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## **PUBLIC EMPLOYEES' RETIREMENT BOARD MEETING**

**March 21, 2022**

**9:30 A.M.**

A regular meeting of the Public Employees Retirement Board (PERB) convened at 9:30 a.m., Monday, March 21, 2022, 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, March 11, 2022. Public notice of this meeting was published in the Lincoln Journal-Star and Omaha World-Herald on Monday, March 14, 2022. 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  
JUDGE THOMAS ZIMMERMAN  
MICHAEL WALDEN-NEWMAN, EX-OFFICIO

### **NONMEMBERS PRESENT:**

RANDY GERKE  
Director  
ORRON HILL  
Legal Counsel/Deputy Director  
VANESSA HOHLEN  
Internal Auditor  
TERESA ZULUAF  
Controller  
JACK HARDY  
Information Technology (IT) Manager  
MELISSA NUSS  
Benefits Manager  
TYLER CUMMINGS  
Member Services Manager  
HEATHER CRITCHFIELD-SMITH  
Education Services Manager

JOHNETTA LANG  
Data Services Manager  
JOSH RUHNKE  
Ameritas  
BRENT BANISTER  
Cavanaugh Macdonald  
PAT BECKHAM  
Cavanaugh Macdonald  
JIM ANDERSON  
Gabriel, Roeder, Smith & Co.  
RYAN FALLS  
Gabriel, Roeder, Smith & Co.  
CINDY JANSSEN  
Auditor of Public Accounts  
ERIC ASBOE  
Supreme Court

PRASHANT JAISWAL  
Provaliant

KINGSLEY SWAMIDOSS  
Provaliant

**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 March 21, 2022, Board Meeting to order at 9:30 a.m. Present at meeting: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, A. Simpson, J. Schulz, M. Walden-Newman, and T. Zimmerman.

**Agenda Item 4 – Approval of Minutes:** J. Schulz moved for approval of the minutes of the February 28, 2022, Board Meeting. 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 5 – Approval of Budget Status Report & February Retirement Report:** K. Ackerman moved to approve the Budget Status Report and the February 2022 Retirement Report. Motion was seconded by M Jahnke. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, A. Simpson, J. Schulz, and T. Zimmerman. Against: None. Motion carried.

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

**Agenda Item 7 – School, Judges, and State Patrol Audit:** C. Janssen gave the School, Judges, and State Patrol Audit report.

She discussed three findings of the audit report: death overpayments, controls over financial reporting and disclosures, and death benefit payment issues.

There were eleven deceased individuals in which NPERS made overpayments to for the 2021 fiscal year. Also in 2021, NPERS hired a new third-party vendor to search for deceased members, and a majority of the individuals in the audit report were found by the new vendor. Per the Auditor of Public Account's recommendation, NPERS will reach out to the Department of Health and Human Services to help strengthen the death notification process.

R. Gerke stated the new vendor has been much improved compared to the previous vendor in terms of reporting deceased members.

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

**Agenda Item 8 – Actuarial Audit:** R. Falls and J. Anderson, from Gabriel, Roeder, Smith & Co. (GRS), gave the Actuarial Audit Report.

J. Anderson provided a background on the scope of the actuarial audit. The audit covered the School, Judges, State Patrol, State Cash Balance, and County Cash Balance plans. The audit included a review of the experience study process and resulting actuarial assumption recommendations, evaluation of the data used for the 2021 actuarial valuations, and a review of the actuarial work to ensure it complies with all standards.

R. Falls stated the plans are well funded and commended the State of Nebraska, NPERs, and the PERB. He suggested adopting the ultimate economic assumptions for the 2022 valuations. He stated there would be an impact on the dividends for the Cash Balance plans if the ultimate economic assumptions are adopted for the 2022 valuations.

R. Falls stated Cash Balance Tier 1 members who elect an annuity receive a subsidy compared to the valuation assumptions. He suggested the PERB monitor the subsidy relative to valuation assumptions for members who elect an annuity in the Cash Balance Tier 1 plan. He also stated in his experience the Cash Balance plans he works with do not allow a full lump sum distribution of the account.

R. Falls suggested the margin established for the School plan termination assumption be closely considered for the next experience study.

He stated GRS was able to replicate the 2021 actuarial valuations results for all five plans they audited.

He suggested Cavanaugh Macdonald provide data for future dividends as if the ultimate assumptions have been adopted.

P. Beckham, Cavanaugh Macdonald, stated actuarial audits are unique to public retirement plans. She also reiterated that most Cash Balance plans do not allow members to take the full account balance as a lump sum.

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

The PERB took a break from 10:55 a.m. to 11:08 a.m.

**Agenda Item 9 – Technology Assessment:** P. Jaiswal and K. Swamidoss, from Provaliant, gave the Technology Assessment.

There were three phases to their assessment methodology: Discover, Analyze, and Recommend.

K. Swamidoss stated their technology findings were categorized in three phases: Phase 0, Phase I, and Phase II. Phase 0 are urgent items that should be addressed within the next year. He recommends upgrading framework and customer identity and access management for self-service.

K. Swamidoss discussed Phase I items to implement in the next two to four years. This phase is aimed at capabilities that are crucial to develop and maintain a secure and high-quality system.

He then discussed Phase II items to implement in four years or beyond. The items in this phase are aimed at capabilities and technical debt items that are crucial to enhance the member and business user experience.

P. Jaiswal stated the functional findings were also categorized in three phases: Phase 0, Phase I, and Phase II.

Phase 0 are urgent items that should be addressed within the next year. This phase is aimed at improving the efficiency of the agency's operation.

Phase I items should be implemented in the next two to four years. This phase is aimed at improving enhancements to the NPRIS system that can be performed in-parallel or after the Omaha School Employees' Retirement System (OSERS) transfer project.

Finally, he discussed Phase II which should be implemented in four years or beyond. This phase calls for improvements aimed at capabilities and technical debt items that are crucial to enhance the member and business user experience.

P. Jaiswal suggested improving services for employers to more accurately track members who may or may not be contributing to the plan. He also strongly recommends continuing to invest in the NPRIS system. He stated NPRIS is one of the most advanced systems for a retirement system.

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

**Agenda Item 10 – Hall County Request for Participation in the State Deferred**

**Compensation 457 Plan**: R. Gerke stated Hall County is requesting participation in the Deferred Compensation 457 Plan and they have submitted the necessary documents to make this request.

P. Lancaster shared her gratitude on behalf of Hall County to make this request and for the PERB's consideration for Hall County's participation in the Deferred Compensation plan.

J. Schulz moved to approve Hall County's Request for Participation in the State Deferred Compensation 457 Plan. Motion was seconded by M. Jahnke. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, A. Simpson, J. Schulz, and T. Zimmerman. Against: None. Abstain. P. Lancaster. Motion carried.

**Agenda Item 11 – Legal/Legislative Update:** O. Hill gave the Legal/Legislative Update.

He discussed the below legislative bills (LB):

- LB 922 which increases the number of district court judges, had amendment 2332 added which includes provisions from LB 1171. LB 1171 would increase wages for clerks of the district court.
- LB 939 changes individual income tax rates.
- LB 283 provides for year-round daylight savings time. He stated there is federal legislation that may impact LB 283.

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

**Agenda Item 12 – OSERS Transfer Project:** R. Gerke provided an update on the OSERS Transfer Project.

- He stated NPERS is working to hire a Retirement Specialist II to begin working with OSERS.
- He is still in discussions with the Department of Administrative Services in regard to adding more space to the agency.
- NPERS is currently in the process of hiring a project manager for the OSERS Transfer Project.
- Gartner Consulting is holding interviews for the request for proposal (RFP).
- M. Nuss, J. Hardy, and M. Davis will shadow at OSERS on March 25, 2022.
- J. Hardy has continued to work with the data migration team.
- The monthly OSERS Steering Committee meeting was held virtually on March 14, 2022.

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

**Agenda Item 13 – Director’s Report:** R. Gerke gave the Director’s Report.

- He stated a letter was sent to Empower about ending the contract with Empower. This letter excluded the 4% guaranteed rate fund offered by Empower.
- The School seminar season is underway as both in-person and virtual sessions continue to be offered. The attendance for the in-person seminars have decreased compared to previous year.
- The Retirement Specialist I position in the Member Services department has been filled. The SOS Receptionist position has been filled pending the completion of a background check. A Retirement Specialist I position has been opened in the Benefits department to help process refunds. Finally, the following positions are open: two Auditor I, an IT Security Analyst, and another position in IT in which the classification is being evaluated. An OCIO IT Developer position is also open and the OCIO does not have anyone to replace this position at this time.
- The annual performance employee evaluations are mostly completed at this point.
- He stated he will present the Annual Report to the Legislature on March 30, 2022.

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

**Agenda Item 14 – Board Committee Reports:** There were none.

**Agenda Item 15 – Board Education/Travel Requests:** There were none.

**Agenda Item 16 – Future Meetings/Agendas:** The next PERB meeting is on April 18, 2022.

**Agenda Items 17 and 18 – Executive Session:** At 12:19 p.m., M. Jahnke moved that the Board exit Regular Session and convene in Executive Session for the purpose of discussing applications of plan members: Case Review No. D-22-3; Prevention of Needless Injury to the Reputation of an Individual; Case Review No. D-22-4; 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. Motion was seconded by K. Ackerman. J. Elliott repeated the motion for the record. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, A. Simpson, J. Schulz, and T. Zimmerman. Against: None. Motion carried.

J. Schulz left the meeting during Executive Session.

At 1:45 p.m., M. Jahnke 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, G. Clausen, M. Jahnke, P. Lancaster, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

M. Jahnke moved for approval of Case Review No. D-22-3 and Case Review No. D-22-4. Motion was seconded by A. Simpson. Members voted as follows: For: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, A. Simpson, and T. Zimmerman. Against: None. Motion carried.

**Adjournment:** G. Clausen moved that the meeting adjourn. 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.

The meeting adjourned at 1:47 p.m.

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

Randy Gerke  
Director