

The Board of Trustees of the Omaha School Employees' Retirement System held a Regular Meeting on Thursday, August 5, 2021 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 June 3, 2021.

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Ms. Erdenberger announced, pursuant to Section 84-1411 of the Nebraska Statutes, the next regular meeting of the Board of Trustees is scheduled for Thursday, September 2, 2021, at 4:00 p.m., at the 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. She 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.

Ms. Erdenberger called the meeting to order at 4:03 p.m.

Present at roll call: Erdenberger – Head - Herchenbach - Johnson – Logan - 5 present. Absent: Bourne - Block - 2.

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

Others Present: Megan Neiles-Brauch, Esq. OPS; Patrice Beckham and Bryan Hoge, Cavanaugh Macdonald; and Robert Gauss, Esq. and Audra Ferguson-Allen, Esq., Ice Miller (via video conference)

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Ms. Erdenberger advised the Board Mr. Patrick Bourne could not attend today's meeting.

Ms. Erdenberger advised the public of the opportunity for public comment.

- There was no public comment

Ms. Block arrived at 4:05 p.m.

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Ms. Erdenberger announced this was the first meeting of the reconstituted board of trustees pursuant to legislative bill 147 passed during the 2021 legislative session of the Nebraska Unicameral. Ms. Erdenberger asked each member to introduce themselves to the public.

- Jane Erdenberger – Omaha Public School Board of Education member
- Spencer Head – Omaha Public School Board of Education member
- Cheryl Logan – Superintendent
- Faith Johnson – Active OSERS member (teacher)
- Sharon Block – Active OSERS member
- Scott Herchenbach – Community Business representative

- 5436 –

Ms. Erdenberger introduced the “Rules and Regulations of the Douglas County School District 0001 Board of Education on the Operation and Management of the Omaha School Employees Retirement System” adopted at the July 12, 2021 (OSERS Rules & Regs), OPS Board of Education meeting. She gave an overview of the expectation that the OSERS Transition Board of Trustees elect a President, Vice President, and Secretary. She then asked for a motion for the OSERS Transition Board of Trustees to also adopt the OSERS Rules & Regs.

Mr. Head made a motion the OSERS Transition Board of Trustees adopt the Rules and Regulations of the Douglass County School District 0001 Board of Education on the Operation and Management of the Omaha School Employees’ Retirement System as adopted on July 12, 2021. Ms. Johnson seconded the motion. The motion carried with the following roll call vote: Aye: Block – Erdenberger – Head – Herchenbach – Johnson – Logan – 6. Nay: - 0.

- 5437 –

Ms. Erdenberger called for nominations for the role of President of the OSERS Transition Board of Trustees. She further explained that Mr. Bourne expressed interest in maintaining the role of President on the new OSERS Transition Board of Trustees and made a motion to nominate Mr. Bourne for President. Given Mr. Bourne’s absence, a second to the nomination was not given. There being no second, the motion died. There being no other nominations, the meeting moved forward.

Mr. Head made a motion to nominate Jane Erdenberger as Vice President of the OSERS Transition Board of Trustees. Dr. Logan seconded the motion. The motion carried with the following roll call vote: Aye: Block – Head – Herchenbach – Johnson – Logan – 5. Nay – 0. Abstain: Erdenberger – 1.

Ms. Johnson made a motion to nominate Cecelia Carter as Secretary of the OSERS Transition Board of Trustees. Ms. Erdenberger seconded the motion. The motion carried with the following roll call vote: Aye: Block – Erdenberger – Head – Herchenbach – Johnson – Logan – 6. Nay – 0.

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Ms. Erdenberger next requested approval of the minutes to the June 3, 2021, OSERS Board of Trustees meeting. Mr. Herchenbach made a motion to approve the minutes to the June 3, 2021,

OSERS Board of Trustees meeting. Mr. Head seconded the motion. The motion passed with the following roll call: Aye: Block – Erdenberger – Head - Herchenbach - Johnson – Logan – 6.
Nay: - 0.

- 5439 –

Ms. Carter gave an update on the OSERS financial statements for the periods ending May and June 2021. For the one-month period ending May 31, 2021, the OSERS trust fund had a value of \$1,470 billion with cash on hand of \$13,959 million. For the one-month period ending June 30, 2021, the OSERS trust fund had a value of \$1,518 billion with cash on hand of \$14,382 million.

- 5440 –

Ms. Erdenberger welcomed Robert Gauss, Esq. and Audra Ferguson-Allen, Esq. of the law firm Ice Miller to the meeting. Mr. Gauss and Ms. Ferguson-Allen serve as the leads on the mandated compliance audit of the OSERS pension plan. Mr. Gauss and Ms. Ferguson-Allen provided the Board with an update on the compliance audit of the OSERS plan. The attorneys indicated they have received and reviewed OSERS forms and old policy manual; and are currently reviewing the new rules and regulations adopted by the OPS Board of Education on July 12, 2021. The next process they plan is to conduct video conference meetings with OSERS staff and other OPS departments to review several of the processing methods. They also indicated they have met with OSERS new legal counsel. The project is on target to meet the mandated deadlines later this year.

Following this agenda item, Ms. Erdenberger advised the public she was moving onto agenda item number 10 which was the matter of the Seim Johnson fiscal year 2021 engagement for financial audit services. She advised we will return to the actuary's presentation later in the meeting.

- 5441 –

Ms. Carter presented the Seim Johnson Engagement Letter for Audit of the OSERS Financial Statements for fiscal year ending August 31, 2021. She explained the firm Seim Johnson had been awarded the mandate of auditing the OSERS Financial Statements for the fiscal years ending 2020, 2021, and 2022. Due to the legislative changes encompassed with legislative bill 147(2021), Seim Johnson is aware and acknowledges the audit for fiscal year 2021 will be the last full audit of the OSERS financial statements.

Mr. Head made a motion the Board of Trustees accept the letter of engagement with Seim Johnson for the audit of OSERS financial statements for the fiscal year ending August 31, 2021 and authorize the Executive Director and Board President to execute the same. The motion was seconded by Mr. Herchenbach. The motion carried with the following roll call vote: Aye: Block – Erdenberger – Head – Herchenbach – Johnson – Logan – 6. Nay: - 0.

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Ms. Carter directed the Board's attention to the one-page slide presented by OPS Accounting which outlined the billing and payment process between OPS and NPERS during the transition period. Since the statute permits NPERS to bill back to OPS the cost associated with administering the transition of OSERS to NPERS; OPS and NPERS formulated a plan to ensure NPERS has funds available on hand from which to drawdown expenses. Ms. Carter explained the District and NPERS agreed to place \$50,000 in a drawdown account and further emphasized, the monies are not OSERS trust fund dollars, but are from the District's general funds.

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Ms. Carter gave the Executive Director's Report which outlined the following matters: (1) the OPS Board of Education voted on June 21, 2021 to appoint Megan Neiles-Brauch as legal counsel to the OSERS plan; (2) the policies rules and regulations adopted by the OPS Board of Education on the operations of OSERS was posted to the OSERS web site; (3) she met with Director Gerke and his staff on July 12th; and (4) the question raised at last month's meeting on whether a premium adjustment was possible given the reconstitution and governance changes to the OSERS Board of Trustees – the answer is no, the carrier will not offer an adjustment for the 2021-2022 coverage period, but is requesting a copy of the compliance audit at the end of the year when it is available.

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Dr. Logan gave a trustee's report on her meeting with representatives of the NPERS administration. She indicated she, Scott Roberts, Matt Ray, and David Kramer, Esq. of Baird Holm met with the NPERS administration. The purpose of the meeting was to begin review of the transition of the OSERS administration to NPERS. The meeting lasted approximately twenty minutes.

- 5445 -

Ms. Carter reviewed for the Board the analysis of the July and August pension payments, the new retirements, the deaths, the refunds, and accounts payables. The following is an accounting of the administrative processing for the month of July. The Board is asked to ratify the July

pension payroll in the amount of \$11,451,348.34 to 5,204 payees; ratify staff payroll in the amount of \$32,303.18; approve 20 new retirements effective July 1, 2021 – first pension check paid August 3, 2021; and further ratify the August pension payroll in the amount of \$11,464,222.03 to 5,213 payees; approve staff payroll in the amount of \$32,303.18; approve 42 new retirements effective August 1, 2021 – first pension check paid September 3, 2021; ratify for the months of July and August the termination of 13 pension payments due to the death of the retiree, continue 4 payments to joint survivors, terminate payments to 2 beneficiaries who received the remaining payments on a term-certain annuity, and terminate 3 benefit payments because the respective beneficiary elected a lump sum payment. For the months of July and August OSERS processed 44 refunds for a total of \$549,298.69. For the months of July and August OSERS processed \$27,712.00 in accounts payables.

Ms. Johnson made a motion the Board of Trustees for the months of July and August ratify and approve the pension payroll, staff payroll, new retirements, terminations, and surviving annuitants due to death of the retiree, refunds, and accounts payables as was described. Mr. Herchenbach seconded the motion. The motion passed with the following roll call vote: Block – Erdenberger – Head – Herchenbach – Johnson - Logan – 6. Nay: - 0.

- July New Retirement Annuitants (first check August 3, 2021) [20 count]

EMPLOYEE	NAME		EMP		RET	YRS	AVERAGE		CHOSEN BENEFIT	
NUMBER	First	Last	TYPE	AGE	MONTH	SERVICE	SALARY	OPT	OMAHA	STATE
	James	Carroll	Secur		7	17				
	Karen	Caspers	T		7	22				
	Richard	Elsbernd	Trans		7	7.6				
	Stephen	Eubanks	Other		7	32				
	Jean	Gilreath	Prin		7	33				
	Gloria	Hauger	Para		7	13.1				
	Kathy Sue	Hubbs	Other		7	22				
	Jacqueline	Johnson	Other		7	38				
	Keith	Kramer	T		7	28				
	Laura	Mac-Homes	Other		7	29				
	Lori	Mandolfo	T		7	10				
	Ann	McKeena	T		7	31				
	Michael	Meier	T		7	21.5				

EMPLOYEE	NAME		EMP		RET	YRS	AVERAGE		CHOSEN BENEFIT	
NUMBER	First	Last	TYPE	AGE	MONTH	SERVICE	SALARY	OPT	OMAHA	STATE
	Joyce	Mosley	OP		7	22				
	Ilka	Oberst	Prin		7	27				
	Victoria	Porter	Other		7	28				
	Beverly	Rone	T		7	32				
	Ramon	Rutledge	Secur		7	25				
	Rona	Wicken	OP		7	19				
	Phylliss	Yarger	Nutri		7	31				
Count					20					
Average				62			\$65,851.45		\$2,713.37	\$69.05
Median				63			\$68,504.65		\$2,687.20	\$70.28
Addition to Pension Payroll - July 2021										\$55,372.21

- August New Retirement Annuitants (first check September 3, 2021) [42 count]

EMPLOYEE	NAME		EMP		RET	YRS	AVERAGE		CHOSEN BENEFIT	
NUMBER	First	Last	TYPE	AGE	MONTH	SERVICE	SALARY	OPT	OMAHA	STATE
	Sharon	Andersen	OP		8	19				
	Mary	Bendon	Para		8	38				
	Catherine	Bliss	OP		8	13				
	Ronald	Curtis	CMO		8	23				
	Ann	Davis	Other		8	5				
	Catherine	DeSalvo	Other		8	6				
	Patricia	Evans	Para		8	20				
	Debra	Grzebielski	CMO		8	17				
	Virginia	Green	T		8	10.1				
	Luann	Haase	T		8	6				
	Dawn	Hackworth	T		8	33				

EMPLOYEE	NAME		EMP		RET	YRS	AVERAGE		CHOSEN BENEFIT	
NUMBER	First	Last	TYPE	AGE	MONTH	SERVICE	SALARY	OPT	OMAHA	STATE
	Catherine	Hubbard	Other		8	23.5				
	Elaine	Ignowski	OP		8	12				
	Connie	James	OP		8	19				
	Apalla	Johnson	Para		8	13.6				
	Beverly	Johnson	T		8	12				
	Terry	Jones	Trans		8	10				
	Kathleen	Lee	Other		8	29				
	James	Magett	Secur		8	11				
	Bobbie	Martinie	T		8	26				
	Marie	Meysenburg	Nutri		8	31				
	David	Morgan	Trans		8	7.3				
	Kenneth	Muhlecke	CMO		8	17				
	James	Ochsner	CMO		8	25				
	Carrie	Rath	Prin		8	30				
	James	Ripa	CMO		8	23				
	Dorothy	Rupert	Trans		8	10.8				
	Karen	Saeger	T		8	6				
	Elaine	Sednek	T		8	7.7				
	Ray	Smith	CMO		8	33				
	Diane	Smolsky	Other		8	26				
	Lisa	Sterba	Other		8	35				
	Anna	Thomas	Para		8	15				
	Elisabeth	Thompson	Para		8	30.6				
	Joe	Torrez	Other		8	33				
	Dat	Tran	CMO		8	16				
	Steven	Vansteenbergen	Other		8	22.5				

EMPLOYEE	NAME		EMP		RET	YRS	AVERAGE		CHOSEN BENEFIT	
NUMBER	First	Last	TYPE	AGE	MONTH	SERVICE	SALARY	OPT	OMAHA	STATE
	Leah	Weeks	Other		8	23				
	Robert	Williamson	T		8	6				
	Carole	Yanovich	OP		8	34				
	Virginia	Yuhás	T		8	21				
	Marjorie	Zukaitis	OP		8	5				
Count					42					
Average				64			\$56,604.00		\$1,870.42	\$120.52
Median				64.5			\$48,290.85		\$1,219.58	\$51.52
Addition to Pension Payroll August 2021										\$83,016.70

- Approve Terminations of Annuitants' Payments Due to Death – July 2021 [11 count]

EMPLOYEE			RET	DATE OF	OSERS	Survivor	Survivor's	Overpayment
NUMBER	NAME	AGE	YEAR	DEATH	BENEFIT	Beneficiary	Benefit \$	Benefit \$
	Mollie Bryant		1996	May-21				
	George Jarrett		1988	May-21				
	Joseph Minrdai		1992	May-21				
	Huey Minor		2001	Mar-21				
Terminated from Retiree Payroll – July 2021					\$3,787.79			
	Charles Bowman		2002	May-21		Margaret Gilmore		
	George Meyer		2011	May-21		Renaé Meyer		
	Linda Kroon		2017	May-21		Thomas Kroon		
Continued Benefit Under Joint Survivor - July 2021					\$5,102.29		\$3,873.64	
	Garry Hyland		2016	Jun-21				

	Debora Edwards		2011	Jun-21			
Term Certain Payments Ended - July 2021					\$5,660.00		
085422	Sharon Lee		2017	Mar-21		Pleshette Brown	
082407	Nasar Emerllahu		2019	Apr-21		Elfete Emerllahu	
Elected Lump Sum Distribution - July 2021					\$1,082.30		\$27,405.22
Total Removed / Continued on Pension Payroll					\$15,632.38		\$3,873.64
Average Age at Death		78					
Average Years Retired		15					

- Approve Terminations of Annuitants' Payments Due to Death – August 2021 [12 count]

EMPLOYEE NUMBER	NAME	AGE	RET YEAR	DATE OF DEATH	OSERS BENEFIT	Survivor Beneficiary	Survivor's Benefit \$	Overpayment Benefit \$
	Theresa Underriner		2015	Jun-21				
	Susan Bonacci		2014	Jun-21				
	Shirley Thompson		1999	Jun-21				
	William McNaught		1999	Jun-21				
	Clara Beatty		2002	Jun-21				
	Joanne Tomsu		2000	Jun-21				
	Dorothy Glenn		1993	Jun-21				
	Virginia Stewart		1989	Jun-21				
	Patricia Sutei		1998	Jun-21				
	John Deveney		2010	Jun-21				
Terminated from Retiree Payroll – August 2021					\$20,706.39			
	Arlan Meyer		2009	Jun-21		Loretta Meyer		

Continued Benefit Under Joint Survivor - August 2021				\$2,399.19		\$2,289.19	
Term Certain Payments Ended - August 2021				\$0.00			
Richard Dennis		2019	Apr-21		Jerome Hetrick		
Elected Lump Sum Distribution - August 2021				\$0.00		\$21,766.47	
Total Removed / Continued on Pension Payroll				\$23,105.58		\$2,289.19	
Average Age at Death		81					
Average Years Retired		17					

- Ratify July Refunds [18 count]

ID	First Name	Last	End Balanc	Death Date	Deceased Member	Term Date	Accrued Service	Dist Type
	Jenna	Gaines				4/9/2021	0.0	Direct
	Erland	Gentillon				2/26/2021	0.5	Rollover
	Tyesha	Tanksley-Mitchell				4/20/2021	0.5	Direct
	Haley	Gaines				4/21/2021	0.7	Direct
	Kristina	Bell				7/31/2020	1.0	Rollover
	Zachary	Zendejas				9/11/2020	1.1	Direct
	Adama	Folligan				2/5/2018	1.9	Direct
	Rashaad	Shamburger				3/3/2021	1.9	Direct
	Jesse	Smith				3/7/2018	1.9	Direct
	Noah	Zendejas				4/14/2021	2.0	Direct
	Sherry	Bonds				2/12/2021	2.4	Direct
	Terry	Foster				4/20/2021	2.5	Direct
	Shanekia	Colbert				3/5/2021	2.9	Direct
	Joy	Bollig				2/12/2021	3.0	Rollover
	Cheril	Lewis				10/1/2018	3.1	Direct
	Megan	Holcomb				9/17/2020	3.2	Direct
	Anne	McCormick				5/4/2021	3.2	Direct
	Alesia	Lester		6/7/2021	Deborah Jackson	6/7/2021	29.0	Death
COUNT				18				
TOTAL Refunds			\$170,890.43					
AVERAGE			\$9,493.91				3.4	

- Approve August Refunds [26 count]

ID	First Name	Last	End Balanc	Death Date	Deceased Member	Term Date	Accrued Service	Dist Type
	Mikhael	Elimelech				5/6/2021	0.1	Direct
	Jenna	Roeding				10/26/2017	0.2	Direct
	Kaciee	Swierenga				5/14/2021	0.2	Direct
	Tyraya	Harris				5/18/2021	0.9	Direct
	Jalicia	Jarmon				11/13/2015	1.0	Direct
	John	Demman				7/31/2018	1.0	Rollover
	Christina	Ast				4/1/2021	1.1	Direct
	Gianna	Lindsey				4/20/2021	1.1	Direct
	Sarayh	Gutierrez				12/30/2020	1.8	Direct
	Bryanna	Allen				5/3/2021	1.9	Direct
	Kelly	Davidson				7/31/2018	2.0	Direct
	Maria	Huerta				7/31/2004	2.0	Rollover
	Joshua	Trujillo				7/31/2016	2.0	Rollover
	Ashley	Bundy				8/4/2017	3.5	Rollover
	April	Tregle				12/11/2020	3.6	Rollover
	Anthony	Williams				5/19/2021	4.4	Direct
	Samantha	Washington				5/26/2021	4.8	Direct
	Raina	Williams				2/5/2021	4.8	Rollover
	Melissa	Jackson				6/1/2002	5.0	Rollover
	Erika	Pike				12/11/2020	6.1	Direct
	Keshia	Partridge				5/31/2021	7.6	Direct
	Sean	McGlaughlin				7/31/2012	8.0	Rollover
	Ashley	True				7/31/2020	9.0	Rollover
	Shahad	Alkindi				3/31/2021	9.4	Rollover
	Laura	Armas				4/16/2021	13.9	Direct
	Larry	Evans				3/5/2021	20.5	Direct
COUNT					26			
TOTAL Refunds			\$378,408.26					
AVERAGE			\$14,554.16				4.5	
MEDIAN			\$10,245.43				2.8	

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

Accounts / Payables for July & August = \$27,712.00

<u>Ratify July 2021 = \$7,712.00</u>		
Legal Services		
McGrath North	\$7,712.00	\$7,712.00
<u>Approve August 2021 = \$20,000.00</u>		
Compliance Audit		
Ice Miller	\$20,000.00	\$20,000.00

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Ms. Erdenberger introduced Ms. Patrice Beckham and Bryan Hoge of the actuarial firm Cavanaugh Macdonald. Ms. Beckham and Mr. Hoge were at the meeting to present the demographic findings from the Omaha School Employees' Retirement System's 2017-2020 Experience Study.

Ms. Beckham reminded the Board there is a statutory requirement to conduct an Experience Study of the OSERS plan every four years. This Experience Study report covers 2017 through 2020. However, she noted in running the analysis of data, because OSERS plan is a single employer plan and the total number of participants is limited, the previous Experience Study (2012-2016) was taken into consideration to grasp a fuller understanding of membership patterns. Ms. Beckham outlined the schedule of presentations and the expected outcome. At the August meeting she intends to review the demographic analysis of the OSERS plan membership. At the October meeting she intends to review the economic analysis of the Experience Study. At the November or December 2021 meeting the Board will be asked to address the actuarial recommendations arising from this Experience Study to address any assumption changes recommended to be implemented effective January 1, 2022, for the 2022 Valuation Report.

Dr. Logan left the meeting at 5:24 p.m. during the presentation.

One assumption change recommendation which is already apparent in the demographic portion of the Experience Study is to model future mortality improvements using the same mortality improvements as the Nebraska Public Employees Retirement System and the same projection scale.

At the conclusion of the presentation by Cavanaugh Macdonald, the estimated cost impact on the liability of the OSERS pension plan as if the recommended assumption changes were implemented effective January 1, 2021, was reviewed for the Board. The purpose was only to give the Board an example of how these changes could impact the future liabilities on the plan.

	Baseline	All Demographic Changes	Difference
Actuarial Accrued Liability	\$2,381,356,000	\$2,363,801,000	(\$17,555,000)
Actuarial Value of Assets	1,467,834,000	1,467,834,000	0
Unfunded Actuarial Accrued Liability (UAAL)	\$913,522,000	\$895,967,000	(\$17,555,000)
Funded Ratio	61.64%	62.10%	0.46%
Normal Cost Rate	12.76%	12.67%	(0.09%)
UAAL Rate	14.77%	14.49%	(0.28%)
Total Contribution Rate	27.53%	27.16%	(0.37%)
Statutory Contribution Rate	<u>(21.66%)</u>	<u>(21.66%)</u>	<u>0.00%</u>
Additional District Contribution Rate	5.87%	5.50%	(0.37%)
Additional District Contribution	\$22,199,627	\$20,800,332	(\$1,399,295)

Note: the dollar impact of the assumption changes, as measured in the January 1, 2022, valuation, will be different than that shown here.

There being no further business to come before the Board, the meeting was adjourned at 5:59 p.m.

_____/s/_____
 Cecelia M. Carter, Board Secretary