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PUBLIC EMPLOYEES RETIREMENT BOARD MEETING

May 17, 2021

9:30 A.M.

A regular meeting of the Public Employees Retirement Board (PERB) convened at 9:31 a.m., Monday, May 17, 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, May 7, 2021. Public notice of this meeting was published in the Lincoln Journal-Star and Omaha World-Herald on Monday, May 10, 2021. J. Elliott chaired the meeting and T. Cummings recorded the minutes.

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

MEMBERS ABSENT: MIKE JAHNKE
 JIM SCHULZ

NONMEMBERS PRESENT:

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|--|---------------------------------------|
| RANDY GERKE Director | NEIL SULLIVAN State Budget Office |
| ORRON HILL Legal Counsel/Deputy Director | CLAIRE OGLESBY State Budget Office |
| JACK HARDY Information Technology Manager | BRENT BANISTER Cavanaugh Macdonald |
| MELISSA NUSS Retirement Plan Manager | PAT BECKHAM Cavanaugh Macdonald |
| TYLER CUMMINGS Retirement Plan Manager | JOSH RUHNKE Ameritas |
| BILL BIVEN Legislative Fiscal Office | WENDY RINNER Ameritas |
| 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, 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 May 17, 2021, Board Meeting to order at 9:31 a.m. Present at meeting: J. Elliott, K. Ackerman, P. Lancaster, A. Simpson, T. Zimmerman, and M. Walden-Newman. Absent: M. Jahnke and J. Schulz.

Agenda Item 4 – Approval of Minutes: K. Ackerman moved for approval of the minutes of the April 19, 2021, Board Meeting. Motion was seconded by P. Lancaster. Members voted as follows: For: J. Elliott, K. Ackerman, P. Lancaster, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

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

Agenda Item 7 – State and County Actuarial Valuations and ERBF Reports: Brent Banister and Pat Beckham, Cavanaugh Macdonald, presented the State and County Actuarial Valuations and ERBF reports.

P. Beckham stated there are two key findings this report provides which are the actuarial contribution rates and determining if the criteria has been met to grant a dividend. The reports also cover actual versus expected results and any trends in assets, liabilities, and contributions.

She mentioned the economic assumptions are being phased-in over a four-year period. There are other assumption changes as well including mortality assumption, retirement and termination rates, and individual salary increase assumption.

B. Banister discussed the Equal Retirement Benefit Fund (ERBF) Valuation. The ERBF affects members who participated in the State or County Defined Contribution plan prior to January 1, 1984. The number of members in this group continues to decline each year. On January 1, 2020, there were 507 members in this group. By January 1, 2021, this total decreased to 430 members. He presented a graph detailing the age range for this group.

He provided a brief overview of the Cash Balance (CB) plan. He reported both the State and County CB plans are over 100% funded.

He discussed the old assumptions versus the new assumptions for the State CB plan. He presented a graph detailing the membership of the State CB plan. He also provided information regarding the funded ratio for the State CB plan on both an actuarial basis and current value basis.

There was a brief discussion about wage inflation and how it might affect the Unfunded Actuarial Accrued Liability (UAAL).

P. Beckham discussed the risk profile of the CB plans. She then presented a graph of the dividends and funded ratio for the State CB plan since its inception. She also discussed how potential investment returns can impact the funding of the County CB plan.

She discussed the statutory requirements and Board policy for granting dividends. Statute requires the funded ratio to be greater than 100% and benefit improvements cannot result in an actuarial contribution rate that exceeds 90% of the statutory contribution rate.

For Board policy, in order for a dividend to be granted the funded ratio must at least be 100% for both the funded and current value basis both before and after the dividend is granted. Also, the annual interest credit rate must be less than assumed rate of return. Finally, the dividend plus annual interest credit during the year cannot exceed the assumed rate of return without a majority vote of the full Board.

She presented two tables detailing the mathematical criteria for granting a dividend. For the County CB plan, the 90% benefit improvement threshold rate does come into effect.

There was discussion among the PERB about a motion to grant dividends.

P. Beckham highlighted the previous dividends for the State and County CB plans.

O. Hill discussed the statutory guidelines and Board policies that help guide the decision to grant a dividend to the CB plans.

P. Lancaster moved to approve the State and County Actuarial Valuations and ERBF Reports. Motion was seconded by A. Simpson. Members voted as follows: For: J. Elliott, K. Ackerman, P. Lancaster, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

A. Simpson made a motion to approve a State CB dividend of 5% and County CB dividend of 2.5%, with an account balance as of December 31, 2020. Motion was seconded by P. Lancaster.

There was a brief discussion among Board members about having all Board members present when voting on granting a dividend.

A. Simpson withdrew his motion to approve a State CB dividend of 5% and County CB dividend of 2.5%, with an account balance as of December 31, 2020.

The PERB took a break from 11:07 a.m. to 11:19 a.m.

Agenda Item 8 – Ameritas Contract Renewal: Josh Ruhnke and Wendy Rinner, Ameritas, presented the Ameritas Contract Renewal. J. Ruhnke stated the 5-year renewal period ends in October 2021. He briefly discussed the current fee structure. The service contract allows for certain levels of increases in the monthly fees based on low and high inflation scenarios. A table was presented detailing the monthly fees that could be assessed based on the different inflation scenarios. The current proposal is to increase monthly fees for each member by 10 cents for each plan (excluding the School, Judges, and Patrol plans).

He discussed the proposed changes in the distribution fees for full account distributions and partial distributions. Currently, a \$75 distribution fee is charged on a full distribution greater than \$250. The proposed change would charge a \$75 fee for a distribution amount greater than \$500. Currently, for full distributions of \$100 to \$250, a \$35 fee is charged. This band would change to a range of \$150 to \$500. Currently, there is no fee charged for distributions less than \$100. Under the proposed change, full distributions less than \$150 would not be assessed a distribution fee. Finally, there would be no change in the fee for partial distributions.

R. Gerke briefly discussed the negotiations that took place and his satisfaction with the new contract proposal.

This contract would be effective October 1, 2021.

P. Lancaster moved to approve the provisions of the Ameritas Contract Renewal. Motion was seconded by K. Ackerman. Members voted as follows: For: J. Elliott, K. Ackerman, P. Lancaster, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

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

- Legislative Bills (LB) 17, 65, 83, 379, 380, 386, and 666 were signed into law by Governor Ricketts.
- The following LBs are in Enrollment & Review for Engrossment or Final Reading: 64, 147, 209, 256, and 428.
- LB 258 failed to advance.
- Securing a Strong Retirement Act 2021 (SECURE Act 2.0) is currently being discussed in Congress and was moved out of the House Ways and Means Committee. This bill as currently drafted would change the required minimum distribution (RMD) age.
- There was a brief discussion on NPERS' role regarding RMDs. Currently, NPERS sends out correspondence to members years in advance of their initial RMD. If the SECURE Act 2.0 would pass as currently drafted, NPERS would have to make significant changes to its internal system in order to send out correspondence to members regarding RMDs.

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

Agenda Item 10 – Director’s Report: R. Gerke provided the Director’s Report.

- The School retirement season is beginning, and staff are working overtime to complete the retirement benefit payments.
- School seminars are still being conducted. Currently, in-person seminars are underway though there have been challenges with in-person seminars as some venues have restrictions due to the COVID-19 pandemic.
- Staff is currently working on employer workshops. They will be conducted in-person and one workshop will be offered as a webinar.
- Education Services is also preparing for State and County seminars.
- Education Services will also conduct webinars for the School plan throughout the year.
- The Auditor of Public Accounts (APA) audit entrance interview was on May 6, 2021. NPERS and Ameritas have been providing information to the auditors. The comprehensive annual financial report (CAFR) for the information technology (IT) portion is also underway. There was one finding in regard to access to workflow processes in NPRIS.
- He attended a virtual meeting regarding cyber insurance. Pro-active services were a main topic of discussion during the meeting. Cyber insurance would include funds for credit monitoring, public relations problems, restorations for members’ accounts, lawsuits, investigators, etc.
- He and T. Baker attended a virtual meeting with Empower. There are 418 members with \$33.5 million dollars in assets with Empower. There are 120 members in the guaranteed interest account with a total of \$7 million dollars.
- The fiscal year is coming to an end and IT is purchasing the yearly computer replacements.
- The electronic non-contributing member form project is still underway, and 214 schools have signed up. The goal is to make this mandatory for all schools by July 2021.
- The new webpage design contract has been signed and work should begin soon.
- NPERS’ internal auditors completed a NASBO presentation.
- M. Nuss took part in a Department of Administrative Services (DAS) Ask the Experts panel regarding customer service. He commended her for providing an excellent presentation.
- There is one full-time position open: Retirement Specialist I. There is one temporary position open: SOS Receptionist.
- He mentioned preparing for the PERB Annual Retreat. Potential speakers and topics include P. Beckham regarding how the COVID-19 pandemic has affected retirement, Patrick Wright will speak about cybersecurity, and O. Hill will present the updated Rules and Regulations.

P. Lancaster moved to approve the Director's Report. Motion was seconded by A. Simpson. Members voted as follows: For: J. Elliott, K. Ackerman, P. Lancaster, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

Agenda Item 11 – Board Committee Reports: There were none.

Agenda Item 12 – Board Education/Travel Requests: There were none.

Agenda Item 13 – Future Meetings/Agendas: The next PERB meeting is on Monday, June 21, 2021.

Agenda Items 14 and 15 – Executive Session: At 12:11 p.m., K. Ackerman 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-21-4; Prevention of Needless Injury to the Reputation of an Individual; Case Review No. D-21-5; Prevention of Needless Injury to the Reputation of an Individual; Case Review No. D-21-6; Prevention of Needless Injury to the Reputation of an Individual; Case Review No. D-21-7; Prevention of Needless Injury to the Reputation of an Individual; Case Review No. D-21-8; Prevention of Needless Injury to the Reputation of an Individual; Case Review No. D-21-9; Prevention of Needless Injury to the Reputation of an Individual; 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 T. Zimmerman. 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.

T. Zimmerman left the PERB meeting during Executive Session.

At 1:35 p.m., P. Lancaster moved the Board exit Executive Session and reconvene in Regular Session. Motion was seconded by A. Simpson. Members voted as follows: For: J. Elliott, K. Ackerman, P. Lancaster, and A. Simpson. Against: None. Motion carried.

P. Lancaster moved for approval of Case Review No. D-21-4, Case Review No. D-21-5, Case Review No. D-21-6, Case Review No. D-21-7, Case Review No. D-21-8, Case Review No. D-21-9, and Case Review No. A-21-1. A. Simpson seconded the motion. Members voted as follows: For: J. Elliott, K. Ackerman, P. Lancaster, and A. Simpson. Against: None. Motion carried.

P. Lancaster moved to approve the request to seek an opinion from the Attorney General regarding immigration status. A. Simpson seconded the motion. Members voted as follows: For: J. Elliott, K. Ackerman, 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, P. Lancaster, and A. Simpson. Against: None. Motion carried.

The meeting adjourned at 1:36 p.m.

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

Randy Gerke
Director