

The Board of Trustees of the Omaha School Employees' Retirement System held a Regular Meeting on Wednesday, October 5, 2016, at 9:00 a.m. in the Board Hearing Room at the Teacher Administrative Center, 3215 Cuming Street, Omaha, Nebraska.

Pursuant to Section 84-1411 of the Nebraska Statutes, notice of this meeting was given by announcement by the President of the Board at the Board of Trustees meeting held on September 7, 2016.

The meeting was called to order at 9:02am

Present at roll call: Rea - Purdy – Jones - Ripa – 4. Absent: Erikson (excused) - Evans – Havlovic.

Staff Present: Cecelia M. Carter, Executive Director, James Ellis, Retirement Benefits Manager, and Kelly Sheard, Department Secretary. Others Present: Jason Benson, McGrath North Mullin & Kratz.

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Vice-President Rea announced that, pursuant to Section 84-1411 of the Nebraska Statutes, the next meeting of the Board of Trustees will be held at 9:00 a.m. on Wednesday, November 2, 2016, in the School Board Hearing Room of the Teacher Administrative Center, 3215 Cuming Street, 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.

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Mr. Ripa moved that the OSERS Board of Trustees go into Closed Session. The motion was seconded by Mr. Jones and adopted by the following roll call vote: Aye: Jones – Purdy – Rea – Ripa – 4. Vice-President Rea reminded the public the Board went into Closed Session at 9:04 a.m. 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, Executive Director and OSERS Staff, James Ellis, Retirement Benefits Manager, Legal Matters on the Retirement System.

Vice-President Rea reconvened the meeting at 9:24 a.m.

Present at roll call: Evans – Jones - Purdy – Rea – Ripa – 5.

Mr. Havlovic entered the room at 9:26 a.m.

OMAHA SCHOOL EMPLOYEES RETIREMENT SYSTEM

Gross Annuitant Pension & Retirement Staff Payroll

- Ratify October Pension Payments (paid 10.03.2016) = \$9,397,170.12
- Ratify October Staff Payroll (paid 10.05.2016) = \$ 28,162.05

New Retirements

- Ratify October New Retirement Annuitants (first check November 3, 2016)

		EMP		RET	RET	CHOSEN BENEFIT		
NAME		TYPE	AGE	MONTH	YRS	OPT	OMAHA	STATE
	Rodney	Brammann	CMO	10	18.0	A		
	Kerrie Jo	Bray	Other	10	22.5	A		
	Donna	Freeman	Para	10	11.7	A		
	Roger	Hasz	T	10	10.0	B		
	Carla	Kyle	Para	10	8.0	A		
	Martin	McFarland	Trans	10	16.0	F		
	Judy	Souder	T	10	18.0	A		
Addition to Retiree Payroll - October 2016							\$7,257.53	\$217.52
Average			61		15		\$1,036.79	\$43.50
Median			62		16		\$997.55	\$40.95

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

Terminated Employees' Refunds

Presented at the October 5, 2016 Retirement Board Meeting
 Submitted to OPS Accounts/Payables on October 5, 2016

	NAME		Payment Type
	First	Last	
	Jacob	Adams	Direct
	Katherine	Arkfeld	Direct
	Teresa	Berry	Direct
	Kamilah	Cunningham	Direct
	Canetria	Davis	Direct
	Zachary	Davis	Direct
	Carrie	Dibelka	Rollover
	Michelle	Ferrin	Direct
	Gena	Fritz	Direct
	Nicole	Goff	Direct
	Annette	Hollis	Direct
	Rafael	Jenkins	Direct
	Kathryn	Kmezich	Direct
	Amy	Long	Rollover
	Robert	Martinez	Rollover
	Deborah	Mason	Direct
	Mary	McGuire	Rollover
	Vicki (Jason)	McIntosh	Direct
	Holly	Reeves	Direct
	Jeremy	Rone	Direct
	Shelia	Shannon	Direct
	Lonnie	Simmons	Direct
	Andrew	Simmons	Direct
	Gregory	Toland	Direct
	Amadi	Watts	Direct
	Anthony	Williams	Direct
	Rachelle	Lodge	Direct

	NAME		Payment Type
	First	Last	
	Nicholas	Briganti	Direct
	Denice	Briganti	Direct
Terminated EE Refunds September 2016			\$377,864.35
Average			\$13,029.81
Median			\$11,143.60
Count			29

Accounts / Payables for October 2016

- Professionals/Consultants – \$91,792.00
- Investment Management – \$321,436.90
- Legal Services – \$36,784.89

Mr. Purdy moved and Mr. Jones seconded, the Board ratify the October pension and staff payrolls, approve October new retirements, approve October pension refunds, and approve October accounts payables. The motion was adopted by the following roll call vote: Aye: Evans – Havlovic – Jones – Purdy - Rea – Ripa– 6.

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Vice-President Rea continued the meeting with the next agenda item, September meeting minutes. Mr. Ripa moved to accept the minutes and Mr. Purdy seconded. Mr. Rea asked if page numbers could be put on the minutes. Ms. Carter apologized for not doing so. Mr. Rea noticed that the meeting minutes have become more comprehensive than in the past. He further stated he couldn't remember when he got the copy of the minutes in his e-mail but if Cecelia could send those out preliminary with the DRAFT stamp across them with the first board packet. The motion was adopted by the following roll call: Aye: Rea – Ripa – Evans – Havlovic – Jones – Purdy – 6.

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Mr. Rea asked Cecelia M. Carter to discuss the Investments. Ms. Carter explained there was quite a bit of activity in the month of September regarding purchases transacted by OSERS'

managers. These are only purchases made by our active managers as well as some of OSERS' MLP alternative managers. Mr. Jones made a motion to approve the investments and Mr. Havlovic seconded. Aye: Purdy – Rea – Ripa – Evans – Havlovic – Jones – 6.

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Ms. Carter explained the Budget for OSERS. She explained that the proposed adjustments are highlighted in yellow on the budget sheet. Ms. Carter further explained there has been discussion with the Board in the past to add one additional staff to the department. The position to be added is that of a retirement technician to begin learning and training how to perform calculations and looking for someone with the skill set to assist OSERS with more analytical work and the ability to run reports and do analyses. As things change, additional personnel will be needed to help review processes and help automate more processes for our members. There are quite a bit of processes that are performed manually. Mr. Purdy asked what the levels of the OSERS' staff are. Ms. Carter explained the Retirement Benefits Manager falls under the category of "Specialist" under the OPS categorization. Our Technician is the one who does the calculations and then there is the department secretary.

The other addition to the budget Ms. Carter is asking for is legal services. The request is to increase the budget line item by an additional \$50,000.00 taking the 2016-2017 line item budget to \$150,000. This is our first year of having outside legal counsel for the Retirement Board. In addition to all the transition work going to the Nebraska Investment Council, there is a lot of catching up to speed that's associated with legal and she would like to have the bandwidth within that budget line item to be able to take care of our legal needs.

The next addition is Contracted Professional/Technical Services and she is asking for an additional \$50,000.00 to the budget line item taking the 2016-2017 line item budget to \$75,000. This is generally used when the actuary is asked to do a special project, etc. As a separate entity now, OSERS would like to have eyes and ears in Lincoln and this would be finding someone to represent OSERS on government relations.

Finally, Ms. Carter continued to further explain the 2016-2017 revised budget. For all non-annuity and non-investment expenses the department budget is \$1.289 million. With the additions that Ms. Carter is requesting, the department budget is increasing to \$1.493 million. If the Board approves the budget, she will begin work with HR on the additional staff. Mr. Rea asked if the additional technician be strictly responsible for calculations of benefits. Ms. Carter answered she will look for someone with a broad skills set so this person will bring value add to the team and be able to work with us on all upcoming future projects that will require analysis work, review work, automating and reviewing processes.

Mr. Havlovic asked would this position be recruited nationally or locally. Ms. Carter indicated position would be recruited locally through HR. That is not to say if someone outside of the greater Omaha area saw the position and applied, and given their credentials are compatible with the position posting, there would be no reason not to consider the candidate. Mr. Evans said

there is a PeopleSoft upgrade in process and is very lengthy. The District will be spending quite a bit of money in upgrades to multiple systems. PeopleSoft will be maintained and bringing it up to speed with updates and integrating it is huge.

Mr. Jones motioned to approve the adjustments to the budget and Mr. Ripa seconded the motion. Aye: Purdy – Rea – Ripa – Evans – Havlovic – Jones – 6.

In beginning the Executive Director report, Ms. Carter explained the 2016 audit is still underway. The retiree medical COLA was paid out on the October 3rd pension payment. The additional cost to our monthly payroll was \$31,706.35 that represented 1,918 retirees with 10 or more years of retirement. The average adjustment for the medical COLA was \$16.63. Ms. Carter reminded the Board the formula is \$10.00 for each month of retirement after 10 years of retirement with a maximum of \$250.00. Also, in case our active representatives get questions now that the retirement board is responsible for the administration, different from when they were a subset committee of the School Board, pension refunds are being paid monthly as opposed to twice a month which was in conjunction with the Board of Education meetings. Once a month, the refunds will come before the Retirement Board of Trustees first, then they're submitted to Accounts Payable and it will go before the School Board as a claim.

Ms. Carter and Mr. Walden-Newman has prepared a joint letter that is going to our managers to bring them up to date and ask them to acknowledge the transfer of authority from OSERS to the Nebraska Investment Council. The letter was reviewed by legal counsel and is signed by Ms. Carter and the State Investment Officer.

Ms. Carter further reminded the Board that Early Leave Incentive transpired in September and is administered by the Compensation and Benefits Department and not the Retirement System. She stated that there were 68 OEA members that qualified and 21 received award notices.

Mr. Rea asked Ms. Carter if she has met with the Investment Council yet. She stated she participated in a July meeting which was a 3 day meeting between NPERS and Nebraska Investment Council. For their September meeting, she was unable to attend as an observer because she had a conflicting meeting in the morning. Normally, these are all day meetings, but for some reason the September meeting was over shortly after noon and she did not go to LaVista. Mr. Rea asked if there is a provision to replace the Executive Director when not able to attend to have someone at the Investment Council to make sure OSERS' interests are represented. Ms. Carter stated the law says only the Executive Director is seated on the Council. It is an open meeting and any Board of Trustees member can attend the meeting. Mr. Rea suggested we need someone to represent us at these meetings if the Executive Director cannot attend.

In conclusion, Ms. Carter distributed packets for the members who are going to the National Council on Teachers' Retirement conference. Mr. Havlovic thanked Ms. Carter for her organization of these packets. She also said there's an app that keeps track of the agenda, and other important information concerning the conference.

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For the Board of Trustees report, Vice-President Rea announced Ms. Carter, Mr. Erikson, several Senators, and Legal Counsel and himself for the Retirement Committee met with the Investment Council in September to talk about the transition of investments and how that will work. There was discussion whether or not the Investment Council is a fiduciary for the Retirement System. His understanding was that they were not, but he was assured that they are. He also asked the language be clarified for the state law. They thought it was clear as it was, he thought it was not. In order to get their interpretation two different sections of the law had to be read, i.e. one section is over here in Chapter 79 then another Chapter 81. If both were not seen, they might not have been seen at all. He suggested to the Investment Council that they set up a statement in the statutes that says the Nebraska Investment Council is a fiduciary starting January 1, 2017 instead of saying NOT a fiduciary prior to...this language is not entirely clear. Mr. Rea suggested to follow-up with Kate Allen regarding this.

Mr. Rea asked if there has been any preliminary drafts on policies in regard to the Trustee election and policies for the board. Ms. Carter stated they will be at the November meeting.

Mr. Purdy asked if Ms. Carter is comfortable with the retirement cheat sheet he developed. She stated she was and thanked him publicly for his work and assistance to the department. Mr. Purdy asked if he could present this to his association representative on the second Tuesday in November. Ms. Carter said it will be a draft. Mr. Rea asked if Ms. Carter could send a copy of this cheat sheet to the trustees.

Meeting adjourned at 9:54 a.m.