

The Board of Trustees of the Omaha School Employees' Retirement System held a Regular Meeting on Wednesday, March 1, 2017, at 9:01 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 February 1, 2017.

Present at roll call: Erikson – Havlovic – Jones – Purdy – Rea - Ripa – 6. Absent: Evans.

Staff Present: Cecelia M. Carter, Executive Director, James Ellis, Retirement Benefits Manager, and Kelly Sheard, Department Secretary. Others Present: Jack Peetz, Peetz and Company, Kristen Finney-Cooke, NEPC via conference call.

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President Erikson 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, April 5, 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 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. Purdy moved that the OSERS Board of Trustees go into Closed Session. The motion was seconded by Mr. Ripa and adopted by the following roll call vote: Aye: Erikson – Havlovic – Jones – Purdy – Rea - Ripa. - 6. President Erikson reminded the public the Board went into Closed Session at 9:06 a.m. for the protection of public interest and for the prevention of needless injury to the reputation of individuals to discuss with Cecelia Carter, Executive Director and Jim Ellis, matters on the Retirement System.

Mr. Evans entered the meeting at 9:07 a.m.

Mr. Evans left the meeting during the closed session.

President Erikson reconvened the meeting at 9:30 a.m.

Present at roll call: Erikson - Havlovic – Jones – Purdy – Rea – Ripa – 6 present.

Mr. Rea moved and Mr. Havlovic seconded, the Board ratify the March pension payroll and staff payroll, approve March new retirements, approve March retirement terminations due to death, approve March pension refunds, and approve March accounts payables. The motion was adopted by the following roll call vote: Aye: Jones – Purdy – Rea – Ripa - Erikson - Havlovic – 6.

- Gross Annuitant Pension & Retirement Staff Payroll
 - Approve March Pension Payments (paid 03.03.2017) = \$9,493,719.47
 - Approve March Staff Payroll (paid 03.03.2017) = \$28,453.95
- New Retirements
 - Approve March New Retirement Annuitants (first check April 3, 2017) [8 count]

EMPLOYEE			EMP		RET	YRS		CHOSEN BENEFIT	
NUMBER	NAME		TYPE	AGE	MONTH	of SERV	OPT	OMAHA	STATE
	Tina	Jacobson	Trans		3	5.9			
	Robert	Levesque	Other		3	16			
	Timothy	Mueller	CMO		3	16			
	Larry	O'Brien	CMO		3	15.5			
	John	Schutt	CMO		3	43			
	Gerald	Taylor	CMO		3	30			
	Franklin	Vidlak	CMO		3	7			
	William	Wixon	T		3	19			
Addition to Retiree Payroll - March 2017								\$12,049.98	\$464.57
Average				64		19		\$1,506	\$58
Median				65		16		\$1,494	\$43

- Deaths
 - Approve Termination of Annuitants' Payments Due to Death (last check was February 3, 2017) [7 count]

EMPLOYEE				RET	DATE OF	BENEFIT	Jt & Survivor
NUMBER	NAME		AGE	YEAR	DEATH	OMAHA	Beneficiary
	Phyllis	Noble		1987	January 2017		
	Betty	Nazeck		1999	January 2017		
	Regina	Koraleski		1981	January 2017		
	Donna	Campbell		1992	January 2017		
Terminated from Retiree Payroll – February 2017						\$3,224.75	
	Robert	Cain		1987	January 2017		Marilyn Cain
	Mary	Steele		2004	January 2017		Jerry W. Steele
	Edward	Garriott		1998	January 2017		Susan Garriott

- Terminated Employees' Refunds
 - Approve Refunds [36 count]
Presented at the March 1, 2017 Retirement Board Meeting
Submitted to OPS Accounts/Payables on March 1, 2017

EMPLOYEE	NAME		Payment	
	First	Last	Type	Dollar
	Herbert	Agee	Direct	
	Megan	Baker	Direct	
	Jeremy	Baldwin	Direct	
	Casey	Bowyer	Rollover	
	Sandra	Casanova	Direct	
	Daryl	Clark	Direct	
	Kandis	Clark	Direct	
	Todd	Conn	Direct	
	Briana	Davis	Direct	
	Kristin	Fittje	Rollover	
	Elizabeth	Gibilisco	Rollover	
	Alexis	Glesmann	Rollover	
	Dawn	Goodland	Direct	
	Pamela	Henry	Direct	
	Chamillia	Hervey	Rollover	
	Nicholas	Hintz	Direct	

EMPLOYEE	NAME		Payment		
	NUMBER	First	Last	Type	Dollar
		Denishia	Jynes	Direct	
		Thaddeus	Kersting	Rollover	
		Shayla	Kirsch	Rollover	
		Kelsi	Kohler	Direct	
		Tere	Lea	Rollover	
		Judith	Lee	Direct	
		Britney	Lewis	Direct	
		Krystin	Mavity	Direct	
		Mary	McNamara	Direct	
		Hussein	Mohamed	Direct	
		Dawn	Peterson	Rollover	
		Alicia	Russell	Rollover	
		Randi	Scott	Rollover	
		Anna	Singleton	Rollover	
		Katherine	Spielman	Direct	
		Brianne	Tapley	Direct	
		Michelle	Tebbe	Direct	
		Synetra	Toney	Direct	
		Crystal	Zajac	Rollover	
		Teresa	Zuern	Direct	
Terminated EE Refunds March 2017					\$560,774.80
Average					\$15,577.08
Median					\$4,780.51
Count					36

Accounts / Payables for March 2017

- Investment Managers –
 - Walter Scott (midcap) (4th Q '16) \$ 54,506.82
 - Wall Street (micro) (4thQ '16) \$ 76,168.12
 - Walter Scott (4thQ '16) \$294,499.52
 - Earnest Partners (4thQ '16) \$ 41,179.99

\$466,354.45

- Legal Services –
 - McGrath North – General \$ 16,660.00
 - McGrath North – AGYOF \$ 1,775.50

\$18,435.50

- Consultant –
 - Seim Johnson (12.31.2016 audit) \$ 4,400.00

\$4,400.00

- Miscellaneous –
 - Nat'l Pension Education Assc \$ 600.00

\$600.00

President Erikson continued with the next item on the agenda. Mr. Purdy moved and Mr. Rea seconded the Minutes. Mr. Erikson inquired as to whether there was a joint statement issued to OSERS members regarding LB548 as referenced from last month's minutes. Ms. Carter explained the school district wanted to change language after the February retirement board meeting where the statement had been approved by the board of trustees. However, the district never provided their desired re-write. Therefore, the statement was issued to current staff and the retirees as approved by the Retirement Board of Trustees at the February 2017 board meeting.

Mr. Erikson asked about the \$8,500.00 invoice to Cavanaugh Macdonald. Ms. Carter explained the issue is unresolved at this time. The motion was adopted by the following roll call: Erikson – Havlovic – Jones – Purdy – Rea – Ripa – 6.

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President Erikson introduced Mr. Jack Peetz of Peetz & Company to discuss 2017 legislative matters. He informed the Board that Cecelia Carter had gone to Lincoln to testify at the hearing on LB548 and it went extremely well. Her testimony represented the OSERS position in a neutral capacity. She also supplied the testimony in writing and provided an exhibit that goes into the Minutes so the Legislative Retirement Committee will have this information. Mr. Peetz and Ms. Carter were able to visit with some Senators before the hearing. A number of Senators were not able to stay in the hearing for the entirety because of executive meetings being held on their other committees.

Mr. Erikson asked with respect to the whole idea of this bill, where does it stand today? Mr. Peetz stated the idea will migrate back to what Ms. Carter and the Board initially suggested, to have studies conducted.

At this point, Ms. Carter shared with the Board the contents of a sign on the front door at the Nebraska Public Employees' Retirement System office.

“WALK-IN Due to limited staff and high call volumes, you may need to wait an undetermined amount of time to speak with a Retirement Specialist. We will do our best to serve you as quickly as possible.”

She further explained, when you go into the reception area, there’s another sign that reads as follows:

“Due to limited staff and high call volumes, you may need to wait an undetermined amount of time to speak with a Retirement Specialist. If you would like to leave your question and receive a return call, please let the receptionist know. If you would like to leave a form for review, please let the receptionist know. We will mail the form back to you if it is incomplete or incorrect. If you have an original document we have requested, please feel free to leave it with us and we will mail back the original. We will do our best to serve you as quickly as possible. Thank you.”

Mr. Peetz indicated, with respect to this particular bill, the committee is strongly committed as well as a number of senators on the floor that if a consolidation were to take place they would require it to come in at 100% funded. Mr. Rea expressed it is important to note the OSERS Board of Trustees has had no involvement with this bill. He feels all the details of the bill are hypothetical speculation. Mr. Rea also noted that in reading the bill, it indicated that basically OSERS would be a closed system and that all new OPS hires would go into the State school retirement system and OSERS would fade away. In his opinion, the bill was poorly written.

Mr. Peetz continued with his overview of his monitoring of LB548.

Mr. Purdy asked if there is any insight on LB415. Ms. Carter explained LB415 is the bill concerning the Rule of 90, the 180-day break in service, 3-year wait period if Early Leave Incentive is taken, 10-year vesting if returning to work while collecting retirement benefits. Mr. Peetz told the Board that he would continue to monitor LB415.

Ms. Carter continued the discussion with another bill, LB31, which was being discussed. The bill defines certain days defined as creditable service days. Across school districts, different types of leave are permitted to receive creditable service applied toward retirement calculations. This bill is intended to define creditable service, what’s paid leave, and services rendered so that a person can receive creditable service in the plan. It specifically calls for vacation, sick, jury duty, and federal holidays. This will be monitored closely to see if the bill goes anywhere. It could have some impact on people taking certain types of leave. Ms. Carter explained further this bill is also eliminating the employer’s ability to purchase service credit for an employee. Mr. Peetz indicated he will continue to monitor LB31.

Discussion was continued at a high level regarding these issues.

Mr. Evans entered the meeting at 10:02 a.m.

President Erikson took a moment to reminded the Board that today, March 1, 2017, is Nebraska’s 150th Birthday. Mr. Havlovic indicated he won his department’s Nebraska trivia contest so if anyone had any questions about Nebraska, please ask him!

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President Erikson introduced Ms. Kristin Finney-Cooke, NEPC, via telephone conference to discuss the 4th Quarter performance of the OSERS’ Portfolio. She reviewed the 4th Quarter Total Fund Performance Summary as of December 31, 2016.

Omaha Public Schools

Total Fund Performance Summary

	<i>Market Value</i>	<i>10 Yrs.</i>	<i>5 Yrs.</i>	<i>3 Yrs.</i>	<i>1 Yr.</i>	<i>Fiscal YTD</i>	<i>3 Mo.</i>
<i>Composite</i>	\$1,140,388,924	4.4%	5.4%	0.9%	1.6%	-2.2%	-2.9%
<i>Allocation Index</i>		5.1%	7.9%	4.5%	8.9%	2.8%	1.6%
<i>Policy Index</i>		5.0%	7.8%	4.1%	7.1%	1.8%	0.4%
<i>InvestorForce Public DB Gross Median</i>		5.2%	8.3%	4.5%	7.6%	1.3%	0.8%

Ms. Kristin Finney-Cooke continued with the overview of the OSERS’ Portfolio. She expressed her thanks in working with Omaha School Employees’ Retirement System over the years. The Board reciprocated their thanks to her and New England Pension Consultants.

Mr. Erikson reconvened the meeting at 11:15 a.m. Mr. Rea stated he would like to revisit the legislative matters and move the Board goes on record with opposing LB548 and monitoring LB415 and LB31. Discussion ensued with Mr. Rea stating that LB548 is “dead” for this year. Mr. Evans stated he agreed with monitoring; however, he said he is not ready to oppose. Mr. Rea reiterated his intention is to oppose LB548 and this maybe should be discussed and engaged in conversations in the New Business section of the meeting. Further discussion continued with the Board. Mr. Purdy asked if discussions surrounding LB548 is a moot point and Mr. Rea stated it’s never a moot point until it gets Indefinitely Postponed. The motion was seconded by Mr. Ripa and adopted by the following roll call: Erikson - Havlovic – Jones – Purdy – Rea – Ripa – 1. Nay – Evans.

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President Erikson continued with the next item on the agenda, Trustee elections. Ms. Carter informed the Board March 1, 2017, is the first day of the nomination period and opened at 9:00 a.m. The nomination form sheet is located in the Retirement Office, 3215 Cuming Street, 2nd floor, Room 2-170. The nomination period will remain open until 5:00 p.m. Friday, March 10, 2017. At the April meeting, the announcement will be made of the nominated candidate(s) for the Certified Staff position on the Board of Trustees. Ms. Carter reminded the Board this is a 4-year term running from July 1, 2017 until June 30, 2021. Mr. Purdy complimented Ms. Carter on performing a nice job in getting the information to employees in a timely and professional manner. He's had a lot of teachers asking about the flier and they received it via e-mail. Ms. Carter explained the flier was posted to the OSERS' website and she also sent the flier via e-mail and school mail to all of the principals in the district for them to publicly post it in their designated school. She added it was communicated to the OEA, Administrator's Association, and Local 226. OPS District Communications posted the notice on the weekly District Communications e-mail to all employees. The notice of an election was also communicated on the OSERS' Annual Members' Statements mailed in December 2016. There were not many questions received in the Retirement Office so the information given was easy to understand. Ms. Carter reminded the Board, in accordance with the Board's election policy as adopted, if there is only one valid nomination the Board reserves the right to not conduct an election for that year, and not expend the cost of an election onto the pension plan. She also stated (to remind the public) self-nomination is allowed in this process.

Executive Director's Report

Ms. Carter updated the Board on the Retirement Office's new position. The Retirement Technician position was re-posted and closed on February 24, 2017. Ms. Carter asked Human Resources to sit down with her after this Board meeting to go through the candidates. Again, there will be an update at next month's Board meeting.

Ms. Carter informed the Board February 22, 2017 was her inaugural meeting as an ex-officio trustee at the Nebraska Investment Council. A motion was passed by the Nebraska Investment Council which has made the trade publications. Ten of the OSERS' managers that transitioned in January are having their investment management agreements terminated and this is now public knowledge. The Nebraska Investment Council is transitioning those assets into a Black Rock Russell Index funds until the staff and the consultant complete an asset class review of the equity portfolio at the Nebraska Investment Council. Mr. Rea asked if they are planning to terminate all of these or is it going to be phased out eventually while they're waiting for the right opportunity or buyer. Ms. Carter went on to explain not all assets will be liquidated out of the individual portfolios. If assets are also present in the Index fund, those assets will be transferred in-kind. The charge to the NIC staff has been to do this as quickly and efficiently as possible. Mr. Purdy asked about the Custodian Bank and Ms. Carter stated they are still working on some issues. Ms. Carter reminded the Nebraska Investment Council will be a guest at the June Retreat to discuss the first quarter investments' performance.

Cavanaugh McDonald received the data for December 31, 2016 and are now in a position to work on the experience study. Ms. Pat Beckham will be a guest at the April meeting and then also follow that with the Valuation Report after the Board makes any changes we think we may want to make at the April meeting to the assumptions. President Erikson suggested the Board needs to make some decisions in preparation for the next month. Ms. Carter explained to the Board she will be having conversations with recommendations on the assumption rate with Ms. Beckham prior to discussion with the Board. Mr. Evans stated he noticed across the country everyone is dropping the assumption rate. At 8% it's moving down and it will have a huge impact on OSERS.

Board of Trustees' Report

Mr. Rea informed the Board he attended the NCTR Federal Legislative and Regulatory Conference in Washington, D.C. as well as the NIRS meeting which Ms. Carter was not able to attend due to illness. He went on to summarize there was a substantial number of retirement issues that are coming up across the country. One of them is Safe Choice which is about 6 states that have put into place retirement plans for all the citizens of the state if they want to participate. Mr. Rea further explained the State Pension Plan in those states is putting in a new sleeve of money, like a college 529 savings plan. Investments are made in the plan and they manage it on a global perspective. It's a cash balance plan as opposed to a defined benefit plan. It is a mandated plan and the employees have to participate; there is no opt in or opt out of the plan. The recommendation is to begin with 3%. People could take their money out because it's a cash balance plan. Mr. Erikson asked if this was designed to replace a 401K plan. Mr. Rea answered this plan is intended for employers for 50 employees or fewer that don't have a retirement plan. This plan is to create an opportunity for small employers with 25-200 employees to put them into a retirement plan. Ms. Carter explained it's cost savings. By having the state oversee it, and the small employers are all going into the same plan like an exchange, it's saving the cost. If an employer goes into a bank and would like to start a retirement plan for 26 employees, it's very costly. Ms. Carter also stated Washington, California and some other states have adopted this retirement plan. Mr. Rea stated the opposition seems to be coming from financial consultants.

Mr. Rea informed the Board in regard to the 150th birthday of the State of Nebraska, he submitted a photograph to the Sesquicentennial Committee representing a scene from Garfield County. He won!

Mr. Havlovic informed the Board he has a conflict with the June Retreat date which is June 7, 2017. He can make it work for the 6th or the 8th. He suggested to look at calendars and have a discussion at the April meeting. Mr. Rea added he has a conflict with the August 2, 2017 meeting. Maybe it can be changed to August 1, 2017 or later the next week. Mr. Havlovic stated those dates would be set in June.

Mr. Evans noted as Ms. Carter works on legislative bills going forward, one of the things, in his opinion, look at potential changes that aren't necessarily ones that are liked, like the 90 and out and 85 and out, be

sure to get exchanges for that. He recommended as an exchange to not have our pension taxed. Discussion continued at a high level regarding these issues.

New Business

Mr. Rea made a motion to have OSERS' staff begin to work with OPS staff to investigate funding solutions to address the long-term funded status of OSERS. He suggested the Board needs to initiate the conversation of funding. The staff will get the framework and then the Board will start looking at policy measures. Ms. Carter stated this will be projected out so there are timeline deliverables. Mr. Erikson suggested to have it in her report every couple of months. The motion was seconded by Mr. Ripa and adopted by the following roll call: Erikson – Evans – Havlovic – Jones – Purdy – Rea – Ripa – 7.

Meeting adjourned at 12:06 p.m.

PENDING BOARD APPROVAL