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## **PUBLIC EMPLOYEES RETIREMENT BOARD MEETING**

**November 15, 2021**

**9:30 A.M.**

A regular meeting of the Public Employees Retirement Board (PERB) convened at 9:27 a.m., Monday, November 15, 2021, in the First Nebraska Administrative Building, Fourth Floor, Lancaster Hearing Room, 1526 "K" Street, Lincoln, Nebraska.

The Board members were notified of this meeting by Agenda posted on the PERB SharePoint website on Friday, November 5, 2021. Public notice of this meeting was published in the Lincoln Journal-Star and Omaha World-Herald on Monday, November 8, 2021. J. Elliott chaired the meeting and T. Cummings recorded the minutes.

### **MEMBERS PRESENT:**

JANIS ELLIOTT, CHAIR  
KELLI ACKERMAN, VICE-CHAIR  
GERALD CLAUSEN  
MIKE JAHNKE  
PAM LANCASTER (Virtual)  
JIM SCHULZ  
ALLEN SIMPSON  
THOMAS ZIMMERMAN

### **MEMBERS ABSENT:**

MICHAEL WALDEN-NEWMAN, EX-OFFICIO

### **NONMEMBERS PRESENT:**

RANDY GERKE

Director

ORRON HILL

Legal Counsel/Deputy Director

TERESA ZULUAF

Controller

JACK HARDY

Information Technology (IT) Manager

MELISSA NUSS

Retirement Plan Manager

TYLER CUMMINGS

Retirement Plan Manager

JOHNETTA LANG

Data Services Manager

HEATHER CRITCHFIELD-SMITH

Education Services Manager

DEAN GRESS

Senior IT Applications Developer

ERIC ASBOE

Supreme Court

NEIL SULLIVAN

State Budget Office

BILL BIVEN

Fiscal Policy Office

BRENT BANISTER

Cavanaugh Macdonald

PAT BECKHAM

Cavanaugh Macdonald

JOSH RUHNKE

Ameritas

JASON HAYES

Nebraska State Education Association

EMILY HEMPHILL  
Nebraska State Education Association

**Agenda Item 1:** J. Elliott stated this meeting will follow the Nebraska Open Meetings Act (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 November 15, 2021, Board Meeting to order at 9:27 a.m. Present at meeting: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, A. Simpson, and T. Zimmerman.

**Agenda Item 4 – Approval of Minutes:** K. Ackerman moved for approval of the minutes of the October 18, 2021, Board Meeting. Motion was seconded by M Jahnke. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, A. Simpson and T. Zimmerman. Against: None. Motion carried.

J. Schulz arrived at the meeting at 9:29 a.m.

**Agenda Item 5 – Approval of Budget Status Report & October Retirement Report:** M. Jahnke moved to approve the Budget Status Report and the October 2021 Retirement Report. Motion was seconded by P. Lancaster. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

**Agenda Item 6 – Public Comments or Correspondence from Citizens:** There were none.

**Agenda Item 7 – July 1, 2021 Actuarial Valuation Results for School, Judges, and State Patrol:** B. Banister and P. Beckham, Cavanaugh Macdonald, presented the July 1, 2021, Actuarial Valuation Results for the School, Judges, and State Patrol plans.

P. Beckham stated Legislative Bill (LB) 17 passed in 2021 changed the amortization period from 30 years to 25 years. LB 17 also incrementally increased court fees for the Judges plan and it provides for a payroll-related state contribution.

P. Beckham discussed the economic assumptions that are being phased-in over four years. There was a brief discussion about adjusting the inflation valuations if inflation continues to rise. P. Beckham stated there was not a need to change the inflation valuations at this time, but she stated they will continue to monitor and track the situation. She also discussed the other assumptions that were changed from the Experience Study.

She discussed the actual court fees received for Fiscal Year (FY) 2021 along with the membership data for each of the three plans.

She presented the change in unfunded actuarial accrued liability along with the change in the funded ratio of the three plans. The School, Judges, and State Patrol plans have a funding ratio of 97.41%, 100.71%, and 90.50%, respectively.

She discussed the additional state contribution for each plan. The additional state contribution for the Judges and State Patrol plans are \$232,000 and \$3,800,000, respectively. There is no additional state contribution required for the School plan.

B. Banister discussed future projections regarding additional contributions, employee and employer contributions, and funded ratios for the School, Judges, and State Patrol plans.

J. Schulz moved to approve the July 1, 2021, Actuarial Valuation Results for the School, Judges, and State Patrol plans. Motion was seconded by T. Zimmerman. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

The PERB took a break from 10:33 a.m. to 10:45 a.m.

**Agenda Item 8 – Legal/Legislative Update:** O. Hill gave the Legal/Legislative Update. He provided a summary of the potential legislation for the upcoming 2022 legislative session.

- Update the date for the next Legal Compliance Audit.
- Update statute to explicitly state the Nebraska Investment Council has investment authority to invest the funds in the Equal Retirement Benefit Fund (ERBF).
- Update requirements for Legal Counsel and Deputy Director.
- Update Nebraska Revised Statute § 84-1322 to correct an error in the drafting process.
- Update disability provisions for the School, State, and County plans. The proposed provisions would require two physicians' examinations rather than one. It would also provide that the member selects and reimburses the physician.
- Update language regarding the retirement education seminars provided by NPERS and change the leave provisions for the education seminars. The update would combine the under age 50 seminar and age 50 and over seminar into one course. Provisions of the potential legislation would also allow for up to 24 hours of leave to be used to attend the seminars. Right now, two days of leave are allowed for the under age 50 seminar and two days of leave are allowed for the age 50 and over seminar.
- Eliminate the requirement that terminating employees and employers in the School plan are required to submit an Early Retirement Inducement form to NPERS.
- Update the rules for cross plan reemployment for School members terminating employment and then working for the State.

O. Hill discussed two proposed changes regarding the PERB's policies. The first proposed change is for PERB Policy 1(d) regarding the number of PERB members allowed on a PERB committee. Currently, the policy reads, "No subcommittee shall include more than three (3)

Board members.” There was a brief discussion about increasing the members allowed on a committee to four. No action was taken on this proposed change.

The second proposed change is for PERB Policy 11(2)(b). Currently, the policy reads, “NPERS will, generally, calculate the preliminary benefit within ninety (90) days of the member’s anticipated final pay date.” The proposed change revises the timeline from 90 days to three calendar months. NPERS pays benefits at the end of the month and, therefore, is unable to reach this goal with the 90-day policy. There was discussion among the Board about changing this policy.

A. Simpson moved to amend PERB Policy 11(2)(b) to read, “NPERS will, generally, calculate the preliminary benefit within three (3) calendar months of the member’s anticipated final pay date.” Motion was seconded by T. Zimmerman. Members voted as follows: For: J. Elliott, K. Ackerman, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and T. Zimmerman. Against: G. Clausen. Motion carried.

O. Hill stated a final report for the Omaha School Employees’ Retirement System (OSERS) Legal Compliance Audit was recently completed and suggested the report be discussed by the PERB or by the PERB’s Legislative Committee. J. Elliott stated the Legislative Committee should meet to discuss the report.

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

**Agenda Item 9 – OSERS Transfer Project:** The Department of Administrative Services (DAS) is finalizing the approval for Gartner Consulting to help oversee the transfer of OSERS. R. Gerke met with the Project Manager from Gartner on November 9, 2021.

R. Gerke attended the OSERS board meeting on November 4, 2021, and the OSERS Legal Compliance Audit was discussed. Action on the recommendations in the OSERS Legal Compliance Audit will take place at the next OSERS board meeting in December.

The Office of the Chief Information Officer (OCIO) has put the OSERS transfer project on their top 20 project list. J. Hardy will meet with the OCIO each month to report on the transfer project. The OCIO proposed this project to be a State Enterprise project and it was approved by the Nebraska Information Technology Commission (NITC).

NPERS is continuing to have monthly meetings with OSERS and Omaha Public Schools.

The agency will hire more employees as a part of the OSERS transfer project which will require more office space. R. Gerke met with DAS to discuss possible solutions.

A. Simpson moved to approve the OSERS Transfer Project Update. Motion was seconded by M. Jahnke. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

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

- State and County seminar season will be ending soon. Attendance numbers are down from last year but are comparable to previous years. NPERS will be offering year-round webinars for State, County, and School plan members.
- He, J. Elliott, B. Banister, and P. Beckham will meet with Governor Ricketts this afternoon.
- Gabriel, Roeder, Smith & Company (GRS) has begun conducting the actuarial audit.
- The School, Judges, and State Patrol audit is still underway and should be completed by the end of the calendar year.
- Provaliant has started the technology assessment for the agency.
- The National Council on Teacher Retirement (NCTR) will be hosting a virtual discussion regarding the Internal Revenue Service (IRS) W4-P form.
- The Office Technician I position in Data Services and the Office Specialist I position in Accounting has been filled. The new Security Analyst position in IT is ready to be posted for applicants to apply. The IT Business Systems Analyst/Coordinator will be leaving near the end of the month. The other open positions in the agency are: Accountant I, Office Specialist I in Data Services, SOS Benefits, and SOS Receptionist.

T. Zimmerman moved to approve the Director’s Report. Motion was seconded by K. Ackerman. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, 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 December 20, 2021.

**Agenda Items 14 and 15 – Executive Session:** At 11:45 a.m., M. Jahnke 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 A. Simpson. J. Elliott repeated the motion for the record. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

J. Elliot and R. Gerke left the meeting at the beginning of Executive Session to meet with Governor Ricketts.

At 12:26 p.m., M. Jahnke moved the Board exit Executive Session and reconvene in Regular Session. Motion was seconded by G. Clausen. Members voted as follows: For: K. Ackerman,

G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

M. Jahnke moved for approval of Case Review No. D-21-17 and Case Review No. D-21-18. Motion was seconded by P. Lancaster. For: K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, J. Schulz, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

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

The meeting adjourned at 12:29 p.m.



Randy Gerke  
Director