



BILL BIVEN  
Legislative Fiscal Office  
JASON HAYES  
Nebraska State Education Association

ERIC ASBOE  
Nebraska Supreme Court

**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, and on the Attorney General's website.

**Agenda Items 2 and 3 – Meeting Called to Order:** J. Elliott called the March 15, 2021, Board Meeting to order at 9:31 a.m. Present at meeting: J. Elliott, K. Ackerman, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and M. Walden-Newman. Absent: None.

**Agenda Item 4 – Approval of Minutes:** P. Lancaster moved for approval of the minutes of the February 22, 2021, Board Meeting. Motion was seconded by K. Ackerman. Members voted as follows: For: J. Elliott, K. Ackerman, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

**Agenda Item 5 – Approval of Budget Status Report & February Retirement Report:** J. Schulz moved to approve the Budget Status Report and the February 2021 Retirement Report. Motion was seconded by K. Ackerman. Members voted as follows: For: J. Elliott, K. Ackerman, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. 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 – Ameritas Annual Report:** Nancy Reimer, from Ameritas, provided the 2020 Ameritas Annual Report. She provided an account summary for the State plan. She then discussed the total number of distributions taken in 2020, along with the reason members took a distribution. She further broke down the withdrawal types for the Defined Contribution (DC) and Cash Balance (CB) plans for State members.

She provided member information for the State plan, which was further broken down into the DC and CB plans. CB members totaled 88% of the members in the State plan in 2020. A summary of assets for the DC and CB plans was briefly discussed. Also, she reported the dividend granted by the PERB was paid to 22,516 State CB members totaling \$39,010,557.27.

N. Reimer moved on to provide a summary for the County plan. A summary of withdrawals and the reasons for withdrawal were provided. The type of distribution taken by members in the County plan was discussed. She also provided membership information for the County plan. Membership for the County plan increased by 254 members from 2019 to 2020.

A summary of assets was provided for the County DC plan along with information regarding the investment funds in which DC members are invested. She briefly discussed the summary of assets for the County CB plan.

A summary of the Deferred Compensation Plan (DCP) investment funds was discussed, along with information regarding the number of members invested in each investment fund. A breakdown of the withdrawal type was given for the DCP. There was an 18% increase in DCP members from 2019 to 2020 which equates to an increase of 682 members. N. Reimer presented a graph for the DCP broken down by age group for years 2019 and 2020.

She then moved on to discuss the State Patrol Deferred Retirement Option Plan (DROP) summary of assets along with participant information by investment fund. She provided withdrawal reasons for the DROP.

She briefly provided a summary of assets for the Equal Retirement Benefit Fund (ERBF).

The investment funds changes were discussed along with information regarding the transfers out and transfers in for the discontinued and new investment funds.

She provided a list of accomplishments Ameritas achieved in 2020. Ameritas met with NPERS on a monthly basis. They also provided information to the actuary for their annual reporting and assisted with the State and County annual audit. Ameritas also sent out a mailing notice for the investment fund changes. Finally, Ameritas provided an electronic copy of the 1099-R form for members.

There was a brief discussion about forfeitures and how this money is used by NPERS. Forfeitures are used for expenses, helping fund the Cash Balance dividend, and is used to help to reinstate funds for reemployed members.

M. Walden-Newman thanked Ameritas for their work to help transfer the accounts from the discontinued investment funds to the new investment funds.

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

**Agenda Item 8 – Internal Auditor Report:** T. Baker provided the Quarterly Internal Auditor Report. The report period included December 2020 through February 2021. During this time there were three School audit reports issued, seven audits initiated by staff, and five audits being worked by staff. He reported much time is spent completing follow-ups for previous audits. Five audit follow-ups were completed and six more are in progress.

There were two County employer audits issued. Audits for County employers for the 2021 calendar year will be performed later this year.

T. Baker discussed staffing during 2020 as it had a significant impact for the department. One auditor left in August 2020 and another left in December 2020. The positions were filled

on January 19, 2021, and January 27, 2021. Since both auditors started at roughly the same time, both are working on school audits. The School plan audits requires more work, typically have more risk, and usually have more findings compared to the County plan.

He reported Empower acquired MassMutual on December 31, 2020. Empower will honor all existing plan contracts, pricing, rates, and benefits. The most notable change members will see is branding.

The main topics dealt with during School audits have been employee salary versus health insurance, tracking hours of part-time school employees, COVID-19 compensation, and issues with bus drivers.

The work to complete School audits electronically has been finalized. This helps reduce time to complete audits as well as reduce the use of paper.

Internal Audit has revised the School Audit Internal Control Questionnaire for reporting agents, which should reduce the need for follow-ups.

T. Baker hopes to begin an Internal Control "Town Hall" to address issues on the front-end rather than dealing with them after the errors have occurred. This idea is still a work in process and it should help prevent errors.

Of the three School audit reports issued, 54 active members and 35 non-contributing members were tested. One School plan audit did not have any findings. Some of the findings included deficient internal control questionnaire responses, hours that were not being tracked or tracked incorrectly, and information that did not match with NPERS' records.

Two County audits were completed in which 25 active members and 38 non-contributing members were tested. One County employer audit did not have any findings. Some of the findings included deficient internal control questionnaire responses, two members who met plan eligibility but were not enrolled in the plan, and one employee who was contributing to the plan but was not eligible to participate.

M. Jahnke moved to approve the Internal Audit Report. Motion was seconded by A. Simpson. Members voted as follows: For: J. Elliott, K. Ackerman, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

**Agenda Item 9 – Investment Officer's Update:** M. Walden-Newman provided the Investment Officer's Update. He gave a brief overview of the Nebraska Investment Council and its mission.

He presented the investment performance for the Defined Benefit (DB) and Cash Balance plans. For the fiscal year-to-date, the DB plans gained 17.3%. For the 2020 fiscal year, the CB plans reported an investment return of 12.6%.

He presented a brief overview of a peer group analysis for the portfolio performance for the DB plans.

A brief overview of the DC and DCP investment funds was provided. New investment funds were implemented for these plans beginning in December 2020.

He reported on the fees for the investment funds. He noted the fees of the investment funds offered to DC and DCP members is low compared to the private market.

K. Ackerman moved to approve the Investment Officer's Update. Motion was seconded by M. Jahnke. Members voted as follows: For: J. Elliott, K. Ackerman, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

**Agenda Item 10 – Legal/Legislative Update:** O. Hill provided the Legal and Legislative Update.

He updated the PERB on the American Rescue Plan Act (Act) of 2021 passed by Congress and signed into law by President Biden last week. He stated the Act included the Butch Lewis Emergency Pension Plan Act of 2021, which provides broad-based relief to troubled multiemployer pension plans. However, none of NPERS' plans should be affected by this law.

LB 17, which adjust the amortization period for the defined benefit plans had an amendment (AM) 461 filed. The amendment incorporates provisions from LB 16 and LB 24, which deal with funding for the Judges plan. This bill was also designated as a Nebraska Retirement Systems Committee priority bill.

LB 147 was also designated as a Nebraska Retirement Systems Committee priority bill.

LB 209, which deals with a Roth DCP, had an amendment introduced the day of the hearing, which removed the PERB and NPERS administered DCP from its consideration. The PERB's testimony changed to a neutral position based on the amendment attached to the bill.

LB 64 changes the provisions related to state taxation of Social Security benefits and was named as a priority bill. Though this bill would not affect the plans administered by NPERS, it would have an effect on the education provided by the agency for Social Security benefits.

LB 83 changes the Open Meetings Act to provide for virtual conferences and was designated as a Government, Military, and Veterans Affairs Committee priority bill.

LB 139 would adopt the COVID-19 Liability Protection Act.

LB 255 would adopt the In the Line of Duty Compensation Act. This bill advanced to Enrollment and Review Initial.

LB 294 would exempt certain agency deputy directors and legal counsels from the State Personnel System and was advanced to the General File.

LB 368 would provide the Auditor of Public Accounts (APA) enforcement powers and was advanced to the Select File.

LB 369, which would provide the APA access to working papers and audit files, had AM 67 adopted and was advanced to Enrollment and Review Initial.

LB 387 would change provisions relating to the taxation of military retirement benefits advanced to the Select File.

LB 532, which would change provisions relating to property under the Uniform Disposition of Property Act and School Employees Retirement Act was passed on Final Readings, signed by the Legislature's President, and presented to the Governor.

LB 641 would change provisions regarding school districts salaries during an epidemic and was placed in the General File.

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

**Agenda Item 11 – Director's Report:** R. Gerke provided the Director's Report.

- R. Gerke discussed the following items in the NPERS' Annual Report to the Legislature:
  - Membership increased from 137,715 members to 141,748 members from 2019 to 2020.
  - Education Services has transitioned to conduct some of the seminars virtually via WebEx. Education Services also created a YouTube channel during 2020.
  - A self-service option to enroll for the DCP was implemented in 2020.
  - COVID-19 had dramatic impacts on the operations of the agency. IT was able to quickly transition staff to work from home.
  - Print-to-mailroom was also implemented so staff working from home could print documents directly to the mailroom to mail out to members.
  - Member Services successfully transition to working from home and was able to keep the call center fully functional.
  - Virtual office visits were also implemented in 2020 to provide members a way to meet without having to physically be in the office.
  - R. Gerke discussed the 2021 Action Plan.
  - A brief overview of the retirement plan assets, plan funding, and investment returns was provided.
  - Statistics for phone calls, office visits, and walk-ins was discussed
- The bills regarding the transfer of management of the Omaha School Employees' Retirement System to NPERS were heard on February 23, 2021. The only group opposed to the bills were the retired Omaha teachers group.
- He reported NPERS projects (reporting subsystems conversion, multi-factor authentication, technology assessment, and actuarial audit) have preliminary approval recommendation by the Appropriations Committee at this time.
- The School seminar season is underway, and 371 people registered for in-person seminars and 349 have registered for virtual webinars. A third of the virtual webinar

attendees are for the evening sessions. The virtual webinars open up opportunities to provide this service on a year-round basis.

- The online non-contributing project is still underway. The State and County online non-contributing project is in the testing phase.
- NPERS is beginning the process for the end of the year computer replacement
- The NPERS website redesign project should begin next month.
- Member Services has scheduled a total of 65 virtual office visits this year. There were 44 walk-ins who visited the office last week, which is an increase from previous weeks.
- The Staff Assistant II opening in Data Services was filled by Coral Bryant. There were two Retirement Specialist I open positions, which have been filled by Sophia Dunsmore and Hannah Lionberger. Currently, there are two open positions: Specialized Office Services (SOS) Staff Assistant I and SOS Receptionist.
- NPERS is currently working on a new Employee of the Month program.
- The PERB confirmations for P. Lancaster and Judge T. Zimmerman will be held April 8, 2021, at noon.

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

**Agenda Item 12 – Board Committee Reports:** J. Schulz provided a brief update for the Legislative Committee. He thanked O. Hill and R. Gerke for their work on keeping the Committee updated on all the pertinent legislative bills.

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

**Agenda Item 14 – Future Meetings/Agendas:** The next PERB meeting is on Monday, April 19, 2021.

**Agenda Items 15 and 16 – Executive Session:** At 11:52 a.m., M. Jahnke moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing of applications of plan members, personnel matters, and pending legal matters: Case Review No. D-21-3; 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 on Pending Legal Matters; Protection of Public Interest. Motion was seconded by P. Lancaster. J. Elliott repeated the motion for the record. Members voted as follows: For: J. Elliott, K. Ackerman, M. Jahnke, P. Lancaster, J. Schulz, and A. Simpson. Against: None. Motion carried.

J. Schulz left the PERB meeting during Executive Session.

At 12:05 p.m., M. Jahnke 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, and A. Simpson. Against: None. Motion carried.

M. Jahnke moved for approval of Case Review No. D-21-3. P. Lancaster seconded the motion. Members voted as follows: For: J. Elliott, K. Ackerman, M. Jahnke, P. Lancaster, and A. Simpson. Against: None. Motion carried.

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

The meeting adjourned at 12:08 p.m.

A handwritten signature in blue ink, appearing to read "Randy Gerke". The signature is stylized and cursive.

Randy Gerke  
Director