

Transcript Prepared By the Clerk of the Legislature  
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Nebraska Retirement Systems Committee  
January 19, 2018

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[LB698 LB699 CONFIRMATION]

The Committee on Nebraska Retirement Systems met at 12:00 noon on Friday, January 19, 2018, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB698, LB699, and a gubernatorial appointment. Senators present: Mark Kolterman, Chairperson; Brett Lindstrom, Vice Chairperson; Mike Groene; Rick Kolowski; and John Stinner. Senators absent: Kate Bolz.

SENATOR KOLTERMAN: Good afternoon, everyone. Welcome to the Nebraska Retirement Systems Committee hearing. My name is Senator Mark Kolterman. I'm from Seward and I represent District 24, which consists of Seward, York, and Polk Counties. We will have several other senators attend. At this time, I'd like to introduce the ones that are here. From my right...

SENATOR KOLOWSKI: Senator Rick Kolowski, District 31 in southwest Omaha.

SENATOR STINNER: John Stinner, District 48, all of Scotts Bluff County.

SENATOR LINDSTROM: Brett Lindstrom, District 18, northwest Omaha.

SENATOR KOLTERMAN: And we have with us our legal counsel, Kate Allen, to my immediate left, and Katie Quintero, our clerk, all the way to the right. We have a page named Bailey, she's from Omaha originally. She goes to Union College, she's a social worker, and she hopes to go on and get a law degree after she graduates in December or this summer. So with that, we're going to start this committee meeting. The committee will take up bills in the order that they're posted. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on proposed legislation before us today. As I said earlier, the committee members will come and go during the hearing. To better facilitate today's proceedings, I would ask you to abide by the following procedures. Please silence and turn off all cell phones. Those wishing to testify come to the front and complete a blue sign-in sheet so you're ready to hand in to the clerk, and spell your name before you testify. If you have a handout, we'd like to have eight copies of it. And with that, we're going to get started. Our first item on the agenda is the confirmation hearing for Randy Gerke. Welcome, Randy.

[CONFIRMATION]

RANDY GERKE: Thank you. Well, my name is Randy Gerke, that's spelled R-a-n-d-y G-e-r-k-e, and I'm here for my confirmation hearing. I want to thank you, Senator Kolterman, for having me, as well as the members of the Retirement Committee. I did not prepare something to read

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---

word for word. I would be happy to share with you some of my qualifications if you would like or answer any questions, however you want to go with this. [CONFIRMATION]

SENATOR KOLTERMAN: I think just for the record I'd like to have you tell us a little bit about your history with the NPERS and working with the PERB board and give us just a little bit of background and we'll go from there. [CONFIRMATION]

RANDY GERKE: Sure. I'd be happy to. Well, one thing that I would mention is that I am from Nebraska, I have lived here all my life, and I live in the 28th Legislative District. So Senator Patty Pansing Brooks, I'm proud to say, is my representative. I have worked at NPERS since 2003. I was hired as the accounting and finance manager there. And then in 2006, I was made the interim director when the former director had resigned. In 2007, then, when the most current director had been hired, I was made the deputy director and I have held that position since then. I would tell you that I'm a fiscal conservative. I have always been very involved with the budget for NPERS and we come in under budget and I intend to definitely continue that. I know the problems that you all have with the appropriations and the economy right now and so I intend to totally work on that with you. Prior to NPERS, I might just mention that I worked for the city of Fremont in municipal government for 20 years and I went to school as a nontraditional student through that. I have a bachelor's degree in accounting and information management and then I have a master's degree in computer information systems as well. And then in between the city and NPERS I worked for Midland Lutheran College in Fremont and I was the controller there. I handled the accounting business office, the bookstore, those kinds of things. That's kind of my work history background. Is there anything else you'd like to know? [CONFIRMATION]

SENATOR KOLTERMAN: No. Does anybody have any specific questions that they'd like to ask Director Gerke? I would just like to make a couple of observations. I've had an opportunity to meet with him several times since he was appointed by the Governor, or his people, the PERB. And I think because of his history with the NPERS and with the dedication that he has towards the system, I think he'd be a very good director. As he said, he watches the budget and he takes care of the constituents that are supposed to get retirement checks to the best of his ability. [CONFIRMATION]

RANDY GERKE: I do that. [CONFIRMATION]

SENATOR KOLTERMAN: So with that, any questions? Senator Groene. [CONFIRMATION]

SENATOR GROENE: You met Michael Walden-Newman and you feel you have a good working relationship there and trust? He seemed to be a good man? [CONFIRMATION]

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---

RANDY GERKE: Yes. Yes, very much. [CONFIRMATION]

SENATOR GROENE: Thank you. [CONFIRMATION]

SENATOR KOLTERMAN: Any other questions? So the way this works, we'll go into Executive Session at a point and then we'll confirm you and then take it to the floor of the Legislature. [CONFIRMATION]

RANDY GERKE: Well, thank you for your consideration. Thank you. [CONFIRMATION]

SENATOR KOLTERMAN: I'd like to thank you for your willingness to serve. [CONFIRMATION]

RANDY GERKE: Thank you. [CONFIRMATION]

SENATOR KOLTERMAN: Is there anybody else here to testify in support of Mr. Gerke? How about opposition? Looks like you've got a friend or two. Anybody in the neutral position? With that, I will close the hearing. We'll now have the first bill on the agenda, LB698. I'm going to ask Senator Lindstrom, the Vice Chair, to chair this. [CONFIRMATION LB698]

SENATOR LINDSTROM: Good afternoon, Chairman Kolterman. [LB698]

SENATOR KOLTERMAN: Good afternoon. [LB698]

SENATOR LINDSTROM: Feel free to open whenever you're ready. [LB698]

SENATOR KOLTERMAN: My name is Mark Kolterman and I represent Legislative District 24. LB698 makes the Public Employees Retirement Board's rules and regulations making authority permissive in each of the plans it administers. It changes the language where necessary from "shall" to "may." It also alphabetizes several definitions in the county plan and includes numerous Revisor technical changes. LB698 retains PERB's rule and regulation making authority when necessary. It's a technical cleanup bill. Part of it is in tune with what the Governor has asked us to do in all departments of the government...state government, the "shall" to "may," and I will let someone from NPERS testify. [LB698]

SENATOR LINDSTROM: Thank you, Senator. Any questions for Chairman Kolterman? I see none. Thank you. We'll now have proponents. Welcome back. [LB698]

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---

RANDY GERKE: (Exhibit 1) Thank you. Well, good afternoon, Chairman Kolterman and acting Chair Lindstrom, members of the Retirement Systems Committee. My name is Randy Gerke, and that's spelled R-a-n-d-y G-e-r-k-e. The PERB has selected me to serve as the director of the Nebraska Public Employees Retirement Systems pending legislative confirmation. I just wanted to make sure I mentioned that. I am here to testify in support of LB698. On July 6, 2017, Governor Ricketts signed Executive Order No. 17-04. The Executive Order asked multiple state entities, including boards like the Public Employees Retirement Board, to conduct a review of existing rules and regulations to determine whether the regulations were necessary, consistent with current law, and no more restrictive than required by the law. The Public Employees Retirement Board and Nebraska Public Employees Retirement Systems conducted such a review. It was discovered that some regulations were created solely because the law required promulgation of a regulation, and that some regulations merely quoted the law because the law was well-written, clear, and required no further explanation. LB698 is a technical bill that will allow the Public Employees Retirement Board to address these concerns. This bill will have no fiscal impact on NPERS' operating budget. In conclusion, I would like to thank Senator Kolterman for introducing the bill. I would also like to thank Kate Allen, counsel for the Retirement Committee, for working with Orron Hill, NPERS legal counsel, on the bill's preparation. And I'd be happy to answer any questions if you have any. [LB698]

SENATOR LINDSTROM: Thank you, Mr. Gerke. Any questions from the committee? Seeing none, thank you very much. [LB698]

RANDY GERKE: Thank you. [LB698]

SENATOR LINDSTROM: Other proponents? Seeing none, any opponents? Seeing none, any neutral testifiers? Seeing none, Senator Kolterman, would you like to close? Senator Kolterman waives closing and that will end the hearing on LB698. We will now move on to LB699. Senator Kolterman, whenever you're ready. [LB698 LB699]

SENATOR KOLTERMAN: My name is Mark Kolterman and I represent District 24. In the 2017 Legislative Session, the definition of "actuarial equivalent" was amended in each of the plans administered by the Nebraska Public Employees Retirement System to reflect the assumption changes made as a result of the 2017 actuarial experience study. LB699 adds language that was inadvertently left out of the definition of "actuarial equivalent" in the Nebraska State Patrol, the School Employees, and the State Employees Retirement Acts. Representatives of NPERS are here and will follow after the introduction. Again, this is just a technical cleanup. When you're dealing with five different plans, we just inadvertently missed this. [LB699]

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SENATOR LINDSTROM: Thank you, Senator Kolterman. Any questions for Senator Kolterman? Seeing none, we'll now move to proponents. [LB699]

RANDY GERKE: (Exhibit 1) Well, good afternoon once again, Chairman Kolterman and Vice Chairman Lindstrom and members of the Retirement Systems Committee. My name is Randy Gerke, that's spelled R-a-n-d-y G-e-r-k-e. The PERB has selected me to serve as the director of the Nebraska Public Employees Retirement Systems pending legislative confirmation. I am here to testify in support of LB699. LB415 was passed during the last legislative session. LB415 was amended multiple times during the legislative process and during the course of these amendments there were a few omission errors that were made. LB699 is a technical bill that addresses the omission errors. It ensures that the definition of "actuarial equivalent" is clear and is as consistent as possible across the retirement plans. This bill would have no fiscal impact to NPERS' operating budget. I would like to thank Senator Kolterman for introducing the bill. I would also like to thank Kate Allen, counsel for the Retirement Committee, for her hard work on the bill's preparation. And I would also like to thank NPERS' legal counsel, Orron Hill, for his input in the preparation as well. And I'd be happy to answer any questions you might have. [LB699]

SENATOR LINDSTROM: Thank you, Mr. Gerke. Any questions from the committee? Seeing none, thank you. [LB699]

RANDY GERKE: Thank you. [LB699]

SENATOR LINDSTROM: Other proponents? Seeing none, we'll move to opponents. Seeing none, any neutral testifiers? Seeing none, Senator Kolterman waives closing, and that will end the hearing on LB699. [LB699]

SENATOR KOLTERMAN: Thank you. With that, do we have a motion to adjourn? [LB699]

SENATOR STINNER: So moved.

SENATOR GROENE: Second.