

Transcript Prepared by Clerk of the Legislature Transcribers Office
Nebraska Retirement Systems Committee January 27, 2020

KOLTERMAN: [RECORDER MALFUNCTION] --to the first Retirement hearing of the year. It will be one of two, so we're gonna get all of our confirmations done today, and we're going to have another 15-minute hearing in about a week. I'm from Seward, I represent the 24th Legislative District. I serve as chair of the committee. We're gonna take up the confirmations in the order that we posted them. That would be Allen Simpson, Kelli Ackerman, Michael Jahnke and John Dinkel. And then I don't think that-- we might have a couple members come yet. I would ask you to please turn off your cell phones. If, if you're going to testify in the order, just please come to the front row, introduce yourself, and give-- state your name and spell your name, and then we'll maybe ask a few questions. All of you are repeats. You've been through this before, so we appreciate you, your willingness to serve. So with that, I would like to introduce the staff. To my far right is Katie Quintero; on my left is Kate Allen, legal counsel. Katie is the committee clerk. And the senators that are here.

KOLOWSKI: Rick Kolowski, District 31: southwest Omaha.

STINNER: John Stinner, District 48.

LINDSTROM: Brett Lindstrom, District 18: northwest Omaha.

KOLTERMAN: OK. So with that, we're gonna start the hearing. Allen Simpson, would you please come forward? Welcome.

ALLEN SIMPSON: Thank you, Senator. My name is Allen Simpson, A-l-l-e-n S-i-m-p-s-o-n, and it's an honor to be here for the third time in just over a year. I retired after a 30-year military career on January 3rd, 2017. I served as the 155th Air Refueling Wing's comptroller and budget officer during that time. In 2006, I was selected as the first commander for the finance comptroller office, and my job was to formulate budgets, execute financial budgets, and for 976 Air Guard members. During my time in the military, I earned the highest finance-- highest financial certification from the Department of Defense when I received a Certified Defense Financial Manager level 3 certification. In addition, my comptroller organization was recognized as the best in the Air National Guard in 1996, 2000, 2001, and 2008. In March of 2018, I began working in the Department of Administration Services as the state risk manager. This has been a new and exciting challenge. I also currently serve as the girls head basketball coach at Lincoln Lutheran High School here in town. I am married to Tonya, I

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have two wonderful daughters and a freshman son at Lincoln Lutheran. I'm open for any questions, senators.

KOLTERMAN: Thank you very much, Allen. Are there any questions? As Allen indicated, this is his third time in a year to be here, so we appreciate you taking the time. Seeing, no questions, again, thank you. You know how this goes. We will listen to your testimony today, we'll exec, and then once it gets to the floor we will have a confirmation from the rest of the body.

ALLEN SIMPSON: Thank you, sir.

KOLTERMAN: Thank you. Are there any other proponents on behalf of Mr. Simpson? Any opponents? Any in the neutral? So with that, the next appointee that I would call up would be Kelli Ackerman, I think.

KATIE QUINTERO: She should be calling in. I'm having a little bit of trouble getting it to--

KOLTERMAN: OK, so let's, let's go to Mike Jahnke, which I pronounce Janky [PHONETIC].

MIKE JAHNKE: That's fine, Senator.

KOLTERMAN: And you're a State Patrol representative?

MIKE JAHNKE: Yes, sir.

KOLTERMAN: And this is a reappointment as well?

MIKE JAHNKE: It is. Chairman Kolterman and members of the Nebraska Retirement Systems Committee, my name is Mike, M-i-k-e, Jahnke, J-a-h-n-k-e. I am honored to appear before you today and provide you with information on my experience and education as you consider continuing my service on the Nebraska Public Retirement Board. I'm a major with the Nebraska State Patrol and currently serve as the western operations commander. My 26 years of service with the agency has allowed me to experience multiple divisions, which have included duties and responsibilities in operational, investigative, and administrative functions. Prior to joining the Nebraska State Patrol in 1994, I served in the United States Air Force, spending the majority of my time stationed overseas. My service included a deployment to the Persian Gulf in support of Desert Shield and Desert Storm. In all, I have over 30 years of combined service to my country and state. I am proud to have grown up in Lexington, Nebraska, and

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hold a Bachelor of Arts degree in public administration from Doane University. I have also had the privilege of attending and graduating from the FBI National Academy in 2010, and hold a certificate of achievement from the University of Virginia in criminal justice education. I have been actively involved with Lean Six Sigma, earning my yellow belt in 2017, and I obtained my executive green belt in 2019. A financially solvent retirement plan is important to the taxpayers, this committee, and the individuals who contribute and rely on it for their retirement. During my time with the agency and as an active PERB board member, I have actively worked to facilitate the education of my coworkers on our retirement plan. I believe developing a fact-based understanding of the plan helps to foster awareness and underscore the importance of a financially sound plan. I have organized and facilitated a retirement 101 course for the members I represent, utilizing subject experts from PERB as instructors. These seminars have provided factual retirement plan information to over 20 percent of the plan members in my agency. I have now expanded the education efforts to reach younger members of my agency and will be instructing at our current recruit camp in the near future. I have enjoyed serving on the board and using my skills and experience to complement the existing board structure. As a member of PERB, I am an engaged board member who takes my responsibilities seriously. My priorities are to both ensure the solvency of the plan and represent, represent the interest of all members. I thank you for your time and the opportunity to appear before you today. I will be happy to answer any questions that you may have.

KOLTERMAN: Thank you, Mike.

MIKE JAHNKE: Yes, sir.

KOLOWSKI: Are there any questions? Seeing none, thank you very much.

MIKE JAHNKE: Thank you, sir.

KOLTERMAN: Is there any other proponents? Opponents? Neutral? Thank you. I think we'll move-- Kelly hasn't called in yet, has she?

KATIE QUINTERO: She has. She can hear us, we just can't hear her.

KOLTERMAN: That's cool. Yeah, I think we'll take John Dinkel until we can get that figured out. So, John, thank you for driving in as well today.

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JOHN M. DINKEL: Oh, yeah. This is a pretty big deal. A lot of dollars out there. So should I wait for her?

KATIE QUINTERO: Go ahead.

JOHN M. DINKEL: OK. So John M. Dinkel, J-o-h-n, M, as in Mary, Dinkel, D-i-n-k-e-l. I'm a native of Norfolk. Don't hold it against me, but I was in Jim Scheer's class and he goes to my church, so I know Senator Scheer quite well. So I sell farm equipment as my day job. And I've been involved with the hospital, much-- I don't know how much you got of my resumé or whatever. But I just got off the hospital board in Norfolk, just past chair of Faith Regional. So pretty involved with different things, including financials, at the hospital. So the council, as you know, is only have five members. And I think you've seen the numbers. I'm not sure if you've seen a '19 report, but we have approximately 29 billion, with a B, dollars that we look after. As far as setting investment policy with our SIO and his great team. And I want to thank you for your assistance over the years with providing us extra resources to move a few things in-house and to pay Michael's staff appropriate amounts so we don't lose them, because it's a lot more efficient and less taxpayers'-- or less investors' dollars if we move things in-house like a OIP, we did that a number of years ago and saved a ton of money, like several hundred thousand dollars every year. A lot of people don't realize those things. I'm the only, what I call a layperson on the board, out of the five. There's two others that are doctors, financial doctors, and the other two have a lot of letters after their name, CFAs and things like that. So I kind of have a little bit different perspective. I do a lot of personal investing and so forth. I don't have my AND report or not, but I sent that in. So anyway, I'm fairly active in that. I love reading the Wall Street Journal and things like that, so I think I'm up-to-date on things. And Michael could also tell you that probably my number one, well, number two or three is fees. I'm really a bulldog on fees. Believe me, I don't like high fees. And I think if you look at our annual report, we're 33 basis points, I think, overall. I think the average is more like 50 or 60. And that many dollars, that's a lot of dollars. So we're, we're always very cognizant of watching fees. Obviously, you have to have some fees to properly invest all those dollars, but we really watch for fees a lot. I think that's really important. You got to look at returns, net of fees, obviously. So anyway, it's been an honor and a privilege. I've been on since 2006, maybe I mentioned that. And I considered not reupping. Some people convinced me to do it. So it's a definite honor and a privilege, but a

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huge, huge responsibility. When you think about how many dollars are out there and the effect it can have on-- on our stakeholders, whether they're receiving their monthly check, and/or you guys. Because if we have a shortage, you know what happens. You have to make it up out of general funds. And I know you've tweaked this system a few times with different things, the patrons having to kick in a little bit and done a few things. But the big thing is we've had very, very good returns. Thank you, Michael, for your guidance there. So we've been very fortunate. We have about 58 percent, I think, in equities, 30 percent in bonds, 5 percent in private equity, which is fairly high fees. I have to swallow hard when I do that. But net of fees, they do get, and then about-- our goal is to get to 7.5 percent real estate. I think we're about 6.5 percent right now in real estate. That's a gradual thing. We talk every meeting about this is a big ship. We stay the course. We didn't jump ship back in 2008 like we had a little problem in Omaha. And thank you for our confidence and giving us the Omaha money to, to manage. And that's a slow process, as everybody knows. So we're doing our best to get that switched over. So you've probably seen the charts and stuff, if not, Michael has them for you, the way we're doing that. So anyway, I'm probably telling a heck of a lot more than you want to know. But I just-- seriously, this is a huge, huge deal. And you need to have the right people, both among the board and Mike and his staff. And I think we're in pretty darn good shape. Since we're roughly around 90 percent funded, we, of course, have the four: the State Patrol and the judges, teachers. And so that's pretty high compared to a lot of our peers. So especially Illinois, which was like 40 percent, I think. So anyway, it's a big, big deal. We've been fortunate so far, and we hope it will continue. And I think I've covered everything so.

KOLTERMAN: John, thank you. I know that you and your team, the people you work with, you serve with, have done a good job as well. And we do appreciate that. Are there any questions for Mr. Dinkel?

JOHN M. DINKEL: Yes, Senator?

GROENE: I want to compliment you. You know the numbers. You-- it's obvious you just don't show up for the donuts. I appreciate that. I've got people in school boards that think TEEOSA is a rare bird in Africa. But, but you do. It's rare to find an individual who gets into the weeds, and I appreciate what you do. Thank you.

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JOHN M. DINKEL: Thank you, Senator. Thank you for what, again, what you all do for, for this and everything else. Because I know you're not in it for the money. So thank you all for your work.

KOLTERMAN: All right, thank you.

JOHN M. DINKEL: I appreciate all your hard work.

KOLTERMAN: Seeing no other questions, appreciate you coming in today.

JOHN M. DINKEL: You bet. Yeah, wouldn't miss it.

KOLTERMAN: Any additional proponents here? Any opponents? Neutral? John, thank you.

JOHN M. DINKEL: OK. Thank you all again. Appreciate it.

KOLTERMAN: Thanks for your work.

JOHN M. DINKEL: You bet.

KOLTERMAN: OK, are we-- do we now have Kelli on the line?

KELLI ACKERMAN: Good morning.

KOLTERMAN: Good morning, Kelli. Thanks for taking the time this morning.

KELLI ACKERMAN: Sorry about all this, that I couldn't be there. Just made it a little difficult for everybody. I'm really sorry.

KOLTERMAN: No, you're all right. Appreciate you taking the time this morning. Hope you're feeling better. Would you tell us a little bit about yourself, you're a reappointment as well?

KELLI ACKERMAN: Yes, I'd be happy to. Good morning, Chairman Kolterman and members of the Retirement Committee. I'm-- really apologize for not being able to be there today. Sometimes your body just doesn't respond to things like it should. I am Kelli Ackerman, K-e-l-l-i A-c-k-e-r-m-a-n, director of accounting and payroll for Lincoln Public Schools. I grew up in Gothenburg and graduated from Kearney State College with a business administration degree. I have been married to my husband, Rick, for 36 years and have been blessed with three children and four grandchildren. Is there static in the background?

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KOLTERMAN: No.

KELLI ACKERMAN: OK.

KOLTERMAN: We hear you very clearly.

KELLI ACKERMAN: OK. I have 27 years experience in school finance and 8 years experience in private accounting. School finance is my passion, and I enjoy being a mentor to the new school district superintendents and business managers across the state. Being a service-oriented leader is important to me. I have served on NCSA, Nebraska Council of School Administrators' executive board and then NASBO, Nebraska Association of School Business Officials' executive board, and I am also past president of NASBO. I currently serve as the vice president of the Public Employees Retirement Board. Serving on the PERB has been such a great experience, working with others on the board to administer the Nebraska retirement plans for our schools, counties, state, State Patrol, and judges. I have attended the Nebraska-- the National Council of Teacher Retirement, NTCR conferences. Just this last fall, Janis, Randy and I went to one, and it was outstanding to hear all the current mods legislation nationwide that people are struggling with. It's been a privilege to serve on the PERB and work with the Legislative Retirement Committee to make sure the plans are funded and sustainable. The NPERS staff is top-notch under the direction of Randy Gerke. They work tirelessly to make sure the members are taken care of. They do this meeting with them one on one, having workshops, answering questions on the phone. I just can't say enough about our NPERS staff and public support plan. Thank you for your consideration. I'm deeply honored to be selected to serve another term on the PERB.

KOLTERMAN: Thank you for your willingness to serve, Kelli. Appreciate that. Do we have any questions? Seeing none, appreciate it, Kelli. Is there any other--

KELLI ACKERMAN: Thank you.

KOLTERMAN: --other proponents? Any opponents? Neutral? All right, with that, we will close this appointment hearing. Appreciate everybody coming today. I think we're going to exec just briefly. So we really do appreciate all of your willingness to serve. Thank you. This hearing is adjourned.