

Transcript Prepared By the Clerk of the Legislature  
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Nebraska Retirement Systems Committee  
January 24, 2011

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[CONFIRMATION]

The Committee on Nebraska Retirement Systems met at 9:00 a.m. on Monday, January 24, 2011, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on gubernatorial appointments. Senators present: Jeremy Nordquist, Chairperson; LeRoy Louden, Vice Chairperson; Lavon Heidemann; Heath Mello; and Dave Pankonin. Senators absent: Russ Karpisek. [CONFIRMATION]

SENATOR NORDQUIST: (Recorder malfunction)...hearing today for the Nebraska Retirement Systems Committee. Before we begin, please make sure to silence your cell phones or pagers. Those folks that are testifying, please be sure to complete a testifier sheet and put it in the box by our committee clerk. When you begin your testimony, we appreciate if you can state and spell your name for the record. We will get going right now with introductions. I'm Jeremy Nordquist. I represent District 7, downtown and south Omaha. I'm the Chair of the committee. We have our legal counsel, Kate Allen, to my left. To my far right is Trisha Clark, our committee clerk. And our pages today are Ian and Katie. And then I'll let each member, starting with Senator Louden, introduce themselves. [CONFIRMATION]

SENATOR LOUDEN: Senator LeRoy Louden. I represent District 49.  
[CONFIRMATION]

SENATOR PANKONIN: Dave Pankonin, District 2. That's Cass County, Nebraska City, part of Otoe County and a little bit of Sarpy. [CONFIRMATION]

SENATOR HEIDEMANN: Lavon Heidemann, southeast Nebraska, District 1. Pretty much the Johnson, Pawnee County, Richardson County, Nemaha County, all of Otoe County, except Nebraska City, and a little part of Cass County, western part.  
[CONFIRMATION]

SENATOR NORDQUIST: Well, we'll get started. Our first two appointees are for the Public Employees Retirement Board and then we have one for the Nebraska Investment Council. We'll begin with Judge Randall Rehmeier. [CONFIRMATION]

RANDALL REHMEIER: (Exhibit 1) Good morning. Thank you very much for taking care of us this morning. I know you had to kind of feed us into your busy schedule, so we appreciate that very much. My name is Randall Rehmeier, and that's R-e-h-m-e-i-e-r. And I am a district court judge and I am the current member on the PERB Board that represents the judiciary. And I've been in that capacity for one year. I was before you approximately a year ago and was confirmed and then appointed to fill the unexpired term of Judge Camerer, who had become disabled. So I'm the newest member on the PERB Board so I'm still on the learning curve, but I'm starting to connect the dots a little bit and it's been a very interesting year. And I feel like I'm growing a little bit with the

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understanding of what all is involved and how it all fits together. And by way of background, I don't want it to be too redundant from what I told you a few months ago, but I grew up in Senator Pankonin's district. I grew up at Weeping Water. I graduated from law school in 1972. I practiced law in Nebraska City, in Cass County, Otoe County areas until 1987, at which time I went on the bench and was three years on the county court bench, and then the last 20-years-plus on the district court bench, so I've been on the bench approximately 24 years. And serve in different capacities, both bar association-wise, and within the judicial realm and stuff. So anyway, I've very much enjoyed the past year on the Retirement Board. As you know, there are representatives from the different systems, education, judicial, and the county, State Patrol, state employees, so it's a diverse group. Very impressed with the people that are on the committee, so it's been easy to learn and pick up things because of the input that various people have had. Phyllis Chambers is our executive director, of course, of the systems. She has done an excellent job of also assisting in my learning curve. So all in all, everything seems to be going well. I'm very interested in continuing in that capacity, and I'd be happy to answer any questions you might have. [CONFIRMATION]

SENATOR NORDQUIST: Okay. Well, thank you for your service on the board and coming forward with your willingness to serve. Any questions at this time? Senator Louden. [CONFIRMATION]

SENATOR LOUDEN: Thank you, Senator Nordquist. I guess what I would ask Judge isn't so much about the retirement, but as out in District 49 every time we lose a district judge, why, they swear up and down we're not going to get another one. My question is, is how much does this interfere with your work as district judge and vice versa or does it interfere at all? Or is your caseload...can you still handle your caseload as district judge since you're on this board? [CONFIRMATION]

RANDALL REHMEIER: Oh, it's just a matter of putting in a few more hours, so it's not a difficulty. We're in an area that is expanding quite a bit, so I serve in Otoe, Cass, and Sarpy County. And so our particular judicial district is growing significantly. And so our caseload is rising, but it's a matter of just...you know, we have meetings, we're organized, we get the information, we go through it, so I don't see anything difficult from a time standpoint. It's just a matter of allocation of time. [CONFIRMATION]

SENATOR LOUDEN: Okay. Thank you. [CONFIRMATION]

RANDALL REHMEIER: And, I'm sorry, the district that you were from, 49, has actually been paying closer attention to the counties. [CONFIRMATION]

SENATOR LOUDEN: Yeah, it's northwest Nebraska. And when they talk about a little bit of Otoe County and a little bit, they're district is just a little bit. The one I represent is little bit over 10,000 square miles, so our district judges out there have to...a lot of them

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have to travel 150 miles, you know, to have court. We're always having this problem about that. [CONFIRMATION]

RANDALL REHMEIER: Judge Silverman would be in your district. [CONFIRMATION]

SENATOR LOUDEN: Yeah, he's retired now, see. [CONFIRMATION]

RANDALL REHMEIER: Right, he's a classmate of mine. [CONFIRMATION]

SENATOR LOUDEN: And we'll have that issue come up again as whether we're going to replace that judge as they retire out there. The problem is the distance, it's the travel in order to have district court. So that's the reason I was curious on how to handle that. [CONFIRMATION]

RANDALL REHMEIER: I might add, you do have a bunch of good district court judges out there. Judge Hippe, of course, who has retired now, but he was excellent. And then Judge Lippstreu is awful well-thought-of also, so. [CONFIRMATION]

SENATOR LOUDEN: Thank you. [CONFIRMATION]

RANDALL REHMEIER: Anybody else? [CONFIRMATION]

SENATOR NORDQUIST: Thanks, Senator Louden. Any other questions? Thank you for being here, Judge. [CONFIRMATION]

RANDALL REHMEIER: Okay. Thank you very much. [CONFIRMATION]

SENATOR NORDQUIST: I'd like to introduce Senator Heath Mello, who has joined us from District 5 in Omaha and Bellevue. Any testimony related to this appointment? Seeing none, we will close that appointment and move on to the next. Richard Wassinger for reappointment to the Public Employees Retirement Board. Thank you for being here. [CONFIRMATION]

RICHARD WASSINGER: (Exhibit 2) Thank you. Good morning. My name is Richard Wassinger, that's W-a-s-s-i-n-g-e-r. Presently I am treasurer of Cass County. I have been treasurer the last 28 years. Some people think that's too long, but we're just going to go another four years and see what happens. I just completed my first term on the PERB Board. On the board I have served on a personnel committee and also the education committee. The first job on the personnel committee was selecting a new executive director and we selected Phyllis Chambers. So that was one of my first jobs on the board, which I did not expect right away. I'm originally from Grand Island, Nebraska. I graduated from the University of Nebraska in '68 with a degree in accounting. I got my teaching degree also, and then I received my master's degree from

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the University of Nebraska. I have enjoyed serving on the PERB Board. It's been a challenge. It's been a lot of...the learning curve has been there and it has been very good for me. It's a chance to grow and to also pay back to the county. The county has been very good to me and my family. And I know, I have served in several capacities for the county. I just ended my second round of going through the chairs for the treasurer's association and served on several committees for the treasurer's association. Also very active in our church and attend a lot of community activities and involved very much so in the community. And this is basically what I had to offer and I'll be willing to answer any questions, if there are any. [CONFIRMATION]

SENATOR NORDQUIST: Thank you. Thank you for your service. Senator Pankonin. [CONFIRMATION]

SENATOR PANKONIN: Mr. Wassinger, and I...I'm going to make one statement here because I am very fortunate to have this individual and, beforehand, Judge Rehmeier, that are part of our community in the legislative district, but also Cass and Otoe Counties. And we just thank you for your many years, both of you, your public service, and what you bring to not only to this board but to our communities at large, and all the service you've given. So it's very much appreciated by me and many others and just sincerely thank you for that. [CONFIRMATION]

RICHARD WASSINGER: Thank you very much. [CONFIRMATION]

SENATOR NORDQUIST: Thank you. Any other questions at this time? Senator Heidemann. [CONFIRMATION]

SENATOR HEIDEMANN: Just looking on your list of everything, it says Congressional District #2. And I don't know if you filled out the information or if this was filled out for you. It should be District 1, I would have to think, in Cass County. [CONFIRMATION]

RICHARD WASSINGER: You know...is it? [CONFIRMATION]

SENATOR PANKONIN: Congressman Fortenberry would be District 1. [CONFIRMATION]

RICHARD WASSINGER: Oh, okay. I'm sorry, yes. [CONFIRMATION]

SENATOR NORDQUIST: Yeah, okay. We'll make sure that gets correct. [CONFIRMATION]

RICHARD WASSINGER: Okay. Thank you. [CONFIRMATION]

SENATOR NORDQUIST: Thank you. Any other questions? Seeing none, thank you

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very much for being here. [CONFIRMATION]

RICHARD WASSINGER: Thank you. [CONFIRMATION]

SENATOR NORDQUIST: Any additional testimony related to this appointment? Seeing none, that will close that appointment. And our last appointment today is for the Nebraska Investment Council for John Maginn. Thank you for being here, John. [CONFIRMATION]

JOHN MAGINN: (Exhibit 3) Good morning. Nice to be here. My name is John Maginn, M-a-g-i-n-n, born and raised in Omaha, Nebraska. Went to school at Creighton University, master's degree in finance from the University of Minnesota. I'm a chartered financial analyst and I retired from Mutual of Omaha in 2000 where I had been the chief investment officer for many years. In my semi-retirement I have a little investment counseling practice, primarily working with endowment funds and pensions funds in foundations, insurance companies. And I've had the privilege of serving on the Nebraska Investment Council now for the past five years. Really do feel that it is a privilege. It's an opportunity for me to share my education and experience and give something back to my home state. And it's also a privilege to work with the staff of the Nebraska Investment Council. The state investment officer, Jeff States, is doing a marvelous job. It's been a very wonderful addition. We're now pretty close to being fully staffed. We've had a lot of challenges in the market in the last few years. I'm sure we're going to face a lot more in the next five years if I should be allowed to continue in this capacity. I think we've weathered that storm reasonably well, and it's...I take great pride in the way our state has handled its finances and the benefits that we have available to the employees of the state, so. If you have any questions, I'd be happy to try to answer them, but again thank you very much for this opportunity. [CONFIRMATION]

SENATOR NORDQUIST: Sure. Any questions at this time? I just have...I was meeting with Director States before this and I was just wondering, just kind of your thoughts in general about the structure, staffing structure of the Investment Council and kind of the discussion about potentially moving a few more asset managers in-house versus contracting out and just kind of your thoughts on that as a member of the Investment Council Board. [CONFIRMATION]

JOHN MAGINN: I think it's something that the council has discussed now for most of the past five years that I've been on the council. As you know, there's very few states that have totally an internal staff that handles almost all of the responsibilities for the investment side of their pension activities. In the case of the Nebraska Investment Council, we're one of the more complex investment offices in any state. There's, in addition to the retirement plans, there's a number of other accounts. There's a total of 31 different investment accounts that we're managing, so it's fairly complex. There are some accounts that we've identified and are moving in a direction to bring those

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in-house. But we'll be doing those very carefully and very selectively. And in the case that I mentioned, we'll be...that's the Operating Investment Fund, we'll actually be working very closely with the outside manager that's been handling that responsibility. And that is an account that previously was handled totally inside, so we're kind of bringing it back to where it was before. But I assume that as we go forward, we're always trying to figure out ways to reduce expense without sacrificing return or taking on more risks. All of those are a combination that we're trying to juggle. But yes, we'll continue to look at that. But my own experience tells me that most of it is going to be managed externally, define the capabilities that were' looking for. [CONFIRMATION]

SENATOR NORDQUIST: Sure. Alright. Thank you. Any other questions? Seeing none, thank you again for your service. [CONFIRMATION]

JOHN MAGINN: Thank you very much. [CONFIRMATION]

SENATOR NORDQUIST: Thank you for being here. Any additional testimony related to this appointment? Seeing none, that will conclude the hearing today. Thank you all for being here and we'll go into Exec. []