

The Board of Trustees of the Omaha School Employees' Retirement System held a Regular Meeting on Wednesday, January 9, 2019, 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 December 5, 2018.

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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, February 6, 2019 at 4:00 p.m., at the Teachers Administrative Center, 3215 Cuming Street, Board conference room – 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.

The meeting was called to order at 9:00 a.m. Present at roll call: Erikson - Herchenbach – Purdy - Rea – Ripa - 5 present. Absent at roll call: Havlovic – Logan - 2

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

Others Present: Robert J. Bothe, Esq., McGrath North, Michael Walden-Newman, Nebraska State Investment Officer, Max Kotary, AON Consulting.

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Mr. Erikson opened the meeting welcoming Mr. Scott Herchenbach to the Board of Trustees and to his first Board meeting.

Dr. Logan arrived at 9:03 a.m.

Mr. Erikson next introduced Mr. Michael Walden-Newman, the Nebraska State Investment Officer and Mr. Max Kotary, VP, AON Consulting. Mr. Walden-

Newman and Mr. Kotary presented the 3rd quarter investment performance report for the OSERS portfolio to the Board. Mr. Walden-Newman indicated to the board, there have been no structural changes to the OSERS portfolio since the last report.

Mr. Havlovic arrived at 9:41 a.m. during the investment performance report presentation.

OSERS

As of September 30, 2018

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	Year To Date	FYTD	1 Year	3 Years	5 Years	10 Years
OSERS	1,276,156,645	100.0	2.4 (56)	3.2 (61)	0.1 (40)	7.1 (54)	6.6 (92)	4.5 (95)	6.2 (94)
Policy Index			2.9 (29)	4.3 (25)	0.6 (13)	7.8 (35)	9.0 (66)	6.9 (68)	7.4 (64)

A complete copy of the 3rd quarter investment performance report can be found online until the 4th quarter report is posted at the following address:
<https://nic.nebraska.gov/sites/nic.nebraska.gov/files/doc/NIC%20Q3%20QTR.PDF>

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Mr. Erikson then introduced Mr. Jack Peetz of Peetz & Company. Mr. Peetz gave the Board of Trustees an overview of the upcoming 2019 legislative session of the Nebraska Unicameral. Wednesday, January 9, 2019 was the first day of the 90-day session. The last day to submit legislative bills for the session is Wednesday, January 23, 2019. The last day of the legislative regular session is scheduled to be Thursday, June 6, 2019.

Mr. Peetz reviewed several proposed bills which impact the Omaha School Employees' Retirement System. The bills are as follows:

- REQ 128 – Changing various provisions relating to retirement and the Nebraska Investment Council and the Public Employees Retirement Board
- REQ 503 - Provide for a work plan relating to a transfer of management of the retirement system operated under the Class V School Employees Retirement Act to the Nebraska Public Employees Retirement Systems and to require a report and provide duties.

Mr. Peetz also gave comment on the State's revenue and appropriations for the coming year that may have impact on OSERS.

Mr. Purdy left the meeting at 10:25 a.m.

The Board took a break following Mr. Peetz's presentation at 10:48 a.m.

The Board came back into session at 10:54 a.m.

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The Board then received a report from Ms. Carter on the Stakeholders Coalition which consist of representatives of OPS, SEIU, OEA, OEA-Retired, OASA, OSERS, and NSEA.

The Board engaged in discussion on its thoughts of what should be expected from the stakeholders' coalition.

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Ms. Carter reminded the Board they did not hold a sustainability study meeting in the month of December 2018 to permit additional time for the actuary to conduct actuarial analysis on various policy and procedural changes to the administration of the OSERS plan.

Ms. Carter outlined some of the analysis work being prepared for the January sustainability study workshop, which included raising the employer statutory rate to 105% of employee contributions, a review of COLA options, and a fixed additional required contribution dollar from the employer.

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Mr. Rea moved 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. Ripa seconded and the motion was adopted by the following roll call: Aye: Erikson - Havlovic – Herchenbach – Logan - Rea – Ripa - 6. Nay: 0.

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

Dr. Logan left the meeting as the Board came back into session.

The Board came back into session at 11:37 a.m. Present at roll call were: Erikson - Havlovic – Herchenbach - Rea - Ripa –5 present.

Mr. Ripa moved the Board ratify January pension payments; ratify January staff payroll; approve new retirements effective January 1, 2019; ratify the termination of retirements due to the death of the retiree and the joint survivor continuation; approve January refunds to former employees; approve OSERS accounts payables for January. The motion was seconded by Mr. Herchenbach. The motion was adopted by the following roll call: Aye: Erikson – Havlovic – Herchenbach – Rea – Ripa – 5. Nay: 0.

- Gross Annuitant Pension & Retirement Staff Payroll
 - January Pension Payments (paid 01.03.2019) = \$10,300,595.62 to 4,816 payees
 - January staff payroll (paid 11.05.2019) = \$28,113.14
- New Retirements
 - January New Retirement Annuitants (first check February 3, 2019) [12 count]

EE NUMBER	NAME		EMP TYPE	AGE	RET MONTH	YRS of SERVICE	AVERAGE SALARY	OPT	CHOSEN BENEFIT	
	First	Last							OMAHA	STATE
	Scott	Bessman	T		1	11.0				
	Ronald	Bush	CMO		1	38.2				
	Martin	Elias	Para		1	7.5				
	Judy	Long	Trans		1	18.5				
	Regina	Lupo	Other		1	21.1				
	Larry	Morris	Secur		1	28.1				
	Sara	O'Neil	T		1	10.3				
	William	Palmer	Trans		1	14.0				

	Paul	Sorensen	T		1	35.2				
EE NUMBER	NAME		EMP TYPE	AGE	RET MONTH	YRS of SERVICE	AVERAGE SALARY	OPT	CHOSEN BENEFIT	
	First	Last							OMAHA	STATE
	Sandra	Taylor	Trans		1	15.5				
	Cynthia	Wiggins	OP		1	17.6				
	Mary	Wise	Other		1	12.0				
Average				65			\$46,688		\$1,602	\$61
Median				64			\$48,481		\$966	\$50
Payroll Addition										
Number of New Retirements									12	

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

Terminated Employees’ Refunds

January Refunds [37 count]

ID	First Name	Last	Gross Balance	Term Date	Accrued Service	Dist Type
	Regan	Geiken		10/16/2018	0.3	Rollover
	Bethany	Asboe		2/1/2015	0.8	Direct
	Emily	Bartels		7/31/2018	1.0	Rollover
	Mary	Celer		7/31/2018	1.0	Direct
	Candra	Taylor		9/14/2018	1.0	Direct
	Holly	Mayne		10/26/2018	1.2	Direct
	Jasmine	Campbell		10/14/2018	1.3	Direct
	Gabriella	Hebert		10/31/2018	1.3	Direct
	Michelle	Biggs		11/9/2018	1.4	Direct
	Eve	Hermanson		7/31/2018	2.0	Rollover
	Beatriz	Hernandez		7/31/2018	2.0	Direct
	Kimberly	Thorman		7/31/2018	2.0	Rollover
	Denzel	Smith		9/25/2018	2.2	Direct
	Wilhelmina	Avant		8/13/2017	2.8	Direct
	Meaghan	Bertog		7/31/2018	3.0	Rollover
	Meaghan	Bertog		7/31/2018	3.0	Direct

ID	First Name	Last	Gross Balance	Term Date	Accrued Service	Dist Type
	Susan	Riggs		11/13/2018	3.0	Direct
	Katelyn	Venteicher		9/28/2018	3.0	Rollover
	Nazaret	Llanas Pereyra		11/5/2018	3.2	Direct
	Larrene	Garrett-Myles		10/5/2018	3.7	Rollover
	Justin	Stanfield		10/26/2018	3.9	Direct
	Leanna	Doig-Gray		7/31/2018	4.0	Rollover
	Meghan	Powers		7/31/2018	4.0	Direct
	John	Reed		9/7/2018	4.0	Direct
	DaShawn	Haynes		10/5/2018	4.3	Direct
	Stephanie	Wardyn		7/31/2017	4.7	Rollover
	Rachel	Bringewatt		7/31/2018	5.0	Direct
	Harriett	Graham		7/31/2018	5.0	Direct
	Brittany	Strong		10/26/2018	5.4	Rollover
	Eric	Wicherski		7/31/2018	5.5	Rollover
	Estate of Larry	Morris, Jr.		11/3/2018	5.6	Death
	Rebecca	Tanner		7/31/2015	6.9	Direct
	Ramsey	Scott		10/5/2018	10.0	Rollover
	Unikka	Shanklin		11/16/2018	10.4	Direct
	Melvin	Bell		11/16/2018	11.3	Rollover
	Rebecca	Robeson		12/30/2015	QDRO	Direct
	Jeffrey	Posekany			QDRO	Direct
Count						37
Average			\$13,242.18	3.7 years		
Median			\$10,048.79	3.0 years		
Gross Distribution			\$489,960.62			

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

- **Deaths**

- Approve Terminations of Annuitants' Payments Due to Death (last check was December 3, 2019) [7 count]

EMPLOYEE NUMBER	NAME	AGE	RET YEAR	DATE OF DEATH	BENEFIT OSERS	Survivor Beneficiary	Survivor's Benefit \$	Overpayment Benefit \$
	Owen	Knutzen	1982	Nov-18				
	Deloris	Christie	1985	Nov-18				
	Alice	Erfmtier	1990	Nov-18				
	Paul	Eisenhauer	1997	Nov-18				

	Carolyn	Placzek		1999	Nov-18				
EMPLOYEE				RET	DATE OF	BENEFIT	Survivor	Survivor's	Overpay
NUMBER	NAME		AGE	YEAR	DEATH	OSERS	Beneficiary	Benefit \$	Benefit \$
	Barbara	Webb		2002	Nov-18				
	Charles	Lachappell		1998	Nov-18				
Terminated from Retiree Payroll – January 2019						\$14,524.35			
Continued Retirement to Beneficiary – January 2019									

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

Accounts / Payables for January 2019 = \$29,606.80

- Consultant
 - Cavanaugh Macdonald \$ 16,338.00
- \$16,338.00**
- Annual Dues –
 - National Institute Retirement Security \$ 1,200.00
 - National Council Teachers Retirement \$ 2,000.00
- \$4,200.00**
- Legal Counsel
 - McGrath North (General) \$ 5,307.80
 - McGrath North (AGYOF) \$ 3,761.00
- \$9,068.80**

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Mr. Erikson entertained a motion to approve the minutes for the November 7, 2018 regular meeting of the board of trustees, the November 28, 2018 sustainability study workshop meeting, and the December 5, 2018 regular meeting of the board of trustees. Mr. Rea moved the minutes for the November 7, 2018 regular meeting for the Trustees, the November 28, 2018 sustainability study workshop, and the December 5, 2018 regular meeting of the trustees be approved. Mr. Ripa seconded the motion. There was discussion engaged by Ms. Carter clarifying an error in the minutes concerning attendance at the November 7, 2018 meeting. Mr. Bothe, Esq. was not in attendance, it was Peter Langdon, Esq. who attended the meeting. The

Board approved the minutes with the described amendment with the following vote. Aye: Erikson – Havlovic – Rea – Ripa – 4. Abstain: Herchenbach.

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Ms. Carter presented the financial statements and budget variance report for the month ending October 31, 2018.

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Ms. Carter presented the 2019 Trustee Election Calendar to the Board for the Classified Board of Trustee seat for the four-year term of July 1, 2019 through June 30, 2023. She explained the process was moved up by one month in order to ensure the election is completed before the end of the regular school year. Ms. Carter also presented the proposal from the Election Service Company to conduct an election for approximately 3,000 eligible voters. The cost was estimated to be roughly \$7,800.

Ms. Carter reminded the Board, if only one person is nominated for the trustee seat, the Board reserves the right not to expend the cost of an election and deem the nominated person the elected trustee for the four-year term.

Mr. Havlovic moved approval of the 2019 Election Calendar as presented and to authorize the engagement of the Election Service Co for election services as submitted in the proposal, should there be more than one nominee for the classified seat for the term of July 1, 2019 – June 30, 2023. The motion was seconded by Mr. Herchenbach. The motion was adopted with the following roll call, Aye: Erikson – Havlovic – Herchenbach – Rea – Ripa – 5. Nay: 0.

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Ms. Carter then gave the Executive Director's report and touched on the following items:

OSERS staff (who are OPS employees) have all participated in the mandatory training on adult sexual misconduct and passed the prescribed exam.

Ms. Carter referenced two handouts to the Board. One a production of the National Institute on Retirement Security titled: “Pensionomics 2018” for the state of Nebraska. The other an OSERS internal produced document titled: “Omaha School Employees’ Retirement System – 2018 Fiscal Year Fact Sheet.” Both documents are incorporated by reference.

The 2019 cost of living adjustment per NE Rev Stat 79-9,103 is limited to CPI up to 1.5% (for members before July 1, 2013), CPI up to 1.0% (for member on or after July 1, 2013). The cost of the 2019 COLA was an additional \$138,904.78 to monthly payroll.

Ms. Carter reminded the Board, the Board group photo will be taken at the February Board of Trustee meeting on February 6th.

Ms. Carter informed the Board that given there were several members of OSERS with 50 or more years of creditable service eligible to retire within the coming years, she has asked the Board’s legal counsel to address a memorandum to staff outlining legal considerations for such members at retirement. It is known there are no limitations on the retirement calculation per the Nebraska statutes. Therefore, a member with 50 or more years of creditable service is eligible for a retirement benefit equal to 100% (or more) of their final average salary. However, there are Internal Revenue Code provisions to consider.

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Mr. Erikson looked to the Board for any Trustee reports. Mr. Rea reported he requested from OSERS staff a listing of gross pension payments separated out by Nebraska counties. Ms. Carter explained this information is regularly provided to the Nebraska Public Employees’ Retirement System to incorporate this data into the NPERS Annual Report.

Mr. Erikson called for any new business.

There being no further business to come before the Board, the meeting adjourned at 12:10 p.m.

/s/

Cecelia M. Carter
Executive Director