

The Board of Trustees of the Omaha School Employees' Retirement System held a Regular Meeting on Thursday, October 1, 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 September 3, 2020.

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Mr. Bourne announced, pursuant to Section 84-1411 of the Nebraska Statutes, the next regular meeting of the Board of Trustees is scheduled for Thursday, November 5, 2020 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. 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. Bourne called the meeting to order at 4:02 p.m.

Present at roll call: Bourne – Havlovic – Johnson – Logan – Rea – 5 present. Absent: Herchenbach - Placzek – 2.

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

Others Present: Robert J. Bothe, Esq. McGrath North

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Mr. Bourne opened the meeting with a request to move approval of the minutes to the September 3, 2020 OSERS Board of Trustees meeting. Dr. Logan made a motion to approve the minutes to the September 3, 2020 OSERS Board of Trustees meeting. Mr. Havlovic seconded the motion. The motion passed with the following roll call: Aye: Bourne – Havlovic – Johnson – Logan – Rea – 5. Nay: - 0.

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Mr. Bourne next requested someone to move approval of the minutes to the September 8, 2020 OSERS Special Board of Trustees meeting. Mr. Havlovic made a motion to approve the minutes to the September 8, 2020 OSERS Special Board of Trustees meeting. Dr. Logan seconded the motion. The motion passed with the following roll call: Aye: Bourne – Havlovic – Johnson – Logan – Rea – 5. Nay: - 0.

Mr. Bourne confirmed the unaudited August financial statements for OSERS were not available for the October meeting and next called on Ms. Carter to give an investment performance report on the OSERS portfolio of assets for the 2nd Q 2020. Ms. Carter began her report to the Board with a reminder that the OSERS portfolio is intended to be a long-term investment portfolio. The OSERS portfolio closed June 30, 2020 with a value of \$1.236 billion. That is an increase of \$63.3 million from 1Q 2020. Ms. Carter noted to the Board that the OSERS portfolio represents 4.1% of the entire Nebraska Investment Council portfolio, which means the OSERS portfolio is assessed 4.1% of all fees associated with investment and administration fees associated with the managing of the OSERS portfolio as now managed by the Nebraska Investment Council. In addition, OSERS is also responsible for the payment of management fees on legacy investments that are only held by the OSERS portfolio.

The historical returns on the OSERS portfolio are as follows:

OSERS

As of June 30, 2020

Asset Allocation & Performance

	Allocation		Performance (%)						
	Market Value	%	1 Quarter	YTD	FYTD	1 Year	3 Year	5 Year	10 Year
OSERS	100.0		7.0 (81)	-4.0 (57)	0.8 (71)	1.0 (62)	4.3 (68)	3.2 (93)	5.9 (90)
Policy Index			8.6 (67)	-1.8 (14)	4.3 (10)	4.2 (11)	6.6 (10)	5.9 (25)	8.4 (21)

Ms. Carter next reviewed the 2020 Capital Market Assumptions as presented by AON Consulting, the investment consulting firm to the Nebraska Investment Council. Ms. Carter noted that both AON and the Nebraska State Investment Officer have been asked to participate in the January 2021 Board of Trustees meeting before the Board.

AON’s report of the portfolio allocation managed by the Nebraska Investment Council indicates an expected return over 10-years of 5.7% with a standard deviation of 12.3%; and a 30-year annualized return of 6.3% with a standard deviation of 12.4%. Given the OSERS discount rate is currently set at 7.5%, the OSERS Board will need to review this assumption in 2021.

Mr. Bourne next asked Ms. Carter to provide an overview of the LR 318 (2020) hearing held on September 18, 2020. Ms. Carter explained the hearing was to hear testimony from stakeholders on the LB 31 (2019) report. The LB 31 (2019) report was an analysis of the details, cost, and

timeline needed to transition the administrative management of OSERS from the OSERS Board of Trustees to the NPERS Board of Trustees.

Ms. Carter gave the Board an overview of those who testified and the position the individual presented to the Nebraska Legislative Retirement Committee. First, Mr. Randy Gerke, Director of the Nebraska Public Employees' Retirement System along with the representative from Linea Solutions presented the findings from the LB 31 report. Next Dr. Logan testified in favor of LB 31 on behalf of the Omaha Public School Board of Education. Then, Ms. Carter testified in opposition of LB 31 on behalf of the Omaha School Employees' Retirement System Board of Trustees. Finally, Ms. Walta Sue Dodd testified on behalf of the Omaha Education Association – Retired, in opposition to the LB 31 study. Other organizations such as SEIU-Local 226, Omaha Education Association, Omaha Area Retirement Employees Association, as well as individual members submitted letters to the Nebraska Legislative Retirement Committee on the LB 31 report.

A copy of the transcript from the hearing was sent to the Board of Trustees.

Mr. Rea asked whether OPS intended to move forward with legislation to implement LB 31. Dr. Logan indicated OPS intends to move forward at this time.

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Next on the agenda was a review of the “allowable indirect cost” for fiscal year 2020. Ms. Carter reviewed the Nebraska Revised Statutes, section 79-9, 115 and what is permitted under the allowable indirect cost assessment. Ms. Carter outlined for the Board the dollar amounts assessed since 2017, which are as follows: 2017 was \$200,000; 2018 was \$55,814; 2019 was \$96,735; and 2020 was \$119,444. However, a review of how OPS calculates the assessment raised the question of whether it was appropriate to include the investment and administration expenses associated with the Nebraska Investment Council. Ms. Carter indicated she asked OPS Finance to take another look at this formula.

Mr. Scott Roberts, OPS, CFO indicated as part of his first year as CFO, he is reviewing many items and the way they are calculated. He indicated that he concurred, it would be appropriate not to include the NIC investment and administration expenses in the calculation of the allowable indirect cost. He expressed that on a go forward basis, the NIC expenses would not be included in the calculation.

Therefore, the allowable indirect cost for fiscal year 2020 was reduced to \$46,500.

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Next Ms. Carter gave the Executive Director's report. The month of October includes the implementation of the medical COLA adjustments. Nebraska Revised Statutes provide for an additional COLA to retirees of OSERS who have received 10-years or more of retirement benefit

payments. For 2020 the medical COLA was applied to 2,135 retirees out of the 5,085 retirees currently on the roster. The October 2020 adjustment added \$32,072 to the monthly pension payroll. Ms. Carter reminded the Board the medical COLA does not pass to a surviving annuitant upon the passing of the retiree.

Next Ms. Carter gave an assessment of the 2020 audit. The team from Seim Johnson is on target to present the 2020 fiscal audit for OSERS to the Board of Trustees at the December 3, 2020 board meeting.

Mr. Rea clarified the medical COLA is applied in full only when the member has retired with 20 or more years of service. Ms. Carter indicated that he was correct and that if a member retires with less than 20 years of service, the medical COLA is prorated.

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Mr. Rea advised the Board that he registered for the National Council Teachers' Retirement virtual conference scheduled for later in October. He also thanked the Board for the two Resolutions that were submitted to NCTR for Don Erikson and Lance Purdy.

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Ms. Johnson 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 in the System. Mr. Havlovic seconded the motion and the motion was adopted by the following roll call: Aye: Bourne – Havlovic – Johnson – Logan – Rea - 5. Nay: – 0.

Mr. Bourne reminded the public of the purpose of closed session.

The Board entered into closed session at 4:27 p.m.

The Board reconvened in open session at 4:57 p.m. Present at roll call were: Bourne – Havlovic – Johnson – Logan – Rea - 5.

Mr. Rea made a motion the Board ratify October pension payroll in the amount of \$11,066,438.09 to 5,082 payees; approve October staff payroll in the amount of \$31,836.55; approve 20 new retirements effective October 1, 2020 – first pension payment November 3, 2020; ratify the suspension of 14 retirements and the continuation of two joint & survivor annuities due to the death of the retiree for the month of October; approve the processing of 92 refunds to former OSERS members in the aggregate of \$1,158,922.17 in the month of October; approve accounts payables for October in the aggregate of \$34,411.00. Mr. Havlovic seconded

the motion. The motion passed with the following roll call: Aye: Bourne – Havlovic – Johnson – Logan – Rea – 5. Nay: - 0.

Approve October New Retirement Annuitants

EMPLOYEE	NAME		EMP		RET	YRS	AVERAGE		CHOSEN BENEFIT	
NUMBER	First	Last	TYPE	AGE	MONTH	SERVICE	SALARY	OPT	OMAHA	STATE
	Tigue	Bass	Trans		10	8				
	Laura	Brown	Para		10	29				
	Sandra	Buie-Flemming	Para		10	15				
	Susanna	Clinton	T		10	19				
	<i>Robin</i>	<i>Copeland</i>	<i>OP</i>		<i>10</i>	<i>10</i>				
	Linda	Curtis	Para		10	18.9				
	Marian	Davis	OP		10	13.2				
	<i>Sharyln</i>	<i>Fischer</i>	<i>T</i>		<i>10</i>	<i>29</i>				
	<i>Constance</i>	<i>Hinman</i>	<i>T</i>		<i>10</i>	<i>10.4</i>				
	Nora	Lee	Trans		10	11.3				
	James	McAndrews	Other		10	30.5				
	<i>Pam</i>	<i>McDonald</i>	<i>Para</i>		<i>10</i>	<i>5.2</i>				
	<i>Lisa</i>	<i>Patterson</i>	<i>Nutri</i>		<i>10</i>	<i>20</i>				
	<i>Richard</i>	<i>Pelnar</i>	<i>CMO</i>		<i>10</i>	<i>13.2</i>				
	<i>Teresa</i>	<i>Pensick</i>	<i>T</i>		<i>10</i>	<i>32</i>				
	Christine	Pleas	Trans		10	5				
	<i>Jean</i>	<i>Ross</i>	<i>Nutri</i>		<i>10</i>	<i>28</i>				
	<i>Roberta</i>	<i>Schumacher</i>	<i>Trans</i>		<i>10</i>	<i>6.9</i>				
	<i>Mellany</i>	<i>Simmons</i>	<i>Para</i>		<i>10</i>	<i>7.5</i>				
	Timothy	Zona	Other		10	18.1				
Count			20							
Average				63		17	\$39,485.56		\$1,228.01	\$42.76

Median			65		14	\$28,635.63		\$719.61	\$40.00
Addition to Pension Payroll -October 2020									\$25,372.71

Approve Terminations of Annuitants' Payments Due to Death

EMPLOYEE NUMBER	NAME	AGE	RET YEAR	DATE OF DEATH	OSERS BENEFIT	Survivor Beneficiary	Survivor's Benefit \$	Overpayment Benefit \$
	Phyllis Kingery Ruff		1998	Aug-20				
	Jean Gross		1987	Aug-20				
	Vivian Trumbauser		1994	Aug-20				
	Lalar Perkins		1993	Aug-20				
	Janet Guthrie		1988	Aug-20				
	Peggy Walters		1993	Aug-03				
	Cheryl Witham		1999	Aug-20				
	Joan Christensen		1989	Aug-20				
	Fred Dixon		2000	Aug-20				
	Linda Campbell		2006	Aug-20				
	Berniece Dyer		1995	Aug-20				
	Virgil Rohlff		1997	Aug-20				
	Robert Summers		2001	Aug-20				
	Lois Lahowetz		2000	Aug-20				
Terminated from Retiree Payroll – October 2020					\$17,953.06			
	Rita Erdem		2005	Aug-20		Gaffar Erdmen		
	Eugene Munchrath		2008	Aug-20		Marilyn Munchrath		
					\$6,022.66		\$5,767.66	
Continued Benefit Under Joint Survivor - October 2020								

Average Age at Death	84
Average Years Retired	23

September Refunds [92 count]

ID	First Name	Middle	Last	End Balanc	Death Date	Term Date	Accrued Service	Dist Type
	Eric	C	Sylvis			8/25/2020	0.0	Direct
	Marita	A	Bruner			7/7/2020	0.2	Rollover
	Sharrell	N	Watkins			7/31/2020	0.3	Direct
	TreShawn	D	Abram			2/26/2020	0.6	Direct
	Davina	K	Andrew			7/31/2020	0.6	Direct
	Scott	G	Schwartz			7/31/2020	0.6	Direct
	Barbara	J	Harms			7/31/2020	0.7	Direct
	Jelisa	D	Sails			7/31/2020	0.7	Direct
	Karla	D	Gonzalez			7/31/2020	0.8	Direct
	Shannell	R	Holley			7/31/2020	0.8	Direct
	Jonna	C	Njati			7/31/2020	0.8	Direct
	Lucas	D	Smith			7/31/2020	0.9	Direct
	Lina	H	Al Hasnawi			7/31/2020	1.0	Direct
	Emily	Jayne	Deeds			7/31/2020	1.0	Rollover
	Kaylea	L	Britton			7/31/2020	1.0	Direct
	Dana	Michelle	Buddecke			7/31/2020	1.0	Direct
	Amanda	M	Duran			7/31/2020	1.0	Direct
	Emily	Marie	Eitzen			7/31/2020	1.0	Rollover
	Sandra	L	Frost			7/31/2020	1.0	Direct
	Alex	E	Green			7/31/2020	1.0	Direct
	Ladasia	M	Griffin			7/31/2020	1.0	Direct
	Kristen	L	Halo			7/31/2020	1.0	Direct

ID	First Name	Middle	Last	End Balanc	Death Date	Term Date	Accrued Service	Dist Type
	Theresa	J	Herman			7/31/2020	1.0	Direct
	Tina	Denice	LaMontagne			7/31/2020	1.0	Rollover
	Ebony	C	McKiver			7/31/2020	1.0	Direct
	Taylor	A	Rensink-Kortlever			7/31/2020	1.0	Rollover
	Hanna	Gordon	Ringsdorf			7/31/2020	1.0	Rollover
	Diane		Rivers			7/31/2020	1.0	Direct
	Terrance	J	Sheared			7/31/2020	1.0	Direct
	April	C	Shields			7/31/2020	1.0	Rollover
	Je'Lynn	R	Smith-Woodfork			7/31/2020	1.0	Direct
	Katherine	Jean	Spielman			7/31/2020	1.0	Rollover
	John	M	Stanton			7/31/2020	1.0	Direct
	Aleisha	S	Thomas			7/31/2020	1.0	Direct
	Tarissa	M	Washka			7/31/2020	1.0	Direct
	Holly	M	Inserra			7/31/2020	1.1	Direct
	Carvie		Erwin			7/31/2020	1.3	Rollover
	Ambrielle	Annette	Carr			7/31/2019	1.5	Direct
	Dennis	R	Damewood			7/31/2020	1.7	Direct
	Benjamin	P	Batley			7/31/2020	2.0	Direct
	Emily	Marie	Burd			7/31/2020	2.0	Rollover
	Cara	Alysse	Carranza			7/31/2020	2.0	Rollover
	Drew	A	Kortlever			7/31/2020	2.0	Rollover
	Sharen	A	Manning			7/31/2020	2.0	Direct
	Michaela	Marie	Mastny			7/31/2020	2.0	Rollover
	Na'Kela	S	Patterson			7/31/2020	2.0	Direct
	Pow	Too	Say			7/31/2020	2.0	Direct
	Christy		Tolevski			7/31/2020	2.0	Rollover

ID	First Name	Middle	Last	End Balanc	Death Date	Term Date	Accrued Service	Dist Type
	Diana	J	Villa			7/31/2020	2.0	Direct
	Tina	L	Scott			7/31/2020	2.2	Direct
	Alison	Marie	Baum			7/31/2020	2.7	Direct
	Jean	R	Bates			7/31/2020	3.0	Rollover
	Sheila	R	Dollison			7/31/2020	3.0	Direct
	Kaitlin	Ingman	Friel			7/31/2020	3.0	Rollover
	Carmen	R	Hall			7/31/2020	3.0	Rollover
	Elizabeth	M	Hayes			7/31/2020	3.0	Direct
	Annette		Hollis			7/31/2020	3.0	Rollover
	Michaela	K	Martinez- Bates			7/31/2020	3.0	Direct
	Charles	Henry	Sampsel			7/31/2020	3.0	Direct
	Mia	Elizabeth	Sorensen			7/31/2020	3.0	Direct
	Josie	B	Theroult			7/31/2020	3.0	Rollover
	Crystal	Y	Martinez Aponte			9/13/2019	3.1	Direct
	Alejandra		Soto-Suarez			7/31/2020	3.8	Direct
	Taylor	N	Busch			7/31/2020	4.0	Rollover
	Suzanne	E	Hanish			7/31/2011	4.0	Direct
	Terra	A	Krause			7/31/2020	4.0	Rollover
	Juanita	L	Matthews			7/31/2020	4.0	Direct
	Victor		Reynaga Espinoza			7/31/2020	4.0	Direct
	Corban	L	Williams			7/31/2020	4.0	Rollover
	Megan	N	Windhorst			7/31/2020	4.0	Direct
	Lori	J	LaFleur			10/2/2015	4.3	Direct
	John	F	Schmitt			7/31/2020	4.4	Direct

ID	First Name	Middle	Last	End Balanc	Death Date	Term Date	Accrued Service	Dist Type
	Ileana	V	Agredano De Reynaga			7/31/2020	4.5	Direct
	William	H	Kurtz			7/31/2020	4.8	Rollover
	Tina	M	Bushey			11/6/2019	5.2	Direct
	Pamela	L	Wallinger			7/31/2020	5.5	Direct
	Frances	A	Clayborn			7/31/2020	6.2	Direct
	Jane	D	Axtell			7/31/2020	7.0	Rollover
	Grant		Torpin			7/31/2019	7.0	Rollover
	Lori	S	Wees			7/31/2020	7.0	Rollover
	Sheila	D	Conley			7/17/2020	7.3	Direct
	Emily	K	Coleman			7/31/2019	8.0	Rollover
	Alana	N	Schriver			7/31/2020	8.0	Direct
	Melissa		Morales			7/31/2020	8.7	Direct
	Catalina	E	Lopez			7/31/2020	10.4	Direct
	Yongmi	K	Argo			7/31/2020	12.0	Direct
	LaShaina	A	Harper			7/31/2020	13.0	Direct
	Monique	R	Brown			7/31/2020	13.9	Direct
	Megan	R	Scobie			7/31/2020	15.0	Rollover
	Nancy	L	Streitz		4/4/2020	4/4/2020	15.0	Direct
	Dana	J	Coleman			7/31/2020	16.0	Rollover
	Clifford	O	White			7/31/2020	18.0	Rollover
COUNT								92
TOTAL Refunds				\$1,158,922.17				
AVERAGE				\$12,596.98			3.6	
MEDIAN				\$5,535.27			2.0	

Accounts / Payables for October 2020 = \$34,411.00

Legal Services

McGrath North - Litigation	\$10,672.00	
McGrath North - General	\$12,639.00	\$23,311.00

Consultant

Peetz & Company (4 th Q 2020)	\$10,200.00	\$10,200.00
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Miscellaneous

Faith Johnson (NCTR Registration)	\$450.00	
Roger Rea (NCTR Registration)	\$450.00	\$900.00

There being no further business to come before the Board, the meeting was adjourned at 4:48 p.m.

_____/s/_____
Cecelia M. Carter, Executive Director