

The Board of Trustees of the Omaha School Employees' Retirement System held a Regular Meeting on Wednesday, June 5, 2019, at 9:00 a.m. at 14010 FNB Parkway, Conference Room C, Omaha, Nebraska.

Pursuant to Section 84-1411 of the Nebraska Statutes, notice of this meeting was given May 1, 2019.

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President Erikson announced, pursuant to Section 84-1411 of the Nebraska Statutes, the next regular meeting of the Board of Trustees is scheduled for Wednesday, August 7, 2019 at 9:00 a.m., at Teachers Administrative Center, 3215 Cuming Street, 2nd floor, Omaha, Nebraska. The agenda will be kept current and available for public inspection in the Retirement Office at the Teacher Administrative Center during regular working hours. He further announced that pursuant to Section 84-1412 of the Nebraska Statutes, the public is hereby informed that a current copy of the Nebraska Open Meetings Act is posted in the Board of Education meeting room on the north wall.

Mr. Erikson called the meeting to order at 9:01 a.m. Present at roll call: Erikson – Herchenbach - Rea – Ray (as superintendent's designee) - 4 present. Not present at roll call: Havlovic – Purdy – Ripa – 3.

Staff Present: Cecelia M. Carter, Executive Director, James Ellis, Retirement Specialist.

Others Present: Robert Bothe, Esq., McGrath North

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Mr. Erikson announced the first item on the agenda was the approval of the minutes from the April 30, 2019 Board of Trustees Sustainability Study meeting. Mr. Rea made a motion to approve the minutes to the sustainability study workshop meeting held Wednesday, April 30, 2019. Mr. Herchenbach seconded the motion. The motion passed with the following roll call: Aye: Erikson – Herchenbach – Ray – Rea – 4. Nay: – 0.

Mr. Erikson then asked for a motion for approval of the minutes for the regular meeting of the Board of Trustees held Wednesday, May 1, 2019. Mr. Rea made a motion to approve the minutes to the regular meeting of the Board of Trustees held Wednesday, May 1, 2019. Mr. Herchenbach seconded the motion. The motion passed with the following roll call: Aye: Erikson – Herchenbach – Ray – Rea – 4. Nay: - 0.

Mr. Erikson then asked for a motion for approval of the minutes for the Board sustainability study workshop meeting held Wednesday, May 22, 2019. Mr. Rea made a motion to approve the minutes to the sustainability study workshop meeting held Wednesday, May 22, 2019. Mr.

Herchenbach seconded the motion. The motion passed with the following roll call: Aye: Erikson – Herchenbach – Ray – Rea -4. Nay: - 0.

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Mr. Erikson then introduced Mr. Michael Walden-Newman, Nebraska State Investment Officer and Mr. Max Kotary, Partner at AON Hewitt Investment Consulting. Mr. Walden-Newman thanked the Board for having he and Mr. Kotary back before them and explained they were there to present the 1st quarter 2019 investment portfolio performance results. The returns are as follows:

Asset Allocation & Performance

	Allocation		Performance(%)					
	Market Value (\$)	%	1 Quarter	FYTD	1 Year	3 Years	5 Years	10 Years
OSERS	1,242,687,941	100.0	5.5 (90)	0.0 (69)	3.4 (62)	6.1 (93)	3.2 (98)	8.2 (93)
Policy Index			6.4 (71)	1.9 (16)	5.5 (9)	8.3 (54)	5.7 (59)	10.3 (31)

In addition, Mr. Kotary also reviewed the 1st quarter and 1-year change in market value summary which outlines the cash flow for the quarter and 1-year period. The summary indicates OSERS received more in investment earnings gains than what was drawn down to cover pension payroll.

Summary of Cash Flow

	1 Quarter	1 Year
Total Fund Composite		
Beginning Market Value	1,193,799,909	1,228,919,141
+ Additions / Withdrawals	-16,915,389	-27,952,547
+ Investment Earnings	65,803,421	41,721,347
= Ending Market Value	1,242,687,941	1,242,687,941

Ms. Carter mentioned there is a review of the OSERS projected cash flow needs planned for the Nebraska Investment Council meeting scheduled for July 11, 2019. When completed, a copy of the report will be available on the NIC web site.

The group then turned to the question of reporting investment fees on the OSERS financial statements. After discussion among Mr. Walden-Newman, Mr. Kotary, Mr. Shane Rhian (Controller, OPS) and Mr. Michael Knuckle (Accounting Manager, OPS) both of whom attended the meeting as guest, it was determined Mr. Walden-Newman will have his staff work with Mr. Rhian and his staff to better understand the reporting documents prepared by State Street Bank & Trust (custodian of OSERS assets).

Mr. Havlovic arrived during the presentation and discussion.

The Board took a break from 10:25 – 10:40 a.m.

Mr. Erikson introduced Mr. Bryan Hoge, Senior Actuary at Cavanaugh Macdonald. Mr. Hoge presented the Sixty-Seventh Annual Actuarial Report for the Omaha School Employees' Retirement System as of January 1, 2019. The report draft was presented in detail at the May Board of Trustees meeting. The results of the report are incorporated into these minutes by reference.

Mr. Herchenbach made a motion to accept the Sixty-Seventh Annual Actuarial Report for the Omaha School Employees' Retirement System as of January 1, 2019. Mr. Havlovic seconded the motion. The motion passed with the following roll call: Aye: Erikson – Herchenbach – Havlovic - Ray – Rea - 5. Nay: - 0.

Mr. Hoge then reviewed the funding model that was postponed from the May board of trustees meeting. He walked the Board through different funding ratio and additional required contribution amounts based on different assumptions. The Board discussed whether it would be beneficial to have Cavanaugh Macdonald provide the model to the OSERS office for internal use. There was discussion on whether it would be even more beneficial to add additional assumption options to the model. Ms. Carter stated she'd work with Ms. Beckham on the cost and timing and come back to the Board.

The Board then received a legislative report from Mr. Jack Peetz of Peetz & Company. Mr. Peetz gave the Board an overview of the 106th legislative session. Mr. Peetz reminded the Board any bills held in Committee or debated on the floor that were not *indefinitely postponed* could come back to the legislature in 2020.

Legislative bills passed in 2019 session impacting OSERS were LB 31 (feasibility study of transitioning administration of OSERS to NPERS) and LB 34 (prescribing a deemed beneficiary). Other bills that were not voted out of Committee may be brought back in 2020.

The Board took a break from 12:20 – 12:35 p.m.

Mr. Rea made a motion the OSERS' Board of Trustees go into Closed Session for the protection of public interest and for the prevention of needless injury to the reputation of individuals to discuss with legal counsel, and Cecelia Carter litigation matters and financial matters of retirees and the System. Mr. Herchenbach seconded and the motion was adopted by the following roll call: Aye: Erikson – Havlovic - Herchenbach – Ray - Rea – 5. Nay: 0.

Mr. Erikson reminded the public of the need for closed session.

The Board came back into session at 12:56 p.m. Present at roll call were: Erikson – Havlovic – Herchenbach - Ray – Rea - 5 present.

Mr. Havlovic made a motion to ratify the June pension payments in the amount of \$10,290,364.42 paid to 4,817 payees; ratify the June staff payroll in the amount of \$30,017.11; approve 123 new retirements effective June 1, 2019; ratify June terminations of eight pension benefits due to death of the retiree and the continuation of three retirements to the joint survivor; approve June refunds to 38 former members of OSERS in the aggregate of \$677,227.38; and approve OSERS accounts payables for the month of June in the aggregate of \$113,796.28.

Mr. Herchenbach seconded the motion. The motion was adopted by the following roll call: Aye: Erikson – Havlovic – Herchenbach – Rea – Ray - 5. Nay: 0

A listing of June 1, 2019 new retirements can be found in Appendix A of these minutes.

Deaths

EMPLOYEE				RET	DATE OF	BENEFIT	Survivor	Survivor's	Overpayment
NUMBER	NAME		AGE	YEAR	DEATH	OSERS	Beneficiary	Benefit \$	Benefit \$
	Roy	Long		1984	Apr-19				
	Thelma	Pace		1992	Apr-19				
	Diane	Lux		1998	Apr-19				
	Leonard	Kulceski		1984	Apr-19				
	John	McLaughlin		2010	Apr-19				
	Sharon	Snook		2004	Apr-19				
	Nancy	McCormick		1993	Apr-19				
	Hazel	Gilliam		1997	Apr-19				
Terminated from Retiree Payroll – June 2019						\$14,213.29			
	Gwendolyn	Marshall		1992	Apr-19				
	Gail	Bader		1996	Apr-19				
	Albert	Cwirko		1990	Apr-19				
Continued Retirement to Beneficiary – June 2019						\$4,859.16		\$3,767.77	
Average Age at Death			86						
Average Years Retired			24						

Terminated Employees' Refunds

ID	First Name	Last	End Balanc	Death Date	Term Date	Accrued Service	Dist Type
	Ccelssii	Parker			4/15/2019	0.0	
	Jazmin	Wilkinson			3/20/2019	0.2	

	Barbara	Thompson			3/29/2019	0.3	
ID	First Name	Last	End Balanc	Death Date	Term Date	Accrued Service	Dist Type
	Lucas	Kershaw			2/25/2019	0.4	
	Larissa	Reyes Hernandez			7/31/2018	0.4	
	Diahann	Banks			4/05/2019	1.0	
	Sheri	Noar			9/19/2018	1.1	
	Ashely	Smith			3/14/2019	1.3	
	Andrea	Hart			3/27/2019	1.4	
	Timothy	Dotson			12/25/2018	1.7	
	Marianna	Hernandez			7/31/2018	2.0	
	Judy	Ruffin			3/29/2019	2.0	
	Trent	Thompson			7/31/2016	2.0	
	Timothy	Mayhue			4/09/2019	2.6	
	Tiana	Lund			4/11/2019	3.0	
	Ronald	Skwarek			4/02/2019	3.0	
	Amir	Flanigan			4/26/2019	4.8	
	Michaela	Schwery			2/22/2019	4.9	
	Angela	Arthurs			4/19/2019	5.0	
	Shanna	Sedlacek			7/31/2018	5.0	
	Shajuana	Marion			3/29/2019	5.6	
	Sean	Hill			4/09/2019	5.7	
	Constance	Earl			5/18/2003	6.0	
	William	Meinen			10/1/2010	6.3	
	Billy	Clemts Jr.			4/11/2019	7.0	
	Desiree	Collier			4/19/2019	7.3	
	Nicholas	Hein			7/31/2015	8.0	
	Angela	Ingram			5/11/2019	9.0	
	Michael	Krause			3/29/2019	9.0	
	Alicia	Krug			11/7/2014	9.0	

Jordon		Krug	11/7/2014		9.0		
ID	First Name	Last	End Balanc	Death Date	Term Date	Accrued Service	Dist Type
	Valarie	Simpson			5/04/2019	9.3	
	Dylan	Morgan			3/15/2019	9.4	
	Katie	Backhuus			7/31/2017	10.0	
	Jessica	Ehlers			7/31/2018	10.8	
	Mary	Gatluak			3/28/2019	11.3	
	Janet	Shoemaker Estate			3/13/2019	13.0	
	Primus	Jones			2/15/2019	15.4	
Count							38
Average			\$17,821.77		5.3		
Median			\$14,021.94		5.0		
Total Distribution			\$677,227.38				

Bold entry indicates a distribution to a beneficiary due to the death of the active member.

Accounts / Payables for June 2019

Consultant

Cavanaugh Macdonald (administration)	32,500.00	
Cavanaugh Macdonald (sustainability)	20,544.00	
Peetz & Company (3Q 2019)	12,000.00	
Election Service Company	2,857.43	\$67,901.43

• Legal Counsel

April 2019

McGrath North (Litigation)	128.00	
McGrath North (General)	13,634.23	
McGrath North (AGYOF)	160.00	
McGrath North (AAM-Special)	16,817.00	\$30,739.23

May 2019

McGrath North (Litigation)	832.00	
McGrath North (General)	4,224.00	
McGrath North (AGYOF)	0.00	
McGrath North (AAM-Special)	2,014.00	\$7,070.00

• **Miscellaneous**

NCTR - Trustee Workshop Registration (R. Rea)	2,550.00	
NCTR - Trustee Workshop Registration (D. Erikson)	2,550.00	
NCTR - Trustee Workshop Registration (M. Placzek)	2,550.00	
NCTR - Trustee Workshop Airfare Reimburse (D. Erikson)	436.02	\$8,086.02

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Mr. Erikson next acknowledged the 2019 Trustee Election and asked Ms. Carter to review the election results as certified by the Election Service Company retained by the OSERS Board to process the election and tally the votes. The results of the election showed Mr. Matthew Placzek the winner. A copy of the certified election results are attached to these minutes as Appendix B.

Mr. Erikson congratulated Mr. Placzek and welcomed him to the Board of Trustees. Other members of the Board expressed their congratulation to Mr. Placzek and welcomed him as well.

Mr. Placzek's term as a member of the Board of Trustees runs from July 1, 2019 through June 30, 2023.

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Ms. Carter reviewed with the Board of Trustees the proposed timeline for issuing an RFP for actuarial services. The timeline called for issuing the RFP in August 2019 with the assistance of OPS Purchasing. Ms. Carter stated she would provide a proposed Scope of Work for the Board to provide input and approve. The Scope of Work is to be reviewed at the August board meeting. Ms. Carter indicated she would also provide a listing of actuarial firms that would receive an invitation to bid on the RFP.

Mr. Herchenback made a motion to approve the actuarial services RFP timeline. Mr. Havlovic seconded the motion. The motion passed with the following roll call: Aye: Erikson – Havlovic – Herchenback – Rea – Ray – 5. Nay: - 0.

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Ms. Carter then reviewed with the Board of Trustees her intent to provide the Board with a review of policies in order to update and formalize old Board policies. She indicated she'd have an updated version for the August meeting.

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Ms. Carter next reviewed the April 30, 2019 financial statements and budget variance report with the Board of Trustees.

Ms. Carter then reviewed the last Better Together Coalition meeting with the Board of Trustees and provided a copy of the last minutes from May 6th and May 20th. The Better Together Coalition has scheduled a half-day meeting for June 17, 2019.

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Ms. Carter then gave the Executive Director's Report:

- Discussion on the joint letter to be issued by Dr. Logan, Superintendent of OPS and Ms. Carter, Executive Director of OSERS giving an update on the OSERS plan. The draft of the letter was shared with the Board of Trustees for comment.
- Discussion on AON Consulting practice of auditing fiduciary liability insurance. Ms. Carter will provide AON consulting with the information needed to conduct the audit.
- Discussion on the LB 31 (2019) study by NPERB. At this point, OSERS has not received any request for information from NPERS with questions.
- Discussion and reminder the audit services contract / engagement will expire with the 2019 audit. For consideration in December 2019 is whether to extend the contract for three more years or issue an RFP.
- Article from the May 30th WSJ on pensions was handed out
- Follow-up on non-negotiated checks from a retiree that are to be paid to the joint & survivor annuitant

The meeting adjourned at 1:54 p.m.

/s/

Cecelia M. Carter
Executive Director

Appendix A
(June 1, 2019 New Retirements)

New Retirements

EMPLOYEE			EMP	RET	RET	AVERAGE		CHOSEN BENEFIT		
NUMBER		NAME	TYPE	AGE	MONTH	YRS	SALARY	OPT	OMAHA	STATE
	Kori	Abdouch	T		6	28.0				
	Jeannine	Ascherl	T		6	20.0				
	Diane	Bang	T		6	10.0				
	Pamela	Barsness	T		6	23.0				
	Maryann	Bender	T		6	20.0				
	Terrance	Beranek	CMO		6	35.0				
	Julie	Bier	T		6	29.0				
	Patti	Bryant	Para		6	10.5				
	Cheri	Cairncross	OP		6	28.0				
	Beverly	Carol	T		6	42.0				
	India	Casey	OP		6	16.0				
	Jeanne	Cejka-Gregory	T		6	22.0				
	Nancy	Chalupa	T		6	27.0				
	Linda	Christensen	T		6	29.0				
	Lorie	Clapper	Nutri		6	23.0				
	Rodger	Clark	Secur		6	17.0				
	Sondra	Clayton	T		6	29.0				
	Margaret	Cotton	T		6	5.8				
	Cynthia	Culotta	Para		6	20.0				
	Alan	Dappen	T		6	32.0				
	Pamela	Decker	Para		6	21.0				
	Raymond	Dewaele, Jr	T		6	9.0				
	Barbara	Dewell	T		6	19.0				
	Penelope	Dinin	OP		6	25.0				
	Phillis	Dittmer	Para		6	18.0				
	Gerianne	Dunn	OP		6	13.8				
	Naser	Emerllahu	CMO		6	13.0				
	Keri	Emery	Secur		6	20.0				
	Jayne	Estell	T		6	35.0				
	Barbara	Everts	OP		6	28.5				
	Lori	Falcon	T		6	29.0				
	Sharon	Flinn	T		6	8.0				
	Carle	Forster	T		6	20.0				
	Julie	Froemming	T		6	17.0				
	Marv	Gallagher	T		6	24.0				

EMPLOYEE		EMP		RET	RET	AVERAGE		CHOSEN	
NUMBER	NAME	TYPE	AGE	MONTH	YRS	SALARY	OPT	OMAHA	STATE
	Cynthia	Gamerl		T	6	15.0			
	Ronald	Gasper		CMO	6	22.0			
	Amanda	Gilmore		T	6	30.0			
	Julia	Gilreath		T	6	27.0			
	Christine	Goetz		T	6	34.0			
	Cynthia	Goldsberry		Para	6	20.0			
	Roberta	Green		Para	6	10.6			
	Tomie	Green		T	6	26.0			
	Anne	Haas		T	6	16.8			
	Cathy	Hadley		T	6	22.0			
	Karthleen	Harris		Para	6	13.0			
	Deborah	Hickerson		Para	6	10.0			
	Thomas	Jackson		T	6	9.0			
	Ofelia	Jacinto		Para	6	12.9			
	Crystal	Jensen		Para	6	11.0			
	Lorraine	Johnson		T	6	23.0			
	William	Johnson		T	6	11.0			
	Susan	Johnson_Mertz		Para	6	11.0			
	Connie	Jones		T	6	20.5			
	Leanna	Jurgens		T	6	15.0			
	Libby	Kermoad		T	6	21.0			
	Emily	Klusaw		OP	6	16.0			
	Geneviene	Knauss		T	6	29.0			
	Debra	Kratz		Nutri	6	22.0			
	Margaret	Krause		OP	6	21.0			
	Christine	Kresnik		T	6	33.5			
	Joy	Kusler		T	6	10.0			
	Naoma	Lane		T	6	15.0			
	Joan	Lee		T	6	27.0			
	Lora	Leibrandt		T	6	18.0			
	Todd	LeMense		T	6	31.0			
	Tracey	Long		T	6	10.0			
	Lynn	Mack-Shipman		QDRO	6	18.0			
	Deborah	Madej		T	6	10.0			
	Linda	Maggett-Ross		Para	6	27.0			
	Mary	Manzitto		Nutri	6	31.0			
	Larry	Marrs		CMO	6	24.0			
	Esther	Marshall		Trans	6	16.0			
	Jodie	Martinez		T	6	32.0			
	Carol	McClellan		T	6	9.0			
	Donna	McGonigal		T	6	33.0			

EMPLOYEE		EMP		RET	RET	AVERAGE		CHOSEN	
NUMBER	NAME	TYPE	AGE	MONTH	YRS	SALARY	OPT	OMAHA	STATE
	Michael	Melvin		ROTC	6	18.0			
	James	Mertz		T	6	13.8			
	Sharon	Meyers		Para	6	11.0			
	Mary	Mixan		Nutri	6	22.5			
	Rhonda	Murrill		Trans	6	14.3			
	Janet	Nesmith		T	6	26.0			
	Martha	O'Connor		T	6	11.0			
	Norma	O'Connor		T	6	18.0			
	Angela	Page		T	6	25.0			
	Edward	Pandford		Para	6	12.0			
	Sharon	Parker		T	6	41.0			
	Mary	Pauba		T	6	16.0			
	Robert	Pedersen, Jr.		CMO	6	41.0			
	Michael	Pfeiffer		T	6	31.0			
	Michael	Quakenbush		Trans	6	5.3			
	Kenneth	Rieschl		T	6	24.0			
	Paulie	Ripton		T	6	14.0			
	Joseph	Robino		Trans	6	11.5			
	Robyn H.	Ropes		T	6	7.0			
	Kathleen	Rubeck		Para	6	18.5			
	Melinda	Schneider		T	6	11.0			
	Sherri	Schumann		T	6	24.0			
	Laura	Scully		T	6	27.0			
	Timothy	Shipman		T	6	31.0			
	Beverly	Smith		Para	6	18.0			
	Roy	Smith		CMO	6	19.0			
	Rebecca	Stauffer		OP	6	22.0			
	Kathleen	Stebbins		Para	6	10.0			
	Holly	Stout		T	6	20.0			
	Susan	Sykora		Para	6	10.0			
	Kathryn	Thiele		T	6	15.5			
	Drew	Thyden		T	6	25.5			
	Jean	Tiemann		Para	6	30.0			
	Charlene	Townsell-Wyatt		Para	6	14.8			
	Kamana	Tshibengabo		T	6	5.0			
	Irene	Urzendowski		T	6	22.0			
	Constance	Vail		OP	6	22.0			
	Juan	Veloso		T	6	19.5			
	Valerie	Wagner		T	6	27.0			
	Diane	Walter		T	6	20.0			
	Paul	Watson		T	6	16.5			

EMPLOYEE		EMP		RET	RET	AVERAGE	CHOSEN BENEFIT		
NUMBER	NAME	TYPE	AGE	MONTH	YRS	SALARY	OPT	OMAHA	STATE
	Barbara	Weishapl	T		6	20.0			
	Pamela	Williams	T		6	34.5			
	Elizabeth	Wilson	T		6	15.5			
	Melissa	Young	T		6	19.5			
	Kimberly	Zagurski	T		6	32.0			
	Katherine	Zuhlke	OP		6	22.0			
Count									123
Average			63		20.4	\$50,170.07		\$1,744.67	\$56.06
Median			64		20.0	\$54,578.09		\$1,499.38	\$52.50
Addition to Pension Payroll								\$220,873.33	

Explanation of OPTIONS:

“A” = 5 year certain; “B” = 10 year certain; “C” = 50% J&S; “D” = 75% J&S; “E” = 100% J&S; “F” = Pop-up

Explanation of RET TYPE:

“1” = normal retirement; “2” = early retirement; “3” = disability retirement

Appendix B
(2019 Trustee Election Results)


Omaha School Employees' Retirement System
2019 Board Election
Final Vote Summary - May 16, 2019

Active Classified Member Seat

Mr. Matt Placzek	431	76.96%
Mr. James Ripa	128	22.86%
Under Vote	0	0.00%
Over Vote	<u>1</u>	0.18%
	560	

Election Summary

Total Returns by Internet	143	25.54%
Total Returns by Mail	<u>417</u>	74.46%
Total Returns	560	100.00%
Total Ballots Distributed	2,839	
Percent Returned	19.73%	



Certified, Frank Fatone
President and CEO
Election Services Co.

The election results and any additional information in connection therewith provided by ESC hereunder or in any report delivered by ESC in connection therewith are provided solely for the benefit of the Board of Directors or equivalent governing body of your organization in connection with the services provided hereunder or any other services rendered in connection therewith and shall not otherwise be reproduced for any other purpose, made public or provided to the membership of your organization (other than to report such actual election results) or any other person or entity without the express prior written consent of ESC.