

Transcript Prepared by Clerk of the Legislature Transcribers Office
Nebraska Retirement Systems Committee March 30, 2022
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KOLTERMAN: --being here. My name is Mark Kolterman. I chair the Retirement Committee. I'm from Seward and represent the 24th Legislative District and I serve as Chair of this committee. Committee members will be coming, but I want to get started because we're on a limited schedule today. To better facilitate today's proceedings, please silence your cell phones. If you're going to testify, move closer to the front or be ready to come up. The order of the testimony will be the introducer-- introduce yourself and then if we have proponents or opponents. They can come up to testify. Please fill out the sheet, blue sign-in sheet. Spell your name when you get up here for the record and if you have written materials, please make sure that you give them to Katie Quintero or the page. We need eight copies. To my immediate left is committee counsel, Kate Allen. To my right, at the end of the table, is Katie Quintero. And then I'll let-- starting on my far left, let Senator Slama introduce herself.

SLAMA: Julie Slama, District 1: Otoe, Johnson, Nemaha, Pawnee, and Richardson Counties.

LINDSTROM: Brett Lindstrom, District 18, northwest Omaha and Bennington.

STINNER: John Stinner, District 48: all of Scotts Bluff County, Banner County, and Kimball County.

McDONNELL: Mike McDonnell, LD 5, south Omaha.

CLEMENTS: Rob Clements, District 2, Cass County and Eastern Lancaster.

KOLTERMAN: Our page today is Chloe. She's a UNO student majoring in political science. With that, we'll start out. Our first testifier will be Richard DeFusco from the Nebraska Investment Council. Welcome, Richard. Richard is being appointed for a second time or more than that--

RICHARD DeFUSCO: More than that.

KOLTERMAN: --so I'll let, I'll let him tell you a little bit about himself.

RICHARD DeFUSCO: Thank you, Senator Kolterman. Yeah, my name is Richard DeFusco. I'll spell that, D-e-F-u-s-c-o. I'm a professor of finance and chair of the department of finance at University of Nebraska. I've been at the University of Nebraska for 37 years. I've

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Nebraska Retirement Systems Committee March 30, 2022
Rough Draft

spent my entire academic career there. I've actually served on the Investment Council for 18 years and I'm honored to be here today to be considered for, for another five-year term, perhaps the last five-year term as I get ready to retire. It really has been an honor to serve the people of the state of Nebraska. I've watched the Nebraska Investment Council grow in many fantastic ways, much of it due to the, the Legislature in the-- kind of the trust that they've placed in us. We do a lot with the money that you allocate to us and I'm, I'm certainly honored to be here today to be considered for another five-year term. I don't know if you have questions. I'd be-- I'd certainly be happy to answer those for you.

KOLTERMAN: Yeah, I'd like-- well, we'll open it up to some questions. Are there any questions from the committee? If not, I have a, I have a-- just a comment. First of all, I'd like to thank you for your service and also having worked with the Investment Council over the last seven years, I've seen how well you all work together. And we threw a curveball to you when we gave you the Omaha Public Schools to manage their money because it had some alternative investments in there, but you seemed to work through that. They've got an excellent return again this year and we appreciate all the work you've done.

RICHARD DeFUSCO: Yeah, thank you. The, the other four members of the council are just wonderful people to work with and we sort of have a single-minded purpose to kind of prudently manage the money that you all so graciously allocate to our care.

KOLTERMAN: Well, thank you for coming in today and we'll, we'll let you know as soon as we get done here.

RICHARD DeFUSCO: Thank you.

KOLTERMAN: Thank you. Is there any proponents? Any opponents? Any in the neutral? All right, thank you. Now we'll move on to James Schulz, Public Employees Retirement Board. Welcome, Mr. Schulz.

JIM SCHULZ: Thank you. I've prepared some comments just to-- in the sake of time here, so I'll just read my comments, but Chairman Kolterman, Vice Chairman Lindstrom, and members of the committee, I'm Jim Schulz, J-i-m S-c-h-u-l-z, attending today's hearing regarding my reappointment to the Public Employees Retirement Board. I'd like to make a few brief comments before answering questions you might have. We have a strong and engaged board and during my five-year term, the PERB and NPERS has accomplished many things in challenging times. Our

Transcript Prepared by Clerk of the Legislature Transcribers Office
Nebraska Retirement Systems Committee March 30, 2022
Rough Draft

director retired and we promoted Randy Gerke as our new director and then also promoted Orron Hill as deputy director. Both of these decisions put the right people in the right place at the right time. In addition to the daily requirements of the agency, other retirements, COVID, and the ramping up for the integration of OSERS into NPERS put extra attention on both NPERS and the PERB. Randy and Orron both came through with great leadership and NPERS staff continued to provide excellent customer service to all stakeholders. All this has been delivered while consistently reducing plan costs per member. Much of what was accomplished would not have been possible without the strong working relationship and collaboration that NPERS enjoys with Chairman Kolterman and this committee. Thank you, along with all the previous committee members, for helping us to do such good work for plan members. Finally, one last thank you to Kate Allen. Her institutional knowledge of the plans and the legislative process has served literally hundreds of thousands of plan members and their families well during her many years as legal counsel for this committee. Congratulations, Kate, on your retirement. It's been an honor to serve on this important board and I thank you for considering my reappointment to PERB and I would appreciate your vote to move my appointment to the full Legislature for approval. Thank you.

KOLTERMAN: Thank you, Jim. Are there any questions for you?

CLEMENTS: Yes.

KOLTERMAN: Yeah, go ahead.

CLEMENTS: Thank you, Mr. Schulz. What's your professional background?

JIM SCHULZ: Well, started out in actuarial science. Matter of fact, you and your brother and I were in some classes together--

CLEMENTS: Oh, OK.

JIM SCHULZ: --with Dr. Kellison [PHONETIC] way back when.

CLEMENTS: Oh, yeah.

JIM SCHULZ: So you probably didn't remember this, you know, young kid from, from Goehner, but I remember you and your brother well in our classes. But anyway, started out at Ameritas/Bankers Life Nebraska, an actuarial part time and then went out to the field and worked in employee benefits and retirement plans, retired from that and then worked at Ameritas and ran the retirement plans division, actually

Transcript Prepared by Clerk of the Legislature Transcribers Office
Nebraska Retirement Systems Committee March 30, 2022
Rough Draft

within NPERS as one of our clients, until I retired from there. And now I'm in the chicken business, raising chickens for Costco with my brother and his son. So retirement hasn't been quite what I thought it might be, but it's a lot of fun. You know, Senator Kolterman is going to take the weekends for us this year after he finishes his term, so.

KOLTERMAN: Yeah.

JIM SCHULZ: He doesn't know that yet.

KOLTERMAN: Yeah.

CLEMENTS: OK, well, thank you. I had not recalled that we had some classes together, but, you know, those were fun times somewhat, except the tests were pretty hard.

JIM SCHULZ: Yeah and the hours of study.

CLEMENTS: Yes.

JIM SCHULZ: Exactly.

CLEMENTS: Well, thank you.

JIM SCHULZ: Yep, thank you.

KOLTERMAN: Any other questions? Jim, thanks for coming in.

JIM SCHULZ: You're welcome.

KOLTERMAN: We'll let you know as soon as possible. Thanks for your service.

JIM SCHULZ: Thank you.

KOLTERMAN: Thanks for willing-- be willing to run again as well. With that, are there any proponents? Any opponents? Any neutral? With that, we'll close that hearing. Now we'll move onto a special presentation by our esteemed Michael Walden-Newman with the Nebraska Investment Council.

MICHAEL WALDEN-NEWMAN: Thank you, Mr. Chairman and committee members, Kate, Katie. I'm Michael Walden-Newman, that's M-i-c-h-a-e-l, last name is W-a-l-d-e-n-N-e-w-m-a-n and I've been the State Investment Officer since December of 2014 so I'm in my eighth year now in the, in the job and still enjoy it very much. I'm here today to present our

Transcript Prepared by Clerk of the Legislature Transcribers Office
Nebraska Retirement Systems Committee March 30, 2022
Rough Draft

annual report. Just to remind everyone, the, the Investment Council is a separate state agency charged with investing public funds for the state of Nebraska, including pensions to state's trusts and the state's checkbook, the operating account. It's now \$40 billion. Across 32 different programs, we have 60 investment managers and over 150 separate investments inside of the various portfolios. The structure of the Investment Council is that as a separate agency, we're governed by an eight-member board, five of whom, as you've just heard, are appointed by the Governor and go through the legislative confirmation process, and three serve by statute: the director of the pension system for the state, the director of the Omaha school pension system, and the State Treasurer. And their duties are to set the policy, to hire and fire the managers, and to hire and hopefully not fire me. And the rest of the administration of the program rests with the staff and I'm the agency head. Let's-- we always ask the investment managers when they come to not bury the lead and get right to the important stuff and so let's just start with the returns for the last year. The defined benefit plan for the teachers and judges and highway patrol had a return of just shy of 30 percent for the fiscal year ending June 30 of last year. And I went back through the records, that's the highest I could find and it reflected what a lot of us knew, there where-- that we, we benefited from really fantastic markets. The cash balance plan and the Omaha school plans have a different year for their pension. They're on a calendar year and so they're-- while the state pension plans, the defined benefit plans for teachers and judges and highway patrol have those-- that 30 percent return, 29.9 percent return, baked into their five-year averages, which are used to, to value the plans. On an act-- on an actuarial basis, the return wasn't as great ending this-- for the year ended December 31, but still the state cash balance plan for state and county employees was 16.5 percent and the Omaha plans was actually higher than that, 17-- 17.8 percent. These are very good returns and again, will be in the actuarial averages for those plans, which help determine the health of the plans. Interestingly enough, and this is outside of, of my job, is that the, the Nebraska pensions are structured in a way that their reliance on investment returns is much less than, than average. Studies show that it really is a three-legged stool in Nebraska of employees paying a third to the employers, the general taxpaying public paying a third, and they rely on investment returns for about 30 percent of, of their-- the funding needed to make benefit payments. And other pensions are as high as 15, 16 percent on the norm so it really shows that part of the, the health of the plans comes, I think, after my-- now in my eighth year in Nebraska, of the culture of the

state really wanting to pay the true price for things and pay as they go, rather than betting on an uncertain future. I want to recap a little bit of how we spent the last year. In January, you'll remember that we spent the couple-- the-- a couple of years ahead-- before that getting new investment options in place for the defined contribution and deferred compensation plans of the state. And those were launched in January of 2021 so that was a great kickoff for us and something we were very proud of and really will serve the beneficiaries of those plans in the long term. And then we ended the year with the implementation of a new structure for our fixed-income portfolios. You know, we managed the-- we've talked about this before. The way we manage the portfolios is through what I call a blank-sheet review process that I brought with me when I, when I came to Nebraska, where we look at the structure of the asset allocation of the portfolios holistically rather than, you know, following a manager that may be underperforming for a quarter or even a year. Instead, we take the time to study the portfolio and ask ourselves if we were building this portfolio today, how would we put it together and look at it, as I say, unburdened by the past? And we do that on a five-year rotation so now we're in our second round of these blank-sheet reviews under my tenure at the Investment Council. And, and with the fixed income, which represents 30 percent of the pension plans, we've changed the structure to they're two-thirds in core bonds with-- that are risk-reducing assets, we call them. They're the steady bonds that, that, that make steady payments to us. And then we-- rather than making bets and trying to anticipate where it would be best to put funds into debt investments by making specific bets on, on high-yield or junk bonds, is what I call them-- they're called high yield. They're what I, I knew as junk bonds in the day or other kinds of emerging market debt, something like that. We instead hired managers this time who are experts in the field in what we call multi-asset management and let them decide where-- within certain boundaries, where among these return-seeking fixed-income assets to invest our money, . So they have authority now to go across high yield, emerging markets, bank loans, and other types of debt. And we think that's an improvement, especially going into some uncertain times with interest rates-- we have a general idea of where they're going-- inflation, etcetera, and let them pay them the money to do that and, and that's what we've done. And then in the middle of the year, we have our annual retreat where we have education topics for the board and the public. And legislators have, have come in the past and, and Kate has. And one of the things we did this year was we had our asset liability study and the asset liability study is, is something we do every three

to five years. You do it on a cyclical basis to help measure how you're-- the structure of the asset allocation responds to various potential stresses and to make sure that what we have in place can weather storms that we can't foresee. All we know, it's just like Nebraska, is that the weather is seasonal and you want to be able to enjoy those seasons and still have your house intact and be around for the next spring. And the upshot of that asset liability study is that, in fact, the portfolios do have structures that are able to weather various scenarios that have-- through which we, we put, put them in in stress tests. So that's very helpful for us and, and very reassuring. What we have planned for the next year is we're again conducting an asset-- a blank-sheet review of our equity portfolio. We had changed that up shortly after I got here and the five years of have rolled around so we're, we're undertaking that and it's too early, really, to report anything to you as to where we might end up, but we're very excited to be well underway with that and we'll be-- we've already started making reports to, to the council. And then we're also-- you know that we manage the state's-- what I call the state's checkbook and it's the operating investment pool, as we call it. And that checkbook, let me tell you, I don't need to tell you all that that checkbook has \$7 billion in it. And so one of the things that we're doing is asking ourselves is do we need to change how we manage that given the influx of what now has been federal funding-- and we don't know if that's going to continue, but you know how it is. Once it-- that kind of stuff starts, boy, and there's a tendency for that to continue and we'll see. Right now, as you know-- I'm telling you things you already know-- the, the operational investment pool is, is invested 85 percent in shorter-term bonds and 15 percent in overnight cash to be able to pay the bills. And I'm going to tap into some expertise here on the committee and, and have a visit with Senator Kolterman and Senator Stinner. There aren't two better people to visit with this about, the Chair of the, the Investment Committee and the Appropriations Committee and with their experience in the Legislature and just in life, let's say it, to help us understand if this is fine, how we're investing the money to provide liquidity to the state and handsome return or do we need some other way that we should carve out some of this money, depending on the Legislature's spending plans and gubernatorial spending plans, the needs of the state to not provide more liquidity-- we have that, but perhaps a different kind of return? So we're going to have that conversation internally. And as I say, I'm going to tap into some, some expertise here because if the policymakers say it's fine, then that's fine with us. We're here to manage the money, to meet the needs of the money, be it pensions or

Transcript Prepared by Clerk of the Legislature Transcribers Office
Nebraska Retirement Systems Committee March 30, 2022
Rough Draft

the state's, the state's checkbook. And the last thing I'm, I'm going to be-- you know, I'll answer any questions you have, but I thought you might be wondering a little bit about Ukraine and Russia and the portfolio. I know your, your colleagues and other legislatures have passed some legislation, etcetera, what I call sentiment sanctions, if you will, and I'd like to tell you how we're doing that. And it's not just if it's Russia, Russian aggression or, or terrorists, whatever. I follow the, the philosophy that foreign policy is, in fact, a federal prerogative to some foreign policy and probably not investment portfolios, public investment portfolios. And the nice thing about it is, is that the work has been done for us anyway because, as I think most of you probably know, inside of the Department of Treasury is the Office of Foreign Assets Control, or OFAC, and OFAC is very simply a list of bad people. It's bad countries, bad people, bad businesses that the federal government has put together, with whom-- with which it's illegal to invest and we follow that. And that department agency, which dates from decades-- 60 years, '40s and '50s but really ramped up after terrorist-- the terrorist attacks. When this was going on with Russia, that site was being updated by the minute to cover the sanctions that were being put in place. And we were following those, but more importantly, our investment managers were following those because as much as any of us would like to implement a sentiment, you know, that's hard to do, but if you've got a list, our managers will do it. And that list is there. It was put together by the Feds. We follow it. They follow it. We had very-- the bottom line is we had very little in Russian investments. We're not open to trade on the Russian stock exchange and never have been. The managers we had who held Russian assets, those managers had, for the most part, less than one-half of 1 percent of their portfolios in any Russian-related asset. Those assets were held not in rubles, but in U.S. dollars traded on an American exchange or in other currency on a European exchange. And those, we had very little going in and it reduced-- it's less now than it was and reduced rapidly in the early days of the sanctions. So that's, that's the, the headline for us when it comes to the Russian-Ukraine situation. It's the Ukraine situation and I thought-- you didn't ask, but I'd be asking if I were you so I thought I'd tell you. Mr. Chairman, with that, I'm happy to visit about this all day.

KOLTERMAN: So do we have any questions? Go ahead, Senator Clements.

CLEMENTS: I was looking at the investment returns on page 4, but then on page 8, there's the chart for defined, defined benefit plans, the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Nebraska Retirement Systems Committee March 30, 2022
Rough Draft

one you're showing at 16.6 percent. Why is that so much different than the other rates?

MICHAEL WALDEN-NEWMAN: Right. The-- this annual report is dated through December of each year so the numbers that we have in the charts are through December, regardless of the plan year. And for the defined benefit plans-- the cash balance plan is a defined benefit plan technically under the law, but what we call defined benefit plans, I think, all of us mean for the teachers, judges, and the highway patrol, where their plan year is July 1 through June 30, the cash balance plan year is the calendar year of January through December. Their assets are comingled for investment. So if you're a manager, all you know is you have \$500 million of Nebraska's money. You don't know who you're invest-- well, you do because it's your job to know what we're all about and we make sure you do, but, but we keep track of the ownership of the assets in-house. So we keep track of how much belongs to the teachers and how much belongs to the highway patrol or how much belongs to county employees within their plans. And in this document-- it's a long answer to your question, which is these numbers in the charts are through December. And I just wanted to throw in the June number because-- the June 30 number because it was so spectacular and it may be a while before you see that again and so we just needed to live in that moment.

CLEMENTS: Thank you.

MICHAEL WALDEN-NEWMAN: Yes.

KOLTERMAN: Any other questions? John.

STINNER: I noticed you referred to the Health Care Cash Fund as an endowment. Technically, it's not an endowment, but be careful using endowment on that--

MICHAEL WALDEN-NEWMAN: Um-hum.

STINNER: --misleads-- just an observation on that and you didn't--

MICHAEL WALDEN-NEWMAN: You got it.

STINNER: --make any opinion on it this time.

MICHAEL WALDEN-NEWMAN: No, I-- right, I-- that-- you'll be hearing from me later in the fall. It's an, it's an odd-- even numbered year. I keep trying to get out of that, Senator Stinner.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Nebraska Retirement Systems Committee March 30, 2022
Rough Draft

STINNER: We have had in discussions about--

MICHAEL WALDEN-NEWMAN: Yes.

STINNER: --whether we should have it as an endowment or not and if you put endowment, then you can't encroach upon the principal.

MICHAEL WALDEN-NEWMAN: Um-hum.

STINNER: I believe that's the technical--

MICHAEL WALDEN-NEWMAN: Yes. Mr. Chairman, Senator Stinner, the day the Legislature sets that aside as a true endowment, then we'll come back with a serious conversation of how to invest that money. When you are prohibited from eating into the corpus, that'll affect how we do it. We'd probably roll it into the general endowment and not have it as a standalone account.

STINNER: OK.

MICHAEL WALDEN-NEWMAN: It would be that simple.

KOLTERMAN: That won't be under our watch.

MICHAEL WALDEN-NEWMAN: Um-hum.

KOLTERMAN: Any other questions? Michael, thank you for working with us.

MICHAEL WALDEN-NEWMAN: Yeah.

KOLTERMAN: You know, you don't have very much turnover on your board and we appointed you eight years ago when we came in and--

MICHAEL WALDEN-NEWMAN: That's [INAUDIBLE].

STINNER: It's been long.

KOLTERMAN: It's been a pleasure to work with you. You've done a wonderful job. So thanks for the partnership.

MICHAEL WALDEN-NEWMAN: You know, I'm of an age where the sentiment is very close to the surface. It's worse the older I get, but I'm going to stand up to say this: it's been an honor and a privilege to work with you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Nebraska Retirement Systems Committee March 30, 2022
Rough Draft

KOLTERMAN: Thank you.

MICHAEL WALDEN-NEWMAN: I mean it and Kate, you too. Some things need to be said out loud and standing up.

KOLTERMAN: Thank you. Any other questions? Thank you very much.

MICHAEL WALDEN-NEWMAN: We'll be talking. Thank you.

KOLTERMAN: Are there any-- anybody want to talk in support of the-- for the-- or oppose it? All right, we're going to move on now to Randy. Randy Gerke is going to give us an annual report on the numbers, Public Employees Retirement Board.

RANDY GERKE: Good afternoon, Senator Kolterman and members of the Retirement Committee. My name is Randy Gerke. That's spelled R-a-n-d-y G-e-r-k-e and I'm the director of the Nebraska Public Employees Retirement System and I am pleased to be here to present our annual report as well. These, these documents are actually full of information that I hope you and your staff find it helpful if asked questions by your constituency or colleagues and I hope that-- and if not, we can always answer any questions that you may have. The first thing that I wanted to do also is to thank this committee. it's-- I'm a I'm a bit sad. This will be the last time that I testify in front of the committee as it's made up now. I know some of-- many of you are moving on. I feel like we have worked together very, very well and I appreciate that. I appreciate working with this committee, as well as the Appropriations Committee and also the staff, Kate and Katie and our representative, Bill Biven, who's sitting in back of us. It's, it's just made our life very easy and thank you very much. I'll move on to the annual report. I do have just a few things that I want to point out. As I said, this is full of information. I'm not going to go through the whole thing. This is for you to look at, as you-- in your leisure time. However, I do want to-- I would be remiss in not pointing out the layout and, and the artwork, which we try to do something that's Nebraska specific, that was done by our graphic artist Anna Hayden-Roy and so I just wanted to give her a quick shout-out on that. Inside the table of contents-- sorry, I keep pumping that thing-- inside the table of contents, there's a-- our stats at a glance. We have 145,000 members that we service. One in 13 Nebraskans are members of the Nebraska Public Employees Retirement System. Of the assets that Michael mentioned, we account for \$20.9 billion of those assets and we've distributed \$991 million in the last year. I wanted to just jump over to the accomplishments for this year.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Nebraska Retirement Systems Committee March 30, 2022
Rough Draft

As I said, we are up from 141,000 to 145,000. That's a record number of members. We have jumped from \$16.8 billion to \$20.9 billion and that is also a record number of assets. Our benefits that we paid out this year were \$991 million, \$768 million of that is annuity payments to 32,000 members and so the rest of that is refunds. We distributed 84-- or accredited accounts of \$84 million in cash balance dividends this year, thanks to the good returns that we've had and thank you to the Investment Council for that. Our education department, as a necessity because of COVID, we have had to offer new web-based offerings for our members to-- for education. That was taken advantage by nearly 2,500 members that we did webinars for. We've also added new videos on a YouTube channel and that's had over 10,000 views. So we're exploring new ways to educate our members and we intend to continue that. I do need to mention LB4-- LB147. That is-- as you know, that will transfer the Omaha Public Employees-- or Public Schools Retirement System to-- the administration of them to NPERS effective September 1, 2024. We are working very hard on that currently. We-- this last year, we produced a project work plan that was required in statute. We've hired a consulting company called Gartner Consulting and they are helping us with just get-- walking us through the steps that need to be taken, for instance, with project governance documents, those kind of things. We are interviewing right now for a dedicated project manager and we've also done some shadowing with the OSERS folks in Omaha just to learn how they do things. We are in the middle of planning for a data transition and that is going to be quite a job. Also, Gartner is helping us with an RFP for a vendor that will be our developer that will actually program our computer system and that is to hit the streets on June-- in June of this year. Coming up for this coming year, we-- I just want to mention a few of these things. We will-- we are-- well, actually, we just finished conducting an actuarial audit. No red flags. Gabriel, Roeder, Smith audit-- audited Cavanaugh Macdonald and they do have a few items that they thought-- they were recommendations or not so much recommendations as just ideas of how to make things better and so we're going to be working with Cavanaugh Macdonald on some of those items. I-- as I mentioned, the Education Department is expanding their gig accessibility to our members. We are doing some morning seminar-- or webinars, evening webinars, and we've even done some weekend ones and we are continuing to do that through this next year. We're working on a redesign of our NPERS website that started actually last year and will-- is-- hopefully will be finished before the end of this year. We also do a technology assessment project, which I wanted to mention. That was given-- we were given spending authority through the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Nebraska Retirement Systems Committee March 30, 2022
Rough Draft

Appropriations Committee to conduct this and that was to look into the life of our computer system and make recommendations on what needed to be done to extend that life. The good news is they, they do feel that our computer system is very-- can go on for some time. There are some things, though, that are going to need to be done and we'll be going to the Appropriations Committee in the next coming budget and asking for some spending authority to do some of that. We-- well, it, it was spread out over some time, though, so we won't have to do all of it right at once, but there's some of it that really should be done maybe before the Omaha, the Omaha administration is transferred. We'll continue, of course, to work on the OPS management transfer project and that will take up a considerable amount of time. The-- also, one of, one of the things that came about from the pandemic was we always did in-person visits for our members if they felt that they wanted to come in and talk about their retirement plan. And now we're doing virtual ones and we are going to continue that and expand that program as well if the members so desires, though people are coming back into the office and it's nice to have them back. The next section is just about the legislation and the history from five years back. I wanted to just mention the funded status, which is discussed on 12 and 13. The lowest funded plan is the patrol plan at 90.5, which is still to be admired, and that is largely because of this committee and the Legislature and the Nebraska Investment Council and so thank you again from the agency and our members. I think that is something to be very proud of. And then I was going to just jump back into page 16 and 17, just give some stats on the assets and the breakdown of the plans if you are interested. Also, the membership by plan is listed on 17. And I was going to just-- the rest of this-- much of the rest of this is just a breakdown of some of the backup information for our, our different departments within our agency and you can read those at your leisure. But I do want to talk just a little bit about the-- page 25 and our service delivery results. I just want to say, you know, we want to do better than that. We want to-- we-- our, our goal is to get our, our new benefits out the door within 90 days of their effective date. Now, sometimes that is, is rather difficult because all the information is not there that, that we need to process that information, but I think we can do better. I said this again last year and I'm not sure that we gained much on that. However, we have just recently advertised for a new person, an additional person that is going to be working on this and I think that's maybe the secret of the, the-- to solve this is to get-- we need another body and so we are going to add that. I did want to mention that. I know that that's-- some of that does come up from time to time. The last thing

Transcript Prepared by Clerk of the Legislature Transcribers Office
Nebraska Retirement Systems Committee March 30, 2022
Rough Draft

that I was going to just mention was I was going to jump to Appendix B, which is on page 30, and I always find this interesting. I hope you do too. This gives a-- this is a snapshot for December of-- December 31, 2021. And this is the amount of benefits that go out to each county. And if you find your own county, for instance, Senator Clements, Cass County, nearly \$1 million went to that county to the economy in that, that particular month. And I won't read them all through, but I also find that-- I think that you'll find it interesting that well, \$70 million comes from NPERS and goes and stays in Nebraska and, and also nearly \$10 million from the OSERS plan stays in Nebraska and that's about 88 percent of the retirement plan distributions stay within the economy of the state of Nebraska so I think it's a good piece of it. With that, Senator, I would be-- I'd be happy to answer any questions that you might have.

KOLTERMAN: Thank you, Randy. Any questions from anybody? Just a couple of questions for you.

RANDY GERKE: Oh.

KOLTERMAN: How many-- ten years ago, how many staff did you have?

RANDY GERKE: Ten years ago? Well, it was not too much-- I think we've added two, three. I-- you know, I don't know.

KOLTERMAN: It hasn't changed much.

RANDY GERKE: It has not changed much. It has not and budget hasn't changed a whole lot either.

KOLTERMAN: How many tiers have we changed on you?

RANDY GERKE: Well, I think there's four now for school.

KOLTERMAN: Just for the school?

RANDY GERKE: Yeah.

KOLTERMAN: And that's all happened in the last few years.

RANDY GERKE: It has, it has. It complicates it a little.

KOLTERMAN: And you guys just continue to roll with what we throw at you with the same amount-- number of people.

RANDY GERKE: We do our best.

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KOLTERMAN: What I'm getting at is you're doing a good job--

RANDY GERKE: Oh, thank you.

KOLTERMAN: --and appreciate it. Any additional questions? I would just say keep up the good work. We, we'll probably have one more hearing that-- in November, maybe.

RANDY GERKE: Oh, sure, the valuations.

KOLTERMAN: Yeah, but we look forward to continuing to work with you. It's been a good relationship.

RANDY GERKE: I've enjoyed it. Thank you very much.

KOLTERMAN: Any comments from anybody? Any proponents or opponents or neutral? Seeing none, I'm going to close the hearings. Thank you, everybody, for coming. We would like to go into--