceeded the actuarial contribution in each subsequent year, as a result the funded status is strong. P. Beckham reviewed risk profiles of the CB plan.

P. Beckham reviewed the criteria required for paying a dividend. The statutory requirement states improvements cannot result in an actuarial contribution rate which exceeds 90% of the statutory contribution rate. This protects plan funding during economic downturns. The Board policy requires the funded ratio on both the funded and current value basis be at 100% after a dividend is granted. The annual interest credit rate must be less than the valuation interest rate, and the dividend plus annual interest credit during the year cannot exceed 7.50% unless a majority of the PERB agrees.

P. Beckham stated the statutory and PERB criteria have both been met as of January 1, 2020, so a dividend may be granted. The maximum dividend that could possibly be awarded, with a majority vote, for the State is 3.44% and 3.42% for the County.

The PERB confirmed the dividend award decision could be decided at June's PERB meeting. R. Gerke noted it may be prudent to make the dividend decision in June, and stated the State and County audit is currently under way. R. Gerke reminded members there will be an Experience Study completed later in the year and assumptions could change. Randy reported that Ameritas verified that awarding a dividend in May, would go to members at the end of August, otherwise deciding in June on a dividend grant would go to members at the end of September.

To provide the PERB additional insight, P. Beckham presented projected January 1, 2021, results under potential dividend scenarios, which included examples of no dividend granted versus maximum dividend granted with variable rates of return and the effects on funded ratios.

P. Beckham concluded by saying there is a positive outlook for State and County plans. A strong return in 2019 strengthened the Plans' funding. She summarized dividends may be granted by the PERB for both the State and County Plans this year. Future dividends will continue to be heavily dependent on actual investment experience.

In regard to balancing past and future performance and dividend considerations, P. Beckham referenced Board Policy 8.5.Cash Balance(d), which states, "The Board recognizes that granting dividends impacts the benefits of members and thus do not wish to be overly conservative or aggressive in granting dividends. Generally, the Board will seek to grant the largest dividend possible that is consistent with the specified policies and that is consistent with meeting the funding needs of the plans."

The dividend decision will be addressed at the June PERB meeting.

J. Schulz moved to approve the State and County Actuarial Valuations and ERBF Reports. M. Jahnke seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, and J. Schulz. Against: None. Motion carried.

The board took a break at 10:51 a.m. and reconvened at 11:01 a.m.

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

**Agenda Item 8 – DCP Plan Document Revision:** O. Hill reminded the PERB that revisions to the Deferred Compensation Plan (DCP) document were presented, reviewed, and discussed at both the January and February PERB meetings. O. Hill reviewed the revisions for the document, which is available for review on NPERS website. Additional revisions are due to the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

He stated the table of contents and revision dates will need to be adjusted to accommodate the DCP plan document revisions.

P. Lancaster moved to approve the DCP Plan Document revisions. J. Schulz seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, and J. Schulz. Against: None. Motion carried.

**Agenda Item 9 – Legal/Legislative Update:** O. Hill reported the Legislative session is still in recess, due to Covid-19 concerns, and no timeline has been given for resumption of the session. He deferred to R. Gerke's Director's report for additional information.

M. Jahnke moved to approve the Legal/Legislative Update. K. Ackerman seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, and J. Schulz. Against: None. Motion carried.

**Agenda Item 10 – Director's Report:** R. Gerke reported on the office staff, stated there are 17 employees working in the office, and no employees have tested positive for the virus.

- Benefits is ramping up for the School retirement season. Processing is working extremely well, even with most Benefits staff working remotely.
- Print-to-mailroom volume has doubled, due to remote working.
- Member services staff are still visiting with members outside of our agency doors, with an average of five members per day. Member Services is taking appointments for June, but there are very few members wanting in-person appointments.
- At the last PERB meeting, it was discussed that nearly 200 Court payments physically arrive at NPERS every month, requiring in-person processing by NPERS staff. E. Asboe, at the Nebraska Supreme Court, contacted R. Gerke after the meeting and stated the courts would like to work on this matter with NPERS. Discussions have moved very quickly, and ACH will soon be in place for the Courts. He stated he was very glad E. Asboe reached out to him.
- J. Winkelman and J. Hardy are overseeing the DCP open enrollment project implementation. The open enrollment timeline is coming to a close. As of Friday, May 15<sup>th</sup>, 311 members increased contributions in annual open enrollment, 26 decreased contributions, and 426 members signed up as new DCP plan members, which is an 11% gain. The numbers are projected to continue to rise as final enrollments occur. He thanked J. Winkelman, J. Hardy, and the Department of Administrative Services for their work on this project.
- Non-contributing electronic submission continues to develop. Seven superintendents were invited to be a part of the pilot test group. Three have responded to be participants. The electronic non-contributing submission project is slated to be ready at the end of this summer.
- Managers are reviewing and proofing the draft OSERS study. A report will go out to the PERB's ad hoc OSERS Review Committee. The committee members are K. Ackerman: chair, J. Schulz, and M. Jahnke. NPERS is awaiting Linea Solutions portion of the report.
- The State and County audit is continuing remotely, and projected to end in June.
- Education Services is producing an employer reporting video.
- The Kansas Legislature submitted an extensive list of questions to NPERS, regarding the State Patrol deferred retirement option plan (DROP) because they are contemplating implementation of their own DROP plan.
- Investment fund change preparation continues with Ameritas, who has an extensive to-do list regarding the changes. New members sign up for the DCP plan through Workday, but they cannot choose investment options at that time. R. Gerke stated NPERS will need to work with Ameritas on solutions to the matter.
- To stay up-to-date on Covid-19 information and directives, R. Gerke and staff monitor current events, other agency actions, and the Governor's daily news conferences, as well as the Mayor's, as NPERS wants to be fully informed and educated in making decisions to keep our employees safe. Questions remain as to when employees will return to work, and if expanded Governor's guidance will be given.

M. Walden-Newman reported there will be no June Nebraska Investment Council (NIC) meeting. There will be no retreat, as the July meeting will be a regular working meeting for the NIC.

R. Gerke asked for a discussion with the Education Committee regarding the PERB's July Retreat and will contact the Committee. Committee members are J. Derr: chair, P. Lancaster, and M. Walden-Newman.

K. Ackerman stated she received a communication from an NPERS employee that the Director and managers have taken clear and careful preparedness measures for the employees and the agency to function during the crisis.

P. Lancaster, resident of Hall County, stated the Governor has not encouraged travel from hard hit Covid-19 locations. As she considers future PERB meetings, she remarked she does not want to make anyone uncomfortable, and encouraged the PERB to be frank in their discussions about in-person future meetings. J. Elliott stated R. Gerke and the NPERS staff have done a commendable job of navigating the particulars of the pandemic and its effect on the agency, and future decisions will continue to be discussed and considered.

K. Ackerman attended two National Council on Teacher Retirement (NCTR) webinars, and recommended the PERB explore the NCTR webinars being offered.

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

**Agenda Item 10 – Board Committee Reports:** There were no reports.

**Agenda Item 11 – Board Education/Travel Requests:** There were no requests.

**Agenda Item 12 – Future Meetings/Agendas:** The next PERB meeting is Monday, June 15, 2020. NCTR Trustee workshop will be online. J. Elliott suggested more of the PERB could participate, as the registration fees, food, and travel fees would not apply. J. Schulz suggested the PERB could consider trustee workshops as a part of the annual retreat.

**Agenda Items 13 and 14 – Executive Session:** At 11:40 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-20-06; 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. K. Ackerman seconded the motion. J. Elliott repeated the motion for the record. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, and J. Schulz. Against: None. Motion carried.

At 11:59 a.m., P. Lancaster moved that the Board exit Executive Session and reconvene in Regular Session. J. Derr seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, and J. Schulz. Against: None. Motion carried.

M. Jahnke moved to approve Case No. D-20-06. J. Derr seconded the motion. Members voted as follows: For: K. Ackerman, J. Derr, J. Elliott, M. Jahnke, P. Lancaster, and J. Schulz. Against: None. Motion carried.

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

The meeting adjourned at 12:00 p.m.

A handwritten signature in blue ink, appearing to be 'Randy Gerke', written in a cursive style.

Randy Gerke  
Director