



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

May 16, 2022

9:30 A.M.

A regular meeting of the Public Employees Retirement Board (PERB) convened at 9:30 a.m., Monday, May 16, 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, May 6, 2022. Public notice of this meeting was published in the Lincoln Journal-Star and Omaha World-Herald on Monday, May 9, 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
JIM SCHULZ
ALLEN SIMPSON
JUDGE THOMAS ZIMMERMAN
MICHAEL WALDEN-NEWMAN, EX-OFFICIO

NONMEMBERS PRESENT:

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| RANDY GERKE Director | HEATHER CRITCHFIELD-SMITH Education Services Manager |
| ORRON HILL Legal Counsel/Deputy Director | DEAN GRESS IT Senior Developer |
| VANESSA HOHLEN Internal Auditor | JAYDEEP DESHPANDE OSERS Transfer Project Manager |
| TERESA ZULUAF Controller | BRENT BANISTER Cavanaugh Macdonald |
| JACK HARDY Information Technology (IT) Manager | PAT BECKHAM Cavanaugh Macdonald |
| MELISSA NUSS Benefits Manager | BILL BIVEN Fiscal Policy Office |
| TYLER CUMMINGS Member Services Manager | RYAN WALTON State Budget Office |
| JOHNETTA LANG Data Services Manager | ERIC ASBOE 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 16, 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: P. Lancaster moved for approval of the minutes of the April 18, 2022, Board Meeting. 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 5 – Approval of Budget Status Report & April Retirement Report: A. Simpson moved to approve the Budget Status Report and the April 2022 Retirement Report. 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 6 – Public Comments or Correspondence from Citizens: There were none.

Agenda Item 7 – State and County Actuarial Valuation and Equal Retirement Benefit Fund (ERBF) Reports: B. Banister and P. Beckham, Cavanaugh Macdonald, gave the State and County Actuarial Valuation and ERBF Reports.

B. Banister discussed factors impacting January 1, 2022, valuations such as the investment return, the phase-in of economic assumption changes, and the dividend granted in 2021. He provided a table of the economic assumptions being phased-in through 2024. He discussed the impact of the phase-in of economic assumptions and provided information for the State and County Cash Balance (CB) plans using the current and ultimate assumptions.

He stated the contribution due for State ERBF for calendar year 2022 is \$1,451. There are no required contributions for the County ERBF. He provided information regarding State and County ERBF membership trends along with a graph detailing the age distribution of those members. He stated the assumption is 40% of the members' account balances will be annuitized. He stated if a higher percentage of members purchase an annuity than the assumed rate, then the unfunded liability will increase for the ERBF.

He discussed the valuation results for the State and County CB plans. The funded ratio of the actuarial value of assets is 105.7% for the State CB plan and 106.1% for the County CB plan. He provided graphs of active members and retirees and the historical funded ratio of the State and County CB plans

P. Beckham discussed the risk profile of the CB plans. She provided a sensitivity analysis for the State and County CB plans showing how the funding ratios differ when the investment return assumption is changed.

She discussed the statutory requirements and PERB policy for granting dividends. She provided the calculation for the dividend that can be awarded for the actuarial results determined at the end of calendar year 2021. The maximum allowed dividend for the State CB plan is 7.81% and for the County CB plan it is 6.71%.

She also provided a dividend calculation using the ultimate set of economic assumptions. For these set of ultimate assumptions, the maximum State CB plan dividend would be 6.11% and for the County CB plan it would be 4.26%.

She discussed another consideration that was suggested in the actuarial audit. She provided a table detailing information about the actuarial contribution rate by amortizing unfunded accrued actuarial liability or surplus over a 25-year period using a level dollar amount versus a level percent of payroll. Currently, the level dollar amount is used. However, if the level percent of payroll is used and there is an actuarial surplus, then it would lower the actuarial required contribution. If there were an unfunded accrued actuarial liability, then it would increase the actuarial contribution.

O. Hill reviewed the PERB's policy regarding dividends.

There was discussion amongst the PERB about the considerations for granting a dividend. These considerations included past dividends granted, ensuring the State and County CB plans remain adequately funded, and providing an enhanced benefit to members eligible to receive a dividend. The PERB also felt comfortable with the phase-in of the actuarial assumptions and made no changes to the phase-in plan.

J. Schulz moved to approve the State and County Valuation and ERBF Reports. 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.

A. Simpson made a motion to approve a State CB dividend of 7.5% and County CB dividend of 6.5% for members with an account balance as of December 31, 2021, to be credited to eligible members' accounts no later than August 31, 2022, including interest on the credited amount. 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 8 – Omaha School Employees’ Retirement System (OSERS) Transfer

Project: J. Hardy and R. Gerke provided an update on the OSERS Transfer Project.

- J. Hardy introduced J. Deshpande as the Project Manager for the OSERS Transfer Project.
- J. Hardy stated the main focus on the project right now is working on and developing the request for proposal (RFP). The first draft of the RFP was provided to NPERS on April 28, 2022, by Gartner, Inc.. NPERS provided feedback and a second draft of the RFP was provided to NPERS on May 10, 2022
- He stated the Technology Assessment provided by Provaliant is also being incorporated into the RFP.
- The RFP publication target date is June 13, 2022. There is some concern that the Department of Administrative Services (DAS) review processing timeline will not align with the publication target date.
- He provided a timeline for the rest of the RFP: RFP proposals are due July 26, 2022, vendor reviews would be conducted in September 2022, best and final offer target date would be October 17, 2022, final contract negotiations to be completed by December 13, 2022, and implementation starting in January 2023.
- R. Gerke stated he met with DAS about office space needs.
- He stated two positions have been created for the OSERS plan: Retirement Plan Manager and Retirement Specialist II. Currently, the positions are waiting for approval by DAS. The intent is to have these two positions work part-time at OSERS to learn the processes of OSERS.
- He stated he was invited to attend the exit interview for the Auditor of Public Accounts (APA) audit of OSERS.

P. Lancaster 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 9 – Director’s Report: R. Gerke gave the Director’s Report.

- The seminar season for the School plan is nearing its end. The in-person seminars have not been full but overall numbers are similar to past years when taking into account the virtual webinars.
- The School retirement season is underway and 430 retirement applications have been received as of Friday, May 13, 2022.
- The Empower termination project is moving along. NPERS will be sending a notice to Empower members and Ameritas will send a blackout notice in August. He provided a timeline for the transition of funds from Empower to the State’s Deferred Compensation Plan: September 23, 2022, is the blackout date, liquidation of the assets will occur on September 30, 2022, the funds are to be wired on October 3, 2022, and the funds and records will be uploaded on October 7, 2022.
- The State and County APA audit entrance meeting takes place today at 1:30 p.m.

- The NPERS website redesign is still underway and is making progress.
- The annual State Patrol supplemental beneficiary forms have been sent out.
- A Retirement Specialist I has been filled in Member Services with one more potential person to be hired for another Retirement Specialist I opening in the department. An IT Developer position has also been filled. There will be openings for an Accountant II, Auditor, and Receptionist positions. A position description questionnaire (PDQ) is still open to reclassify an open position to an IT Developer.

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, A. Simpson, J. Schulz, and T. Zimmerman. Against: None. Motion carried.

Agenda Item 10 – Board Committee Reports: There were none.

Agenda Item 11 – Board Education/Travel Requests: J. Elliott and K. Ackerman requested travel, with up to \$5,500 in expenses per person, to the National Council on Teacher Retirement (NCTR) Trustee workshop held on July 24 – 28, 2022, in Berkeley, CA.

P. Lancaster moved to approve up to \$5,500 per person in expenses for J. Elliott and K. Ackerman to attend the NCTR Trustee workshop held on July 24 – 28, 2022, in Berkeley, CA. Motion was seconded by A. Simpson. Members voted as follows: For: G. Clausen, M. Jahnke, P. Lancaster, A. Simpson, J. Schulz, and T. Zimmerman. Against: None. Abstain: J. Elliott and K. Ackerman. Motion carried.

Agenda Item 12 – Future Meetings/Agendas: The next PERB meeting is on June 27, 2022.

Agenda Items 13 and 14 – 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 applications of plan members: Case Review No. D-22-6; Prevention of Needless Injury to the Reputation of an Individual; Case Review No. D-22-7; 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.

At 1:16 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: J. Elliott, K. Ackerman, G. Clausen, M. Jahnke, P. Lancaster, A. Simpson, J. Schulz, and T. Zimmerman. Against: None. Motion carried.

M. Jahnke moved for denial of Case Review No. D-22-6. 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.

M. Jahnke moved for approval of Case Review No. D-22-7. Motion was seconded by P. Lancaster. 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.

Adjournment: M. Jahnke moved that the meeting adjourn. Motion was seconded by P. Lancaster. 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 meeting adjourned at 1:19 p.m.

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

Randy Gerke
Director