



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

July 19, 2021

9:30 A.M.

A regular meeting of the Public Employees Retirement Board (PERB) convened at 9:33 a.m., Monday, July 19, 2021, in the 1526 Building, Fourth Floor, Conference Room 4D, 1526 "K" Street, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda posted on the PERB SharePoint website on Friday, July 9, 2021. Public notice of this meeting was published in the Lincoln Journal-Star and Omaha World-Herald on Monday, July 12, 2021. J. Elliott chaired the meeting and T. Cummings recorded the minutes.

MEMBERS PRESENT: JANIS ELLIOTT, CHAIR
 KELLI ACKERMAN, VICE-CHAIR
 MIKE JAHNKE
 PAM LANCASTER
 ALLEN SIMPSON
 THOMAS ZIMMERMAN
 MICHAEL WALDEN-NEWMAN, EX-OFFICIO

MEMBERS ABSENT: JIM SCHULZ

NONMEMBERS PRESENT:

RANDY GERKE Director	KATE ALLEN Legislative Retirement Committee
ORRON HILL Legal Counsel/Deputy Director	RYAN SOTHEN Attorney General's Office
TERESA ZULAUF Controller	PATRICK WRIGHT State Information Security Officer
JACK HARDY Information Technology Manager	CLAIRE OGLESBY State Budget Office
MELISSA NUSS Retirement Plan Manager	BRENT BANISTER Cavanaugh Macdonald
JOHNETTA LANG Date Services Manager	PAT BECKHAM Cavanaugh Macdonald
TYLER CUMMINGS Retirement Plan 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 July 19, 2021, Board Meeting to order at 9:33 a.m. Present at meeting: J. Elliott, K. Ackerman, M. Jahnke, P. Lancaster, A. Simpson, T. Zimmerman, and M. Walden-Newman.

Agenda Item 4 – Approval of Minutes: P. Lancaster moved for approval of the minutes of the June 21, 2021, Board Meeting. Motion was seconded by M. Jahnke. Members voted as follows: For: J. Elliott, K. Ackerman, M. Jahnke, P. Lancaster, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

Agenda Item 5 – Approval of Budget Status Report & June Retirement Report: K. Ackerman moved to approve the Budget Status Report and the June 2021 Retirement Report. Motion was seconded by A. Simpson. Members voted as follows: For: J. Elliott, K. Ackerman, M. Jahnke, P. Lancaster, A. Simpson, and T. Zimmerman. 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.

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

Agenda Item 7 – Protect the Good Life: The Nebraska Scams and Fraud Education (SAFE) Program: Ryan Sothan, from the Attorney General's (AG) office, presented the Protect the Good Life presentation.

He discussed the number of fraud complaints by age group. People aged 60 or over account for one-third of fraud complaints to the AG's office. He mentioned fraud cases for senior citizens are likely to go unreported.

Imposter scams, identity theft, home repair and improvement, auto related, internet services, online shopping, banks and lenders, debt collection, telephone and mobile services are the top fraud complaints received by the AG's office.

He discussed certain imposter schemes fraudsters will use to gain access to personal information. Some examples of these scams include impersonating government officials, tech support scams, romance scams, or calls from the fraud department of a corporation.

He stated identity theft soared to an all-time in 2020. This theft can occur by applying for government benefits in someone else's name or by creating new financial accounts such as

new lines of credit or loans. He discussed applying for a security freeze with the three credit bureaus as a way to prevent identity theft.

He discussed the Data Breach Investigations Report published by Verizon. In 2021, there were over a 1,000 data breaches per month. Data breaches can include social engineering (phishing), system intrusion (hacking), and web applications attacks (malware).

The PERB took a break from 11:03 a.m. to 11:16 a.m.

Agenda Item 8 – Evolving Threat Landscape and What That Means for Nebraska:

Patrick Wright, State Information Security Officer, presented the Evolving Threat Landscape and What That Means for Nebraska presentation. He provided a brief overview of the number of internet users and data breaches that occurred in the United States (US) during 2020. He stated there are 1.6 million internet users in Nebraska.

He reported year-to-date there have been 506 data breaches reported to the AG's office. He stated cyberattacks on individuals dropped 2% while attacks on business, enterprises, and governments increased by 13%.

95% of all cyberattacks are caused by successful spear phishing and only 3% of users report phishing emails to management. He stated ransomware attacks grew by 180% while cybercrime in general increased 600% in 2020.

He discussed some of the programs and systems the Office of the Chief Information Officer (OCIO) is developing to help prevent and reduce cyberattacks.

The PERB engaged with P. Wright about several cybersecurity topics and scenarios.

The PERB inquired if additional cybersecurity insurance would be needed for the agency. There was no indication from P. Wright that the agency should or should not purchase additional cybersecurity insurance.

The PERB inquired about whether a cybersecurity audit should be implemented for the agency and if the cybersecurity standards of the agency are up to par. There was no clear indication from P. Wright whether or not the PERB should implement a cybersecurity audit or if the cybersecurity standards are up to par.

He stated if there was a cybersecurity incident that NPERS Information Technology (IT) or the OCIO could not manage, he would have all the necessary people needed to help manage the incident.

R. Gerke inquired about hiring a full-time Cybersecurity Officer for the agency. P. Wright stated he would have to consider this position's involvement from an agency and OCIO perspective. He would have to take a closer look at NPERS' specific needs and situation before rendering an opinion for a full-time Cybersecurity Officer.

There was a brief discussion about where the responsibility would fall if there was a cybersecurity incident. It was unclear if the responsibility would be the agency's or the OCIO's.

Agenda Items 9 – Executive Session: At 12:43 p.m., T. Zimmerman moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing applications of plan members, personnel matters, and pending legal matters; Protection of Public Interest, Prevention of Needless Injury to the Reputation of an Individual; 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, M. Jahnke, P. Lancaster, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

At 1:29 p.m., K. Ackerman moved the Board exit Executive Session and reconvene in Regular Session. Motion was seconded by P. Lancaster. Members voted as follows: For: J. Elliott, K. Ackerman, M. Jahnke, P. Lancaster, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

Agenda Item 10 – COVID-19: Actuarial Considerations: Brent Banister and Pat Beckham, Cavanaugh Macdonald, presented the COVID-19: Actuarial Considerations.

B. Banister discussed the job loss percentage by industry. Government job loss was lower compared to other industries. He presented a graph showing state and local government employment versus private employment.

He discussed a graph of the state and local defined benefit assets by quarter along with a graph of the historical monthly inflation dating back to 2011.

P. Beckham discussed a National Association of State Retirement Administrators (NASRA) survey which detailed the 2020 change in retirement and termination rates. The results of the survey show teachers had a higher retirement rate compared to general government employees and fire and police employees. She reported retirement and termination patterns have only been moderately affected.

She detailed the death rates for the US based on age group. She stated for the ages 65 and older COVID-19 contributed to a higher number of deaths. Non-COVID deaths were up for people aged 15-54.

Agenda Item 11 – Board Policy Review: O. Hill presented the Board Policy Review. He stated hyperlinks are now included in the Board Policy. Most of the changes in the policies was either grammatical or formatting.

He talked with Lynn Melson, who is the Assistant AG assigned to the agency, about publishing meeting notices in the Omaha World-Herald and the Lincoln Journal-Star. L. Melson mentioned that NPERS does not have to publish a meeting notice in the above newspapers.

There was brief discussion among the PERB about whether or not a change in the policies should be implemented to no longer publish meeting notices in the above newspapers.

T. Zimmerman moved to amend Board Policy 1, Section 2(c)(i) removing the Lincoln Journal-Star and Omaha World-Herald newspapers as places where the Board publishes a meeting notice. Motion was seconded by M. Jahnke. Members voted as follows: For: J. Elliott, K. Ackerman, M. Jahnke, P. Lancaster, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

Agenda Item 12 – Director’s Report: R. Gerke gave the Director’s Report after Agenda Item 6. The Board approved his report during Agenda Item 12.

- The Treasury Yield curve determines the interest rate for the defined benefit (DB) plans and this year it is 0.09%
- In July, the Consumer Price Index (CPI) is published which was 6.12%. The cost-of-living adjustment (COLA) for State and County members is tied to the CPI. This year, 26,756 members will have their benefits raised due to the COLA which amounts to \$1,467,770 more being paid out per month. The COLA letters will be mailed out this week.
- The statements for School members will be mailed out soon.
- The School retirement season is underway, and NPERS is currently waiting on School contributions to be posted before paying out the monthly benefits.
- The School seminar season is now over with 442 people attending the in-person seminars and 536 people attending the virtual webinars for a total of 978 attendees.
- Employer workshops are underway and three new staff members have been conducting the seminars. There will be one employer workshop webinar in August.
- He, O. Hill, and J. Hardy met with Cecilia Carter, Director of the Omaha School Employees’ Retirement System (OSERS), to discuss the transfer of OSERS and the compliance audit.
- Dr. Cheryl Logan, Omaha Public Schools (OPS) Superintendent has scheduled a meeting with NPERS on July 26, 2021, about the transfer of OSERS to NPERS.
- There is a meeting setup with the Department of Administrative Services (DAS) to setup the consulting request for proposal (RFP). There will be two other project this year involving DAS purchasing for the actuarial audit and IT assessment.
- Governor Ricketts has appointed Gerald Clausen to fill the vacant public seat on the PERB. G. Clausen has an extensive record working for municipal government in Iowa. His confirmation hearing should be held during the special session in the Legislature this September.
- The Nebraska Investment Council (NIC) meeting was held this month and the asset allocation of the plans was discussed.
- He attended the National Council on Teacher Retirement (NCTR) Directors’ Conference which was held virtually on June 28 and 29, 2021.
- The State and County audit should be in exit before the next PERB meeting.

K. Ackerman moved to approve the Director's Report. Motion was seconded by P. Lancaster. Members voted as follows: For: J. Elliott, K. Ackerman, M. Jahnke, P. Lancaster, 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 August 16, 2021.

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

The meeting adjourned at 2:39 p.m.



Randy Gerke
Director