

The Board of Trustees of the Omaha School Employees' Retirement System held a Regular Meeting on Wednesday, January 4, 2017, 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 Vice-President of the Board at the Board of Trustees' meeting held on December 7, 2016.

Present at roll call: Erikson – Havlovic – Jones – Purdy – Rea - Ripa – 6. Entered during meeting: Evans - 1.

Staff Present: Cecelia M. Carter, Executive Director, James Ellis, Retirement Benefits Manager. Others Present: Robert Bothe, Esq., McGrath North, Jack Peetz, Peetz & Company, Connie Knoche, Chief Financial Officer and Bridgette Donovan, OEA President.

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President Erikson announced, 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, February 1, 2017, 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 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. Rea moved that the OSERS Board of Trustees go into Closed Session. The motion was seconded by Mr. Havlovic and adopted by the following roll call vote: Aye: Erikson – Havlovic – Jones – Purdy – Ripa. - 5. President Erikson reminded the public the Board went into Closed Session at 9:10 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, Jim Ellis, Bridgette Donovan, Robert Bothe, Esq. and Jack Peetz legal matters on the Retirement System.

Mr. Evans entered the room at 9:15 a.m.

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President Erikson reconvened the meeting at 9:45 a.m.

Present at roll call: Erikson – Evans - Havlovic – Jones – Purdy – Rea – Ripa – 7.

Mr. Ripa moved and Mr. Rea seconded, the Board ratify the January pension and staff payrolls, approve January new retirements, approve January survivor annuities due to death, approve January pension refunds, and approve January account payables. The motion was adopted by the following roll call vote: Aye: Jones – Purdy – Rea – Ripa - Erikson – Evans - Havlovic – 7.

- Gross Annuitant Pension & Retirement Staff Payroll
 - December Pension Payments (paid 12.03.2016) = \$9,498,619.25
 - December Staff Payroll (paid 12.05.2016) = \$ 28,453.95

- New Retirements (first check January 3, 2017) [10 count]

EMPLOYEE		EMP		RET	YRS		CHOSEN BENEFIT	
NAME		TYPE	AGE	MONTH	of SERV	OPT	OMAHA	STATE
Spencer	Danner	CMO		1	22.7			
Carry	Estes	Trans		1	7.8			
Joyce	Hoeft	Other		1	26.8			
Kathleen	Kaufman	OP		1	10.8			
Richard	Keeling	CMO		1	30.5			
Patricia	Ketelsen	Nutri		1	26.0			
Linda	Leaver	OP		1	17.5			
Michael	Salzbrenner	Trans		1	6.3			
Delilah	Self	Para		1	10.0			
Scott	Slegl	CMO		1	41.2			
Addition to Retiree Payroll - January 2017							\$12,781	\$572
Average			63		20.0		\$1,278	\$57
Median			64		20.1		\$801	\$52

- Deaths (last check December 3, 2016) [10 count]

EMPLOYEE		RET	DATE OF	BENEFIT	
NAME		YEAR	DEATH	OMAHA	
Doris	Stout	1991	Nov 2016		
Janis	Bennett	2002	Nov 2016		
Clarence	Pfundheller	1983	Nov 2016		
Jacquelyn	Dorsey	2007	Nov 2016		
Gary	Lundeen	2000	Nov 2016		
Dicsible	Triplett	2003	Nov 2016		
Charlotte	McDowell- Richards	2012	Nov 2016		
Donna	Fletcher	2002	Nov 2016		
Colleen	Quick	2005	Nov 2016		
				(\$14,144.20)	
Lump Sum Payout to Beneficiaries of Retired Member					
Adam	Schellenberg	2014	Nov 2016		Robert Schellenberg
Jason	Schellenberg	2014	Nov 2016		Robert Schellenberg
Robert Clay	Schellenberg	2014	Nov 2016		Robert Schellenberg
Timothy	Schellenberg	2014	Nov 2016		Robert Schellenberg
				(\$55,856.12)	

• Terminated Employees' Refunds [22 count]

FORMER EMPLOYEE			
NAME		Payment	
First	Last	Type	Dollar
Brandi	Asmus	Direct	
Ronald	Bailey	Direct	
Alice	Baker	Rollover	
Dominique	Barfield	Direct	

FORMER EMPLOYEE			
NAME		Payment	
First	Last	Type	Dollar
Andrew	Blazek	Direct	
April	Bowing	Direct	
April	Brown	Direct	
Megan	Crowell	Direct	
Rozlynn	Dibbern	Rollover	
Julie	Eagan	Direct	
Marissa	Golden	Rollover	
Angelina	Gradel	Direct	
John	Heineman	Rollover	
Jacob	Mullenax	Direct	
Alexandria	Nickels	Direct	
Ronald	Powell	Direct	
Annie	Sorensen	Rollover	
Ryan	Sullivan	Direct	
Barbara	Vanderbeek	Rollover	
Jennifer	Walgrave	Direct	
James	Watson	Rollover	
Marita	Wolfe	Rollover	
Terminated EE Refunds January 2017			\$247,535.43
Average			\$11,251.61
Median			\$7,096.68
Count			22

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

- Accounts / Payables for January 2017

Consultants –

- NEPC (4Q) \$81,250.00
- NIC/AON (LB447-A/L Study) \$60,000.00
- Cavanaugh Macdonald (GASB 67) \$13,000.00

\$154,250.00

Investment Management –

- SPC Capital (2Q) \$ 125,000.00
- \$125,000.00

Legal Services –

- Nebraska Investment Council \$ 1,859.08
 - McGrath North – General \$ 4,438.00
 - McGrath North – AGYOF \$ 3,348.00
- \$9,645.08

Mr. Evans noted that he concurred with all the information discussed in Closed Session, but that he wanted to make a note for the record that he requested the Board move out of Closed Session at 9:33 a.m. to discuss Legislative Issues. The Board had to wait for the return of key personnel to resume the open meeting.

President Erikson called on Mr. Jack Peetz to discuss the legislative issues.

Mr. Peetz indicated the Legislature starts the long session today, which is a 90-day session. It's not 90 consecutive days, its 90 working days of the legislature.

Mr. Peetz then went on to give a high level overview of the initial procedures of every legislative session in Nebraska. He then discussed how Peetz & Company will monitor bills of importance to OSERS and keep the Executive Director and Retirement Board up to date on the matters.

President Erikson voiced his frustration about how the Retirement Board of Trustees has not been involved with any of the discussions about the so-called merging of OSERS with the State retirement system. There was much discussion amongst the Board members, Ms. Donovan and Mr. Peetz as to what the motive to merge OSERS into the State retirement system could be and who was initiating the discussion.

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Mr. Rea made a motion to approve the Minutes and Mr. Jones seconded the motion. Mr. Havlovic noted that on Page 8, there was a correction to be made on the spelling of Rob Dickson's last name. President Erikson asked if Mr. Rea and Mr. Jones would accept the minutes as corrected. Mr. Rea and Mr. Jones accepted the amendment. The motion was adopted by the following roll call vote: Evans – Havlovic – Purdy – Rea – Jones – Erikson – Ripa – 7.

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Mr. Rea made a motion to approve the investment purchases for December and Mr. Purdy seconded the motion. The motion was adopted by the following roll call: Ripa – Erikson – Rea – Evans – Purdy – Havlovic – Jones – 7.

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The meeting continued with the Board Election Policy. After discussion amongst the board, President Erikson asked if Ms. Carter, Mr. Rea, and Mr. Havlovic would meet with each other and make changes on the Policy, as indicated through the discussion, for the next Board meeting.

Ms. Carter reminded the board, a notice has already gone out to the Members on the Annual Members' Statements in 2016.

Mr. Rea noted to the Board that when he read through the Policy it is mostly clean-up language and didn't want it to be inconsistent from one section to the next. There will be no action on this item today; however, the ad hoc committee has been formed to finalize the policy.

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Executive Director's Report

Ms. Carter brought the Board up to date regarding the open staff position in the Retirement Office. She explained the position will be re-posted in January. Ms. Carter also explained that the position was posted to the OPS website. She also requested our District Communications Office to tweet the open position on Twitter – however, she never saw the tweet. Mr. Erikson asked how many applicants there were and Ms. Carter said she saw less than 20 applications. She feels it's best to re-post the position at this time.

Ms. Carter again discussed with the Board of Trustees the Notice of the election was printed on the 2016 Members' Statements and the statements were received by our members at the end of December 2016. The Notice calling for nominations will post following the February 2017 Board meeting next month and it will post to the OSERS website. She will share the notice with OPS District Communications to include in the weekly communication that goes to OPS staff. She will also share it with Omaha Education Association and the OPS Administrators' Association. This is for the Certificated Trustee seat only.

Mr. Erikson suggested if there is some kind of application form that would be the same for everyone or should the applicants basically just use their own style. He further stated it would be a good idea to have the same kind of format for everyone looking on the website i.e., name address, picture, and 300 word statement. Ms. Carter stated that she would look into this idea.

The 2016 Cost of Living Adjustments calculations were applied to eligible retirees on the January 3rd pension check for a total of \$117,025.05 in COLA adjustments.

Ms. Carter continued her report with suggesting to the Board we start thinking about the 2017 Annual Retreat. Possible topics included having a facilitator and walking through a strategic plan for the next several years. She also asked since there are 3 newly elected Board of Education members, does our Board want to have an Open House to discuss how the Retirement System works and an introduction to our Board members. Mr. Rea replied this is a good idea. Mr. Erikson suggested find a date that works for them instead of just saying this date is when the reception is going to be. Basically, work around their schedule to make sure they are at the reception.

Ms. Carter shared with the Board she has been asked to serve on the National Council on Teachers Retirement (NCTR) legislative committee. She will be going to a legislative committee meeting February 25-28.

Finally, Ms. Carter updated the Board on the transition of the Investments to the Nebraska Investment Council. She has been in contact with the Nebraska Investment Council (NIC) Deputy State Investment Officer. Wells Fargo (OSERS old custodian) held back an amount equal to the quarterly fee and anticipated transaction fees - approximately \$100,000. Wells Fargo and the NIC will true-up the held back amount once everything is reconciled.

NIC and OSERS are in reconciliation phase. OSERS staff still has access to Wells Fargo's custodial platform through 2017 in order to complete the December 31, 2016 audit of financial statements. Ms. Carter researched to see what OSERS looked like on December 31 making sure that everything transferred according to plan. There is no concern. Ms. Carter stated there would be quarterly updates from the Nebraska Investment Council. The audit will be starting in January and it should be finished in March or April. Ms. Carter reminded the Board that there will be an actuarial Experience Study that will be performed in 2017, as well as the January 1, 2017 Valuation Report. This will give the Board a better idea of what the System looks like actuarially and what our experience has been over the last 4-5 years and whether assumptions need to be adjusted based on the actual experience. It will be a methodical process so everyone is comfortable with decisions and any adjustments that will be made. Mr. Ellis will be starting to pull December 31, 2016 data right away. The actuary already has August 31, 2016 data and now she will be getting December 31, 2016 data. The information will become public and posted to our website after the reports are presented to the Retirement Board.

Ms. Carter thanked the Board for their understanding regarding the funeral she had to attend out of town at the end of December.

Trustees' Report

Mr. Rea reported he has been elected as secretary/treasurer of NCTR and there was a planning session in December. He was also chosen to be a permanent NCTR member on the National Institute on Retirement Security Board (NIRS). NCTR is one of the founding members of this group.

Mr. Jones reported that there was an article on the front page of the Wall Street Journal regarding the benefits of pension plans over the use of 401(k) plans as the sole source of retirement income.

President Erikson informed the Board that he and Mr. Purdy have been asked to serve on the NCTR Trustee Education Committee and Mr. Jones said he was asked also.

There was no new business at this time.

Meeting adjourned at 11:07 a.m.

PENDING BOARD APPROVAL