

The Board of Trustees of the Omaha School Employees' Retirement System held a Regular Meeting on Thursday, May 7, 2020, at 10:01 a.m. at 3215 Cuming Street, Omaha, Nebraska.

Pursuant to Section 84-1411 of the Nebraska Statutes, notice of this meeting was given on April 2, 2020.

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Before the meeting began, Mr. Erikson advised the Board members and listening public of the protocols for this telephonic meeting.

President Erikson then announced, pursuant to Section 84-1411 of the Nebraska Statutes, the next regular meeting of the Board of Trustees is scheduled for Thursday, June 4, 2020 at 4:00 p.m., at the Teachers Administrative Center, 3215 Cuming Street, 2nd floor, Omaha, Nebraska. He further announced that given the current pandemic emergency and the governor's executive order #20-03, the next regular meeting could be held earlier in the day and be a telephonic meeting also. 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 10:01 a.m.

Present, on the telephone at roll call: Erikson –Havlovic – Herchenbach - Logan - Purdy - Rea – 6 present. Absent: Placzek – 1.

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

Others Present on the telephone: Robert J. Bothe, Esq. McGrath North; Patrice Beckham, Cavanaugh Macdonald; Patrick Bourne, Esq.; Scott Roberts, OPS/CFO.

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Mr. Erikson called for approval of the minutes. Mr. Rea moved the board of trustees approve the minutes to the April 2, 2020 board of trustees meeting. Mr. Purdy seconded the motion. The motion passed by the following roll call: Aye: Erikson – Havlovic – Herchenbach - Logan - Purdy - Rea - 6. Nay: – 0.

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Mr. Erikson asked Mr. Bothe to provide the Board with an overview of litigation matters. Mr. Bothe gave the Board an updated outline and results of several motions argued before the judge (via telephone) in the matter of *The Water Works Board of the City of Birmingham, et al v. U. S. Bank (D.S.D. 2018)*.

Mr. Bothe also gave the Board a recap of the outstanding case expenses associated with litigating this matter. The expenses cover actual court cost filings, expertise witness cost. There was discussion with Board of Trustee members and the CFO of Omaha Public School on who is authorized to issue instructions for payment of OSERS expenses.

Dr. Logan made a motion the Executive Director is authorized to pay the past due legal expenses in the amount of \$238,018.67 and future legal expenses associated in the matter of *The Water Works Board of the City of Birmingham, et al v. U.S. Bank (D.S.D. 2018)* in the aggregate up to \$50,000. Mr. Purdy seconded the motion. Mr. Purdy voiced his understanding for the need for this motion. The motion passed with the following roll call: Aye: Erikson – Havlovic – Herchenbach – Logan – Purdy – Rea – 6. Nay – 0.

Next, Mr. Rea made a motion to ratify May pension payments in the amount of \$10,793,460.62 paid to 4,964 payees; ratify May staff payroll in the amount of \$31,441.44; ratify 4 new retirees effective May 1, 2020 – first pension check paid June 3, 2020; ratify termination of 14 retirements and the continuation of five joint & survivor annuity retirements due to the death of the retiree for May; approve May 2020 refunds to 20 former OSERS members in the sum of \$278,799.95; ratify accounts payables for the month of May in the amount of \$33,551.50

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

- May New Retirement Annuitants

EE			EMP		RET	RET	Final Avg		CHOSEN BENEFIT	
Number		NAME	TYPE	AGE	MONTH	YRS	Salary	OPT	OMAHA	STATE
	Madaline	Fennell	T		5	26.7				
	Karen	Fideler	Nutri		5	6.5				
	Paul	Rasnick	CMO		5	35.0				
	Cindy	Ritzman	T		5	9.0				
Count			4							
Average				61		19.30	\$44,151.34		\$1,558.14	\$54.38
Median				60		17.85	\$48,792.20		\$1,582.18	\$30.70
Addition to Pension Payroll										\$6,396

- May Terminations of Annuitants' Payments Due to Death

EMPLOYEE NUMBER	NAME	AGE	RET YEAR	DATE OF DEATH	OSERS BENEFIT	Survivor Beneficiary	Survivor's Benefit \$	Overpayment
	Bonny Swaggard		1993	Mar-20				
	Margaret Wood		1988	Mar-20				
	Jack Blanke		1997	Mar-20				
	Kenneth Cooper		1997	Mar-20				
	Rose Shay		1997	Mar-20				
	Gordon Thompson		1995	Mar-20				
	Gordon Thompson		1996	Mar-20				
	Delores Carey		2006	Mar-20				
	Mamie Carroll		2014	Mar-20				
	Nancy Petrini		2013	Mar-20				
	Cheryl Mayo		2010	Mar-20				
	Ramiro Valadez		2010	Mar-20				
	Charlie Klinefelter		2015	Jan-20				
	Karen Williamson		2013	Feb-20				
Terminated from Retiree Payroll – May 2020					\$34,062.36			\$0.00
	Joanne Bingham		2016	Mar-20		Susan Thompson		
	Ann Ochoa		2018	Mar-20		Nancy Brady		
	Christine Rasmussen		2019	Mar-20		John Rasmussen		
	John Basye		2010	Mar-20		Sandra Basye		
	Evie Robinson		2019	Mar-20		Calvin Jackson		
Continued Retirement to Beneficiary – May 2020					\$4,776.93		\$4,131.64	
Average Age at Death		75						
Average Years Retired		13.4						

- May Refunds [20 count]

ID	First Name	Last	End Balanc	Death Date	Term Date	Accrued Service	Dist Type
	Bettie	Scott			12/9/2019	0.6	Refund
	Shelby	Bliss			7/31/2019	1.0	Refund
	Nichole	Collins			2/10/2020	1.1	Refund
	Dana	Comeau			2/13/2020	1.4	Refund
	Elisha	Dunn			2/28/2020	1.6	Refund
	Derek	Gomez			2/20/2020	1.6	Refund
	Rosa	Ayers			1/31/2020	1.7	Refund
	Emily	Krivda			7/31/2019	2.0	Refund
	Kim	Kowalewski			2/6/2020	2.2	Refund
	Sekou	Murrell			2/11/2020	2.4	Refund
	Timothy	McCabe			7/31/2015	2.7	Rollover
	Florence	Rhoden			1/31/2020	3.1	Refund
	Karli	Samuelson			7/31/2019	4.0	Rollover
	Sherry	Peterson			2/20/2020	4.7	Rollover
	Mark	Christensen			3/1/2019	6.0	Rollover
	Anthony	Kobza			7/31/2018	6.0	Rollover
	Angela	Reick			12/20/2019	6.9	Rollover
	Colin	Myers			7/31/2019	7.0	Rollover
	Christine	Ondracek			7/31/2008	7.0	Rollover
	Rebecca	Geiger			8/8/2014	9.0	Rollover
COUNT		20					
TOTAL Refunds			\$278,799.95				
AVERAGE			\$13,940.00			3.6	
MEDIAN			\$7,222.74			2.6	

Accounts / Payables for May 2020 = \$33,551.50

Consultants

Cavanaugh Macdonald	\$19,247.50	\$19,247.50
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Legal Services

McGrath North – Litigation - March	\$2,016.00	
McGrath North – General - March	\$5,602.00	
McGrath North – Litigation - April	\$2,240.00	
McGrath North – General - April	\$4,446.00	\$14,304.00

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Mr. Erikson next introduced Ms. Patrice Beckham of Cavanaugh Macdonald. Ms. Beckham began the presentation with reference to her slide presentation and the full Valuation Report as of January 1, 2020. This is an annual valuation report, to measure assets and liabilities as of the same date each year. The measurement provides the plan with its funding ratio and to calculate the needed contributions to ensure sustainability of the plan. Recent standards of actuarial practice now require a disclosure of funding risk unique to the plan. Ms. Beckham touched on the modeling capabilities now a part of the retainer which permits the report to reflect projections for future additional required contributions.

Both the Valuation Report as of January 1, 2020 and the presentation dated May 7, 2020 are incorporated into these minutes by reference.

The result of the report analysis showed the District is responsible for an additional required contribution to the OSERS plan in the amount of \$19.8 million. The actuarial funding ratio remained the same at 63% (due to the market gains on the OSERS portfolio in 2019). Also due to the market value gains for 2019, the market value funding ratio went from 54% (2019) to 58% (2020). The UAAL increased from \$814 to \$848 million.

Mr. Placzek entered the meeting at 10:40 a.m. during the Valuation Report presentation.

The actuarial required contribution rate for 2020 is 27.25%. Given the statutory contributions of 9.78% (employees), 9.88% (employer), 2% (state) the remaining 5.59% is the responsibility of the OPS district. Based on projected payroll, the 5.59% equates to a contribution of \$19.8 million which by state statute is due to the OSERS plan on or before August 31, 2020.

On motion of Mr. Havlovic the board accepted the draft Valuation Report as of January 1, 2020 as presented as final and the Executive Director shall file the OSERS Valuation Report with the OPS Board of Education. The motion was seconded by Dr. Logan. The motion passed with the following roll call: Aye: Erikson – Havlovic – Herchenbach – Logan – Placzek – Purdy – Rea – 7. Nay: - 0.

Mr. Erikson then introduced the next agenda item, action on the community business trustee recommendation. He reminded the board; at the last meeting, an ad-hoc committee was formed to consider the applications for the community business trustee seat. Mr. Rea (who served as chair of the committee) reported the committee consisted of Mr. Herchenbach and Mr. Purdy. There were two applications received for the position. The committee decided to interview one of the candidates. The committee further recommends to the Board of Trustees the name of Patrick Bourne, Esq. be submitted to the OPS board of education to serve the term July 1, 2020 through June 30, 2024.

Mr. Bourne participated in the meeting and submitted his reasoning for wanting to serve on the Board of Trustees of the Omaha School Employees' Retirement System.

Mr. Erikson opened the meeting to questions from board members to Mr. Bourne, there being none, Mr. Erikson called for a roll call vote on the recommendation to submit Mr. Patrick Bourne to the OPS Board of Education. The vote passed with the following roll call: Aye: Havlovic – Logan – Placzek – Purdy – Rea – 5. Nay: - 0. Mr. Erikson and Mr. Herchenbach are not permitted to vote on this matter pursuant to section 79-980 of the Nebraska Revised Statutes.

Mr. Erikson thanked Mr. Bourne for his interest in OSERS. Ms. Carter indicated the recommendation would be submitted to the OPS Board of Education the following week.

The next item to discuss was the active certificated trustee position. Given Mr. Purdy's announcement of his retirement at the April meeting, the Board of Trustees will need to evoke its authority to appoint a replacement to serve out the remainder of Mr. Purdy's term in office. Ms. Carter expressed the Omaha Educators Association suggested a name for consideration to serve out Mr. Purdy's term of office. There was discussion amongst the Board whether to accept the suggested name or to provide an open application period to select a replacement. After in-depth discussion, the Board supported opening an application period for active certificated members to apply for the position to ensure transparency. Mr. Erikson asked Mr. Rea, Mr. Purdy, and Mr. Herchenbach to again serve as an ad-hoc committee to review the applications submitted for the trustee seat. Ms. Carter indicated she would prepare an application and post it for those interested to apply with an application period to bring a recommendation to the Board by the June 2020 Board meeting.

Ms. Carter next gave an overview of the 2020 Trustee election. She noted the online voting closed on Monday, May 4th. Mail-in ballots are still being accepted, provided they are received by the Election Service Company by Monday, May 11th (with a post mark date of May 4th). The results of the election are due to be reported by May 14, 2020.

Next on the agenda was the extension of the Seim Johnson audit engagement agreement. Ms. Carter explained the Omaha Public Schools is extending its engagement agreement with Seim Johnson for another three years. Since the RFP issued in 2017 included audit services for OPS and OSERS, and included optional extensions, at this point it would be prudent to extend the OSERS engagement with Seim Johnson for three years in conjunction with OPS. Ms. Carter explained the cost from the 2017 RFP (which costs each year's audit at \$15,590.00) compared with the proposed cost for the three-year extension. Ms. Carter noted, Seim Johnson has been conducting the OSERS audit for almost 12 years. Ms. Carter requested the Board of Trustees accept the proposal for audit services as proposed, subject to legal review of the engagement letter. She also recommended the Board consider issuing an RFP for audit services by 1st quarter 2023. Mr. Purdy questioned whether the Board of Trustees must use the same auditors as the District and whether it is in the best interest of the trust fund to use the same auditor as the District. Dr. Logan expressed her understanding of Mr. Purdy's question, however expressed she believed using the services of another firm different from the District's would result in a higher cost to the OSERS pension trust fund.

Dr. Logan made a motion for the OSERS Board of Trustees to enter into an engagement agreement with Seim Johnson for audit services for fiscal year-ends 2020, 2021, 2022 as proposed, subject to legal review of the engagement agreement. Mr. Purdy seconded the motion. The motion passed with the following roll call: Aye: Erikson – Havlovic – Herchenbach – Logan – Placzek – Rea – 6. Nay – 0. Mr. Purdy's phone line connection dropped during the roll call.

Ms. Carter next reviewed the OSERS financial statements for the period ending March 31, 2020. For the period ending March 31, 2020 the OSERS balance sheet indicated a monthly end value of \$1.282 billion. At the end of the month for March, OSERS had \$12.8 million cash on hand for pension payroll and other expenses anticipated for the month of April.

Mr. Erikson moved the meeting to the Executive Director's report. Ms. Carter reported to the Board the following information. The filing of Nebraska Form C for 1st quarter 2020 was filed with the Nebraska Accountability Commission on April 20, 2020. The National Council Teachers' Retirement has cancelled the annual membership meeting scheduled for October 2020. The organization is working on a virtual meeting but has not identified the date or dates. Ms. Carter indicated the workshop for Executive Directors which is also sponsored through NCTR is cancelled. The workshop for Board Trustees also sponsored through NCTR is cancelled. Mr. Rea indicated he was aware the NCTR board of directors is working on a virtual meeting in conjunction with UC Berkley.

Mr. Purdy rejoined the meeting during the Executive Director's report.

Mr. Erikson called for a Trustees' Report. There being none.

With no further business to come before the Board, the meeting was adjourned by common consent at 11:44 a.m.

/s/

Cecelia M. Carter, Executive Director

PENDING BOARD APPROVAL