

The Board of Trustees of the Omaha School Employees' Retirement System held a Regular Meeting on Wednesday, October 3, 2018, at 9:00 a.m. at Teachers' Administrative Center, 3215 Cuming Street, Omaha, Nebraska.

Pursuant to Section 84-1411 of the Nebraska Statutes, notice of this meeting was given September 5, 2018.

- 5106 -

Vice President Rea announced, pursuant to Section 84-1411 of the Nebraska Statutes, the next regular meeting of the Board of Trustees is scheduled for Wednesday, November 7, 2018 at 4:00 p.m., at the Teachers Administrative Center, 3215 Cuming Street, Board conference room – 2<sup>nd</sup> 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.

The meeting was called to order at 9:00 a.m. Present at roll call: Havlovic – Jones - Purdy - Rea – Ripa - 5 present. Absent at roll call: Erikson (excused) and Logan. Staff Present: Cecelia M. Carter, Executive Director.

- 5107 -

Vice President Rea opened the meeting, Mr. Havlovic 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, Cecelia Carter, and James Ellis litigation matters and financial matters of retirees and the System. Mr. Purdy seconded and the motion was adopted by the following roll call: Aye: Havlovic – Jones – Purdy - Rea – Ripa - 5. Nay: 0.

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

Dr. Logan joined the meeting at 9:10 a.m.

The Board came back into session at 9:30 a.m. Present at roll call were: Havlovic – Jones - Logan – Purdy - Rea - Ripa – 6 present.

Mr. Ripa made the motion and Mr. Purdy seconded the motion that the board ratify the pension and staff payroll for October, the new retirements for October, the refunds for October, and the accounts/payables for October. The motion was approved with the following roll call: Aye: Havlovic – Jones - Logan – Purdy - Rea – Ripa – 6 Nay: 0

- Pension & Retirement Staff Payroll
  - Ratify October pension payments in the amount of \$10,174,646.67 paid to 4,822 payees.
  - Ratify October staff payroll in the amount of \$25,257.00
- New Retirements
  - Approve October New Retirement Annuitants (first check November 3, 2018) [7 count]

EE NUMBER	NAME		EMP TYPE	AGE	RET MONTH	RET YRS	AVERAGE SALARY	OPT	CHOSEN BENEFIT	
	First	Last							OMAHA	STATE
	William	Cosgrove	Para		10	7.7				
	Cynthia	Guerin	T		10	5.0				
	Scot	Kolb	T		10	30.0				
	Teresa	Meyers	T		10	14.0				
	Nghi	Nguyen	CMO		10	23.1				
	Lorelei	Perkins	Other		10	8.0				
	Nhung	Troung	CMO		10	23.1				
Average				63		15.7	\$41,215.75		\$1,103.15	\$43.48
Median				65		14	\$42,121.28		\$572.99	\$28.46
Payroll Addition									\$7,982.88	
Number of New Retirements									7	

- **Terminations Due to Death of Annuitant**
  - Approve Terminations of Annuitants' Payments Due to Death (last check was September 3, 2018)

EMPLOYEE NUMBER	NAME	AGE	RET YEAR	DATE OF DEATH	BENEFIT OSERS	Survivor Beneficiary	Survivor's Benefit \$	Overpayment Benefit \$
	Wilma	Milligan	1980	August				
	Patricia	Burford	1995	August				
	Mary	Manhart	2006	August				
	Roseann	Rohwer	2000	August				
	Donald	Humphrey	1999	August				
	Emil	Radik	1996	August				
	Cora	Whitten	1985	August				
	Norma	Hargrave	1996	August				
	Walter	Rockabrand	2005	August				
	Ruth	Corcoran	1991	August				
	Juanita	Worrall	2010	August				
	Mary	Ely	2008	August				
<b>Terminated from Retiree Payroll – October 2018</b>					<b>\$24,445.67</b>			
	Diane	Massman	2011	August			*	
<b>Continued Retirement to Beneficiary – October 2018</b>								

\*Surviving Beneficiaries opted to receive a lump sum distribution of remaining payments.

- **Terminated Employees' Refunds**  
**Approve October Refunds** [119 count]

See Appendix A for a complete listing of former employees receiving a refund in October 2018.

COUNT			119
AVERAGE		\$13,502.35	3.57
MEDIAN		\$8,513.82	2.90
GROSS DISTRIBUTION		77% UNDER 5 years of service 23% ABOVE 5 years of service	\$1,606,779.70

**Accounts / Payables for October 2018 = \$30,497.44**

• Legal Counsel –		
• McGrath North (Sept, AGYOF)	\$	713.00
• McGrath North (Sept, general)	\$	<u>12,984.84</u>
		<b>\$13,697.84</b>
• Actuary –		
• Cavanaugh Macdonald	\$	<u>4,456.00</u>
		<b>\$4,456.00</b>
• Miscellaneous –		
• Educational Meeting (Roger Rea-airfare)	\$	343.60
• Peetz & Company (4Q 2018)	\$	<u>12,000.00</u>
		<b>\$12,343.60</b>

Ms. Carter gave the Board a brief review of the criteria for payout of the medical COLA pursuant to section 79-9, 103 of the Nebraska Revised Statutes. The medical COLA is adjusted on the October 3<sup>rd</sup> pension check. It is only available to a retiree who has been retired for ten or more years. The COLA is capped at \$250 per month, and the COLA is only payable while the member retiree is alive. Upon the death of the member retiree the medical COLA is not payable to a surviving beneficiary.

- 5108 -

Mr. Ripa made a motion the Board approve the minutes for the September 5, 2018 Board of Trustees meeting. Mr. Havlovic seconded the motion. The motion to approve the minutes of the September 5, 2018 trustee meeting passed with the following roll call: Aye: Havlovic – Jones - Logan – Purdy – Rea – Ripa – 6 Nay: 0

- 5109 -

Ms. Carter gave the Board of Trustees a review of the dates for the sustainability study workshops. The first will be held on Wednesday, October 31, 2018 at 9:00 a.m. at the Teachers Retirement Center, room 5-151.

The remaining meetings will be held at 3:30 p.m. on the following dates:

Wednesday, November 28<sup>th</sup>, Wednesday, December 19<sup>th</sup>, Wednesday, January 23<sup>rd</sup>, Wednesday, February 27<sup>th</sup>, and Wednesday, March 27<sup>th</sup>.

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Ms. Carter gave the Board an overview of the OSERS portfolio of asset's performance for the second quarter 2018. The OSERS portfolio ended the 2<sup>nd</sup> quarter 2018 with a value of \$1.235 billion. OSERS portion of the Nebraska Investment Council (NIC) overall responsibility represents 4.60% of the \$26.856 billion being managed by the NIC. The performance milestones are as reported below:

OSERS		As of June 30, 2018								
Asset Allocation & Performance										
	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	Year To Date	FYTD	1 Year	3 Years	5 Years	10 Years	
OSERS	1,235,042,264	100.0	1.1 (36)	0.9 (54)	5.4 (63)	7.3 (76)	3.5 (94)	4.8 (94)	5.0 (92)	
Policy Index			1.2 (34)	1.4 (28)	6.2 (38)	8.0 (58)	5.9 (84)	7.1 (75)	6.1 (61)	

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The Board then engaged in discussion on the status of the recommendation for the community business trustee position pursuant to Nebraska Revised Statute section 79-980. The deadline for applications from persons of interest was set at October 5, 2018; however, the Board engaged in discussion on the value of extending the deadline one more week.

Mr. Ripa made a motion to extend the deadline for applications from persons of interest for one additional week. The motion was seconded by Dr. Logan. The motion to extend the deadline one additional week was approved with the following roll call: Aye: Havlovic – Jones - Logan – Purdy – Rea – Ripa – 6 Nay: 0

- 5112 -

Ms. Carter then gave the Executive Director's Report for October –

- a review of the upcoming National Council Teachers Retirement meeting in Washington, DC
- status update on the OSERS 2018 audit of financial statement by Seim Johnson
- the selection of Mr. Donald Deseck as the new OSERS retirement technician – start date is Monday, October 15, 2018
- review of the proposed 2019 Unicameral legislative calendar – a copy was provided for each trustee

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Mr. Rea provided the Board with an overview of the Pension Funding Forum where he moderated a panel. He noted that during the discussion he learned one of the panelist was with the Center for Retirement Research at Boston College. Their conversation raised questions on the data being reported by the CRR@BC regarding the Omaha School Employees' Retirement System. This lead to CRR@BC requesting historical performance reports of OSERS portfolio dating back to 2001.

This also caused the CRR@BC to reach out to recent inquirers advising them to no longer use the data downloadable from the Center's web page and to await further updating of OSERS data. Mr. Rea submitted an email by Jean-Pierre Aubry of CRR@BC to Mr. Henry Cordes of the Omaha World Herald to cease relying upon current available data until the Center is able to update their data on OSERS. A copy of the email (dated September 27, 2018 from JP Aubry to H. Cordes) is incorporated into these minutes.

The meeting adjourned at 10:14 a.m.

/s/

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Cecelia M. Carter  
Executive Director

## Appendix A

### Listing of October 2018 Refunds

ID	First Name	Last	Gross Distribution	Term Date	Dist Type	Accrued Service
	Kayla	Cordon		7/31/2018	Direct	0.50
	Hsu	Maung		7/31/2018	Direct	0.60
	Roberta	Rawley		7/31/2018	Direct	0.70
	Shelbi	Roeder		7/31/2018	Direct	0.70
	Mark	Harrison		9/8/2017	Direct	0.80
	Carolyn	DesCoteaux		5/18/2018	Rollover	0.80
	Cecily	Savala		7/31/2018	Direct	0.90
	Shirley	Okereke		7/31/2010	Rollover	1.00
	Alexandria	Uerling		7/31/2015	Direct	1.00
	Laura	Engdahl		7/31/2017	Rollover	1.00
	Gabriela	Aragon		8/15/2017	Direct	1.00
	Jann	Dappen		7/31/2018	Direct	1.00
	David	Daughton		7/31/2018	Direct	1.00
	Melissa	Kandido		7/31/2018	Direct	1.00
	Karen	Hernandez		7/31/2018	Direct	1.00
	Julie	Gieselman		7/31/2018	Direct	1.00
	Taylor	Johnson		7/31/2018	Rollover	1.00
	Joseph	Kutlas		7/31/2018	Direct	1.00
	Caitlyn	Swearingen		7/31/2018	Rollover	1.00
	Angela	Davies		7/31/2018	Rollover	1.00
	Michael	Grove		7/31/2018	Direct	1.00
	Steven	Evans		7/31/2018	Rollover	1.00
	Matthew	Jones		7/31/2018	Rollover	1.00
	Samantha	Sewing		7/31/2018	Direct	1.00
	Richard	Cusick		7/31/2018	Direct	1.00
	Joshua	Curran		7/31/2018	Direct	1.00
	Laura	Slosson		7/31/2018	Direct	1.00
	Nyechan	Monyjiak		7/31/2018	Direct	1.00
	David	Hansen		7/31/2018	Direct	1.00
	Kimberly	King		7/31/2018	Direct	1.00
	Kammie	Wallace		8/17/2018	Direct	1.00
	Regina	Bailey Dorsey		8/17/2018	Direct	1.00
	Ariele	Hannah		7/31/2018	Direct	1.10

ID	First Name	Last	Gross Distribution	Term Date	Dist Type	Accrued Service
	Stephanie	Campbell		7/31/2018	Direct	1.30
	Kelly	Bruce		7/31/2018	Direct	1.60
	William	Kuhn		7/31/2018	Direct	1.80
	Coralito	Chavez		7/31/2018	Direct	1.90
	Noelle	Aden		7/31/2014	Direct	2.00
	Chad	Stewart		7/2/2018	Direct	2.00
	Barbara	Williams		7/2/2018	Rollover	2.00
	Anthony	D'Esposito		7/12/2018	Direct	2.00
	Karie	Nwadike		7/31/2018	Direct	2.00
	Marcus	Brown		7/31/2018	Direct	2.00
	Tamika	Shannon		7/31/2018	Direct	2.00
	Sheila	Dollison		7/31/2018	Rollover	2.00
	Elizabeth	Bennett		7/31/2018	Direct	2.00
	Kylee	Rall		7/31/2018	Direct	2.00
	Kevin	Scott		7/31/2018	Rollover	2.00
	Annette	Carmer		7/31/2018	Direct	2.00
	Kirby	Younger		7/31/2018	Direct	2.00
	Kymerly	Caddell		7/31/2018	Direct	2.00
	Yadira	Diaz		7/31/2018	Direct	2.00
	Molly	Fisher		8/17/2018	Rollover	2.00
	LaMea	Nared		8/19/2018	Direct	2.00
	John	Jackson		8/22/2018	Direct	2.00
	Kimberly	Myers		7/31/2018	Direct	2.10
	Amber	Koch		7/31/2018	Rollover	2.60
	Evelyn	Arenas Rubiales		7/31/2018	Direct	2.80
	Andrew	Cerio		1/19/2018	Rollover	2.90
	Barbara	Pounder		7/31/2018	Direct	2.90
	Devona	Murrel		7/31/2018	Direct	2.90
	Ivette	Reick		7/2/2018	Rollover	3.00
	Susan	Chadwell		7/20/2018	Rollover	3.00
	Kristine	Farley		7/31/2018	Direct	3.00
	Jaimey	Thorson		7/31/2018	Direct	3.00
	Yano	Jones		7/31/2018	Direct	3.00
	Danielle	Hoechner		7/31/2018	Rollover	3.00
	Thomas	Vonderfecht		7/31/2018	Rollover	3.00
	Sarah	Phillips		7/31/2018	Direct	3.00

ID	First Name	Last	Gross Distribution	Term Date	Dist Type	Accrued Service
	Sarah	Geha		7/31/2018	Direct	3.00
	Ashley	Thimm		7/31/2018	Rollover	3.00
	Courtney	Haas		7/31/2018	Direct	3.00
	Thien	Chu		7/31/2018	Rollover	3.00
	Nicole	McKernan		7/31/2018	Rollover	3.00
	Regina	Dinges		8/17/2018	Direct	3.00
	Debra	Jones		8/24/2018	Direct	3.00
	Karen	Zimmerman		7/31/2018	Direct	3.10
	Shannon	Murray		7/31/2018	Direct	3.40
	Todd	Hollingsworth		8/8/2018	Direct	3.40
	Benjamin	Molczyk		6/22/2018	Direct	4.00
	Leanne	Raughton		7/31/2018	Rollover	4.00
	Richard	Christy		7/31/2018	Direct	4.00
	Jamie	Hesser		7/31/2018	Direct	4.00
	Sandy	Smith		7/31/2018	Direct	4.00
	Elisabeth	Kleiner		7/31/2018	Rollover	4.30
	DuWayne	Smiley		8/27/2018	Direct	4.40
	Shannon	Willis		7/31/2018	Direct	4.50
	Marina	Shaw		7/31/2018	Rollover	4.50
	David	Curtis		7/31/2018	Direct	4.60
	Breyonna	White		7/31/2018	Direct	4.60
	Kerri	Wingert		7/31/2018	Rollover	4.70
	Trisha	Finn		7/31/2018	Direct	4.90
	Jennifer	Parker		7/31/2018	Direct	5.00
	Tina	Burkholder		7/31/2018	Direct	5.00
	Michelle	Roman		8/17/2018	Direct	5.00
	Jenene	Harvey		8/24/2018	Direct	5.00
	Alice	Kusek		10/31/2008	Direct	5.40
	Deanna	Orduna		7/31/2018	Direct	5.80
	Sara	Westerlin		7/31/2018	Direct	6.00
	Jillian	Parlor		7/31/2018	Rollover	6.00
	KayLisha	Newsome		7/31/2018	Direct	6.00
	Michael	Burns		7/31/2018	Direct	6.00
	Christine	Jurgens		7/31/2018	Rollover	7.00
	Dana	Olsen		7/31/2018	Rollover	7.00
	Jaime	Jones-Trummer		7/31/2018	Direct	7.00

ID	First Name	Last	Gross Distribution	Term Date	Dist Type	Accrued Service
	Charles	Nelson		6/15/2018	Direct	7.90
	Patricia	Herdman		7/31/2018	Direct	7.90
	Jennifer	Hewitt		7/31/2018	Direct	8.00
	Curtis	Isaacson		7/31/2011	Rollover	9.00
	Anne	Coffman		7/31/2018	Rollover	9.00
	Janelle	Jurgens		3/8/2018	Rollover	3.50
	Kevin	D'Agosta		7/2/2018	Direct	9.80
	Walter	Adams		7/31/2018	Direct	10.00
	Elizabeth	Rudden		7/31/2015	Rollover	10.50
	Kimberly	Pullum		7/31/2018	Direct	11.00
	Lise	Wagner		7/31/2017	Rollover	12.00
	Paul	Wilson		7/31/2018	Direct	13.00
	Angela	Aschenbrener		7/2/2018	Rollover	17.00
	Kathy	Shukis		7/31/2018	Direct	19.00
COUNT						119
AVERAGE		77% UNDER 5 years of service			13,502.35	3.57
MEDIAN		23% ABOVE 5 years of service			8,513.82	2.90
GROSS DISTRIBUTION					\$1,606,779.70	

PENDING

**From:** Jean-Pierre Aubry <jeanpierre.aubry@bc.edu>  
**Sent:** Thursday, September 27, 2018 11:51 AM  
**To:** Cordes, Henry  
**Cc:** Roger Rea  
**Subject:** Re: Hey JP...

Hi Henry.

We are updating our investment data on Omaha Schools with better data that the system was able to provide us. The new data will be available after our update of the PPD on September 30th. Please do not use the current data for any analysis.

For most plans in the PPD database, we take the investment-related data from directly from the investments section of their CAFR which is produced by their investments team (consultants, etc). But, for some of the smaller locally-run plans that do not produce full CAFRs with an investment section (i.e. Omaha Schools), we rely on their financial statements. While these financial statements generally represent asset allocation of the plan well, in some cases they can distort things. Omaha Schools is one of those cases. We have compared the data in the financial statements with the investment reports provided by Omaha Schools and we think the investment reports are more accurate. We are working now to update the Omaha schools data to reflect the more accurate info.

Also, you may already be doing this already, but to compare performance across plans, I would use the annualized return (geometric return) over a period of 10 or more years. To assess the risk/reward over that period, you can compare the observed sharp ratios across plans (the annualized return over the 15-yr period divided by the standard deviation of the annual returns). We used the annualized return over a long period to measure performance in a recent [brief\[na01.safelinks.protection.outlook.com\]](#) (and we have a footnote that compares the sharpe ratios as well).

Finally, be careful about drawing too many conclusions from the dramatic drop in the funded ratio after 2015. The reason for the dramatic drop in 2016 and 2017 is because the plan lowered its discount rate. If they kept their discount rate the same as it was in 2015, the difference in the funded ratios of the Nebraska Teachers and Omaha Schools would have stayed roughly the same.

-JP

On Wed, Mar 7, 2018, 4:59 PM Jean-Pierre Aubry <[jeanpierre.aubry@bc.edu](mailto:jeanpierre.aubry@bc.edu)> wrote:

Got it. Thanks.

Jean-Pierre Aubry  
Director of State and Local Research  
Center for Retirement Research at Boston College // [crr.bc.edu\[na01.safelinks.protection.outlook.com\]](http://crr.bc.edu[na01.safelinks.protection.outlook.com])

fax: 617-552-0191 // [email:aubryj@bc.edu](mailto:aubryj@bc.edu)

We are now on Twitter! [http://twitter.com/retirementrsrch\[na01.safelinks.protection.outlook.com\]](http://twitter.com/retirementrsrch[na01.safelinks.protection.outlook.com])

On Wed, Mar 7, 2018 at 4:55 PM, Cordes, Henry <[CORDES@owh.com](mailto:CORDES@owh.com)> wrote:

I'm the reporter in Omaha you are scheduled to talk to at 4 your time tomorrow. Attached is a spread sheet with some of the numbers I have pulled on OSERS, the Omaha school retirement pension fund.

Look forward to talking to you.

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[www.omaha.com\[na01.safelinks.protection.outlook.com\]](http://www.omaha.com[na01.safelinks.protection.outlook.com])

**Henry Cordes**

Metro News Reporter

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