

The Board of Trustees of the Omaha School Employees' Retirement System held a Regular Meeting on Thursday, January 9, 2020, at 4:00 p.m. at 3215 Cuming Street, Omaha, Nebraska.

Pursuant to Section 84-1411 of the Nebraska Statutes, notice of this meeting was given on December 5, 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 Thursday, February 6, 2020 at 4:00 p.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 4:00 p.m.

Present at roll call: Erikson – Havlovic – Herchenbach – Logan - Placzek - Purdy – Rea – 7 present.

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

Others Present: Robert J. Bothe, Esq., and Peter Langdon, Esq. McGrath North.

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Mr. Erikson called for approval of the minutes. Dr. Logan moved the board of trustees approve the minutes to the December 5, 2019 board of trustees meeting. Mr. Placzek seconded the motion. The motion passed by the following roll call: Aye: Erikson – Havlovic – Herchenbach – Logan - Placzek - Purdy – Rea - 7. Nay: – 0.

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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. Havlovic seconded the motion and the motion was adopted by the following roll call: Aye: Erikson – Havlovic – Herchenbach – Logan - Placzek - Purdy – Rea - 7. Nay: – 0.

The Board entered into closed session at 4:03 p.m.

Dr. Logan left the meeting during closed session at 4:29 p.m. and Mr. Ray entered the meeting as her designee.

The Board resumed open session at 4:47 p.m. Present at roll call were: Erikson – Havlovic – Herchenbach – Placzek - Purdy – Rea – Ray - 7.

Mr. Havlovic made a motion to ratify January pension payments in the amount of \$10,805,054.41 paid to 4,972 payees; ratify January staff payroll in the amount of \$33,357.90; approve 13 new retirees effective January 1, 2020 – first pension check paid February 3, 2020; approve termination of nine retirements and the continuation of two joint & survivor annuity retirements due to the death of the retiree; approve January 2020 refunds to 45 former OSERS members in the sum of \$621,816.48; approve accounts payables for the month of January in the amount of \$29,319.96 Mr. Purdy seconded the motion. The motion was adopted by the following roll call: Aye: Erikson – Havlovic – Herchenbach - Placzek - Purdy – Rea – Ray - 7. Nay: – 0.

- **New Retirement Annuitants**
(first check February 3, 2020) [13 count]

EMPLOYEE NUMBER	NAME		EMP TYPE	AGE	RET MONTH	YRS SERVICE	AVERAGE SALARY	OPT	CHOSEN BENEFIT OMAHA	STATE
	Debra	Beckmann	Para		1.0	12.8				
	Patricia	El Tuhami	Para		1.0	14.9				
	Joyce	Gregory	Para		1.0	18.4				
	Gregory	Gruber	CMO		1.0	39.6				
	Veronica	Hunt	Para		1.0	11.3				
	Rachelle	James	Nutri		1.0	14.0				
	Janet	King	Para		1.0	23.5				
	Barbara	Moore	OP		1.0	11.6				
	John	Rodenbarger	Other		1.0	35.1				
	Layle	Spompinato	Para		1.0	12.4				
	Theresa	Tolle	T		1.0	16.0				
	Louis	Wolfson	Para		1.0	14.3				
	Keely	Yates	Nutri		1.0	23.4				
Count										13
Average				63		19	\$31,261		\$1,077	\$62
Median				64		15	\$23,185		\$613	\$52
Addition to Pension Payroll										\$14,742

- Deaths

EMPLOYEE				RET	DATE OF	OSERS	Survivor	Survivor's	Overpayment
NUMBER	NAME		AGE	YEAR	DEATH	BENEFIT	Beneficiary	Benefit \$	Benefit \$
	Barbara	Anderson		1983	Nov-19				
	Joseph	Kirby		1994	Nov-19				
	Bonnie	Miller		1995	Nov-19				
	Georgine	Sievertsen		1995	Nov-19				
	Florence	Hayes		1996	Nov-19				
	Nancy	Oltmanns		2000	Nov-19				
	Cesar	Perez		1996	Nov-19				
	Sharon	Beacom		2013	Nov-19				
	Frank	DeGeorge		2013	Nov-19				
Terminated from Retiree Payroll – January 2020						\$16,554.67			\$0.00
	Joanne	Freeman		1993	Nov-19		Melvin Freeman		
	William	McCallister		1992	Nov-19		Bernadette McCallister		
Continued Retirement to Beneficiary – January 2020						\$5,523.93		\$4,719.02	
Average Age at Death			84						
Average Years Retired			22						

- Terminated Employees' Refunds

ID	First Name	Last	End Balanc	Death Date	Term Date	Accrued Service	Dist Type
	Lus	Gonzalez			11/4/2019	0.1	Direct
	Renee	Ivory			11/11/2019	0.2	Direct
	Laura	Edwards			10/24/2019	0.3	Direct
	Crystal	Flemming			7/31/2019	0.3	Rollover
	Timothy	DeVeney			7/31/2019	0.4	Direct
	Katherine	Bendorf			11/15/2019	0.7	Direct
	Annissa	Zynda			7/31/2019	0.7	Direct
	Adam	Jungjohann			9/27/2019	0.8	Direct
	Ethan	Ammons			8/1/2019	1.0	Direct
	Joslyn	Metcalf			8/21/2019	1.0	Rollover

ID	First Name	Last	End Balanc	Death Date	Term Date	Accrued Service	Dist Type
	Cynthia	Kuthan			9/20/2019	1.1	Direct
	David	Manning			9/25/2019	1.2	Direct
	John	Greenhagen			10/23/2019	1.5	Rollover
	Alexis	Williams			11/12/2019	1.5	Direct
	Lino	Thomas			7/31/2019	1.7	Direct
	Steven	Scraggs			7/31/2017	2.0	Direct
	Lacey	Talcott			7/31/2019	2.0	Rollover
	Nicholas	Thomas			7/31/2019	2.0	Direct
	Aleissa	Penning			10/11/2019	2.2	Rollover
	Maria	Hernandez			9/28/2018	2.3	Rollover
	Linda	Hobbs			10/25/2019	2.3	Rollover
	Natalie	Papstein-Snyder			10/18/2019	2.3	Direct
	Jennifer	Potter			10/11/2019	2.4	Direct
	Brennan	Chandler			7/31/2019	2.8	Direct
	Debra	Thomas			10/2/2019	2.9	Direct
	Kelsea	Wolfe			7/31/2017	3.0	Rollover
	Dwayne	Barfield			9/25/2019	3.1	Direct
	Patricia	Birhanzel			10/4/2019	3.2	Direct
	Hope	Gray			11/1/2019	3.7	Rollover
	Gabriel	Gutierrez			7/31/2019	4.0	Direct
	Alessandro	Stuto			11/27/2019	4.1	Direct
	LaWanda	Valentine Williams			11/12/2019	4.4	Direct
	Daniel	Bork			11/15/2019	4.6	Rollover
	Dennis	Norrgard			10/11/2019	5.2	Direct
	Guillermo	Valadez Flores			10/31/2019	5.4	Direct
	Mark	McKelvy			7/31/2019	6.0	Direct
	Brooke	Torson			10/25/2019	6.4	Rollover
	Chelsy	Scholtz			7/31/2016	8.0	Rollover
	Alina	Lopez			8/22/2017	8.5	Rollover
	Michael	Scholtz			7/31/2019	10.0	Rollover
	Loretta	Owens			7/31/2019	12.0	Direct
	Kelly	Sheard			7/31/2018	13.0	Direct
	Mari	Howe			10/21/2019	13.5	Direct
	Danielle	Curtis			8/28/2019	16.0	Direct
	Amanda	Smith (Kelli Smith)		11/21/2019	11/21/2019	25.4	Death
COUNT							45
TOTAL Refunds			\$621,816.48				
AVERAGE			\$13,818.14			4.3	
MEDIAN			\$10,012.29			2.4	

Accounts / Payables for January 2020 = \$29, 319.96

• **Legal Counsel**

McGrath North (AAM – Dec)	10,673.96	
McGrath North (General – Dec)	4,126.00	\$14,799.96

• **Consultants**

Peetz & Company (1 st Q 2020)	10,000.00	
Seim Johnson (4 th Installment – 2019 Audit)	4,520.00	\$14,520.00

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Mr. Erikson introduced Ms. Linda Richards of PRISM Advisors. Ms. Richards serves as the facilitator for the Better Together Coalition. Mr. Erikson asked Ms. Richards to update the Board of Trustees on the solutions being proposed by the Better Together Coalition. Ms. Richards gave the Trustees a reminder overview of where the Better Together Coalition began and processes the group engaged in to arrive at the proposed solutions. Ms. Richards reviewed the Better Together Coalition communication sent to OSERS members.

Dialogue continued between Ms. Richards and members of the Board of Trustees. After which Mr. Erikson thanked Ms. Richards for coming to the meeting and updating the Board of Trustees.

Mr. Herchenbach left the meeting at 5:22 p.m.

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Ms. Carter presented to the Board of Trustees proposed changes to the OSERS Trustee Election Policy (“Policy”). Ms. Carter explained, following discussion at the December 2019 trustee meeting whereby the Board encouraged distribution of the election ballot package closer to the date the online voting is scheduled to go live, research unveiled the Policy needed to be updated to reflect the Board’s desire. Ms. Carter explained the Policy as adopted called for mailing the election ballot package out to the eligible members at least seven calendar days before the online voting go live date. To accommodate the Board’s desire for the election ballot packages to arrive to the eligible voters closer to the online go live date requires changing the Policy to read that the ballots are mailed out at least two business days before the election online go live date. After further discussion, Mr. Purdy made a motion to approve the recommended amendment to the OSERS Trustee Election Policy as follows:

Section 4.1. Date of Elections

1. Each year an election for a board seat shall be conducted in a manner to ensure the results of the election are verified by the service company conducting the election on a date that is no later than the Friday before the regular June Retirement Board meeting.
2. The actual voting period shall be conducted over a period not to exceed 14 calendar days.

3. Voting ballots shall be mailed to eligible Members at least ~~seven calendar days~~ two business days prior to the opening of the election voting period.
4. Election Voting Period shall be the calendar days during which time Members may cast their ballots online or the election service company can receive ballots cast by mail.
 - a. If a Member is voting online, his/her ballot must be voted online by the date and time indicated as the online voting closing date and time.
 - b. If a Member is voting by mail, his/her ballot must be postmarked by the Postmark Date and received by the election service company by the Received Date
 - c. Each year's Election Calendar will indicate the prescribed dates for voting online, and the Postmark and Received dates.

Mr. Placzek seconded the motion. The motion was adopted with the following roll call: Aye: Erikson – Havlovic – Placzek – Purdy – Rea – Ray – 6. Nay – 0.

Ms. Carter then presented the Election Service Company proposal for the 2020 Trustee Election for the Annuitant seat on the Board of Trustees. The proposal for an election encompassing 4,000 to 5,000 eligible voters is proposed at approximately \$9,997.00. The overall cost is dependent upon the actual number of ballots actually mailed along with the number of replacement ballots to be mailed if necessary. Ms. Carter reminded the Board of Trustees of the OSERS election policy; if only one candidate is nominated for the open seat, the system will not bear the expense of an election and the nominated candidate will be deemed the annuitant trustee representative. Ms. Carter reminded the Board the nomination period will open Friday, February 7, 2020 at 8:00 a.m. and run through Friday, February 14, 2020 at 4:00 p.m.

Mr. Purdy made a motion to accept the cost proposal from Election Services Company for the 2020 Trustee Election. Mr. Havlovic seconded the motion. The motion was adopted with the following roll call: Aye: Erikson – Havlovic – Placzek – Purdy – Rea – Ray – 6. Nay – 0.

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Ms. Carter presented the Board with an overview of the December 13, 2019 Nebraska Investment Council meeting along with the OSERS performance report for the 3rd quarter 2019. The December NIC meeting included a quarterly audit report from the internal auditor. The NIC internal auditor reported the OSERS 2019 audit of financial statements and investments was a smooth audit. There were no surprises and each stakeholder in the audit process (i.e., the custodian, the NIC staff, etc.) all have a better understanding of what the auditor is looking for and are better prepared.

Ms. Carter then reviewed the portfolio performance for the period ending September 30, 2019. The OSERS portfolio was valued at \$1,289 billion, up \$29 million from the previous quarter close. That reflects an approximate 1.1% increase in valuation. For the calendar year to date (nine months 2019), the OSERS portfolio increased 9.4%.

A review of the OSERS legacy alternative portfolio showed the legacy alternative investments represented only 27.9% of the OSERS overall portfolio as of September 30, 2019. The investment performance on the private markets managers is reflected as of June 30, 2019 (a one

quarter lag) and are as follows: (1) private equity for the quarter returned 4.07% and since inception 6.33%; (2) real assets for the quarter returned a negative 94 basis points and since inception a negative 78 basis points; (3) real estate for the quarter returned 1.6% and since inception 8.75%. During the 3rd quarter 2019, OSERS received the following significant distributions from legacy alternative managers: (a) \$18.5 million from BTG (timber manager); (b) \$13.8 million from 25 Capital (distressed mortgages), and (c) \$10.5 from Almanac Realty VII (real estate). The received distribution funds were redeployed into traditional asset managers in accordance with the OSERS asset allocation.

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Ms. Carter presented the OSERS financial statements and budget variance report for the period ending November 30, 2019. In the review, Ms. Carter presented the OSERS balance sheet, the OSERS income statement, and the OSERS cash on hand as prepared by OPS accounting. At November 30, 2019 the OSERS portfolio balance was \$1.312 billion. For the month of November 2019, the plan saw an operating gain of \$23.6 million.

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Ms. Carter then gave the Executive Director's report which covered the following topics:

- a. FOIA request received and answered December 10th requesting salary information on the OSERS "investment staff" and the former and current executive directors.
- b. Notice from OPS on the new policy and procedures for individual procurement cards.
- c. Representatives from Linea Solutions along with the NPERS IT manager will be at OSERS to meet with OSERS staff and OPS IT staff on January 22nd, 23rd, or 24th.
- d. The 2020 Nebraska legislative session opened Wednesday, January 8, 2020. A copy of the 2020 legislative calendar along with legislative committee assignments were handed out to the board of trustees. The 2020 legislative session is scheduled to adjourn sine die on April 23, 2020.
- e. The "Setting Every Community Up for Retirement Enhancement" Act (the SECURE Act) passed Congress on December 20, 2019 and OSERS will need to address state statutes to make sure it is compliant with the new required minimum distribution rules. OSERS current state statute on RMDs is 79-980 which is generic on the matter.

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Mr. Erikson called for any trustee's report. There being none and no new business to come before the Board, the meeting adjourned by common consent at 5:49 p.m.

/s/

Cecelia M. Carter, Executive Director