

The Board of Trustees of the Omaha School Employees' Retirement System held a Regular Meeting on Wednesday, April 4, 2018, at 9:00 a.m. in room 5-159 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 March 6, 2018.

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President Erikson announced that, pursuant to Section 84-1411 of the Nebraska Statutes, the next regular meeting of the Board of Trustees will be held Wednesday, May 2, 2018 at 9:00 a.m., at 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.

The meeting was called to order at 9:00 a.m. Present at roll call: Erikson – Evans - Purdy – Rea - Ripa – Havlovic – Jones - 7 present.

Staff Present: Cecelia M. Carter, Executive Director and James Ellis, Retirement Benefits Manager. Others Present: Peter Langdon, Esq., McGrath North.

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President Erikson opened the meeting with Legislative Update. Ms. Carter provided an update to the Board regarding the status of LB 1005 (2018) and LB 548 (2018), Amendment 2595. After discussion among the members of the board, the board concluded to maintain a neutral position on LB 548 (2018), except its opposition to section 6(2) of Amendment 2595 as filed March 27, 2018. A Resolution was read to the board of trustees and after further discussion Mr. Ripa moved and Mr. Jones seconded a motion to adopt the Resolution by the following roll call: Aye: Havlovic – Purdy – Ripa – Rea – Jones – Erikson – 7. Nay: Evans - 1.

Mr. Rea moved and Mr. Purdy seconded a motion to approve the meeting minutes for February 7, 2018 with corrections to be made on pages 7 and 8. The corrections were to replace the word motioned with the word “moved”. Aye: Havlovic – Purdy – Ripa – Rea – Jones – Evans – Erikson – 7. Nay: 0.

**RESOLUTION OF THE BOARD OF TRUSTEES
OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

The following recitals and resolution were taken at a scheduled meeting of the Board of Trustees of Omaha School Employees' Retirement System on the 4th day of April, 2018.

RECITALS

WHEREAS, the Board of Trustees of the Employees Retirement System for the School District of Douglas County 0001 (the “OSERS Board”) is charged with the administration of the Omaha School Employees' Retirement System in a fiduciary capacity in accordance with Nebraska law; and

WHEREAS, the OSERS Board has reviewed Amendment 2595 filed in the Nebraska Legislature on March 27, 2018 to LB548 (the “Amendments”) attached hereto and incorporated herein by this reference; and

WHEREAS, Section 6(2) of Amendment 2595 to LB 548 provides for the Omaha Public School District (the “District”) to delay input of additional actuarial required contributions to the System until 2026; and

WHEREAS, the OSERS Board takes a neutral position with respect to Amendment 2595 other than its opposition to Section 6(2) thereof.

RESOLUTION

NOW, THEREFORE, BE IT:

RESOLVED, that the OSERS Board, by majority vote, takes a neutral position with respect to Amendment 2595 except for its opposition to Section 6(2) thereof permitting the Omaha Public School District the ability to delay contributing additional employer contributions to the OSERS plan until the year 2026.

Dated this 4th day of April, 2018.

/s/

Board of Trustees
Donald Erikson, President

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Mr. Ripa moved 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, Cecelia Carter, Executive Director and James Ellis, legal matters and personal financial matters regarding members of

OSERS. Mr. Purdy seconded and the motion was adopted by the following roll call:
Aye: Erikson – Ripa – Evans – Havlovic – Jones – Purdy – Rea – 7. Nay: 0.

The Board came back in to session at 10:06. Present at roll call were: Erikson – Evans – Havlovic – Jones – Purdy – Rea – Ripa - 7

Mr. Purdy and seconded by Mr. Havlovic the board approved the pension and staff payroll for April, the new retirements for April, the termination of retirement benefits due to death for April, the refunds for April and the accounts/payables for April.

- Pension & Retirement Staff Payroll
 - April Pension Payments (paid 04.03.2018) in the amount of \$9,934,417.69 to 4,691 payees
 - April Staff Payroll (paid 04.05.2018) in the amount of \$33,655.34
- New Retirements
 - April New Retirement Annuitants (first check May 3, 2018) [4 count]

EE No.	NAME		EMP TYPE	AGE	RET MONTH	RET YRS	AVERAGE SALARY	OPT	CHOSEN BENEFIT		
									OMAHA	STATE	TYPE
	Loretta	Childers	T		4	30.0					1
	Robert	Coate	Other		4	44.5					1
	Joanne	Malloy	Other		4	48.0					1
	John	Reis	CMO		4	26.5					2
Addition to Retiree Payroll – April 1, 2018									\$15,183.61	\$492.64	
Average				67			65,096.27		3,795.90	123.16	
Median				67			65,191.42		3,745.03	128.80	

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

Explanation of RET TYPE:

“1” = normal retirement; “2” = early retirement; “3” = disability retirement

- Deaths
 - Termination of Annuitants’ Payments Due to Death (last check was March 3, 2018) [15 count]

EMPLOYEE				RET	DATE OF	BENEFIT	Survivor	Survivor's	Overpayment
NUMBER	NAME		AGE	YEAR	DEATH	OSERS	Beneficiary	Benefit \$	Benefit \$
	Arlene	Lindquist		1999	2018				
	Barbara	Schultze		1985	2018				
	Duane	Lenser		1994	2018				
	Barbara	Green-Doolittle		2004	2018				
EMPLOYEE				RET	DATE OF	BENEFIT	Survivor	Survivor's	Overpayment
NUMBER	NAME		AGE	YEAR	DEATH	OSERS	Beneficiary	Benefit \$	Benefit \$
	Ronald	Hosbach		1996	2018				
	Norma	Johnson		1996	2018				
	Helen	Kyle		1997	2018				
	Henrietta	Spindler		1991	2018				
	Janet	Bouma		1989	2018				
	Eleanor	Caron		2000	2018				
	Eleanor	Caron		2001	2018				
Terminated from Retiree Payroll – April 2018						\$20,950.15			
	Frank	Huskey		1997	2018		Marilyn Huskey		
	Dolores	Stanislav		2009	2018		Janet Hein		
					2018		Timothy Stanislav		
	Donald	Morgan		2014	2018		David Morgan		
	Ronald	White		2012	2018		Audrey White		
							LaShawnda Posey		
Continued Retirement to Beneficiary – April 2018						\$3,955.23		\$3,164.22	

* Surviving Beneficiaries opted to receive a lump sum distribution of remaining payments.

- Terminated Employees' Refunds
 - Refunds [10 count]

EMPLOYEE	NAME		Payment		
NUMBER	First	Last	Type	Dollar	Yrs of Svc
	Samuel	Garrett	Rollover		0.6
	Rachel	Johnson	Rollover		0.7
	Richard	Christie	Direct		1.0
	Christine	Hayden	Rollover		1.0
	Lisa	Toupin	Rollover		1.9
	Maureen	Langdon	Direct		2.2

EMPLOYEE	NAME		Payment		-
NUMBER	First	Last	Type	Dollar	Yrs of Svc
	Kelsey	Cooper	Direct		5.0
	Eduardo	Suarez	Direct		6.8
	Larry	Bierce	Rollover		14.4
	Thea	Dickey	Rollover		14.6
				\$173,200.15	
Terminated EE Refunds March 2018					
Average				\$17,320.02	4.8
Median				\$6,999.60	2.1
Count				10	

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

Accounts / Payables for April 2018

- Consultant –
 - Seim Johnson \$ 4,991.00
 - Cavanaugh Macdonald \$ 4,748.00
 - Peetz & Company \$ 12,000.00
 - Pension Benefit Information (2 quarterly payments)\$ 1,836.00

\$23,575.00
- Legal Counsel –
 - McGrath North (AGYOF) \$ 93.00
 - McGrath North (general) \$ 7,504.00

\$7,597.00

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Mr. Erickson called for a review of the Minutes to the March 2018 board meeting. Mr. Rea moved and Mr. Purdy seconded a motion to approve the meeting minutes for March 6, 2018. The motion was adopted by the following roll call: Aye: Erikson – Evans – Havlovic – Jones – Purdy – Rea – Ripa – 7. Nay: 0

The board concluded there was no need to discuss the item on district funding of OSERS as it was discussed during the legislative update earlier in the meeting.

Mr. Erikson then asked Ms. Carter to present the January 2018 and February 2018 OSERS financial statements along with each month's respective budget variance report. Ms. Carter guided the board through each report which resulted in reporting the net fiduciary net position for OSERS for the month ending January 31, 2018 was \$1.255 billion and for the month ending February 28, 2018 was \$1.251 billion.

Ms. Carter then walked the board of trustees through the *proposed* budget for the 2018/2019 school year. The board was reminded this was a first reading and overview of the proposed budget. This version represented a budget reduction of approximately 9.6%. Mr. Erikson asked the board to review the proposal and to get any ideas a member may have back to Ms. Carter before the May meeting.

The meeting moved to the presentation of the OSERS asset portfolio performance report for the period ending December 31, 2017. Ms. Carter presented highlighted pages from the AON report on the Nebraska Investment Council portfolios. Below are the returns for the OSERS portfolio.

As of December 31, 2017 Asset Allocation & Performance								
	Allocation Market Value (\$)	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
OSERS	\$1,251,965,846	3.80%	13.50%	3.90%	5.70%	4.40%	9.30%	1-Dec-89
Policy Index		3.30%	13.50%	6.10%	8.10%	5.30%	n/a	
Through September 30, 2017 Private Markets Manager IRR Summary								
	Vintage Years	Total Commitments	QTD	Periodic IRR as of 9/30/2017 YTD	1-Year	3-Year	Inception	
Total Private Equity Portfolio	2001 - 2015	\$274,294,801	7.44%	11.96%	15.41%	6.36%	5.52%	
Total Real Assets Portfolio (Illiquid)	2004 - 2010	\$50,000,000	1.57%	4.72%	1.47%	-7.68%	0.06%	
Total Real Estate Portfolio	1995 - 2015	\$361,338,022	0.29%	2.34%	9.36%	7.59%	9.39%	

The Board took a ten minute break at 10:55 a.m.

The Board returned from the break and the meeting resumed at 11:07.

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Mr. Erikson resumed the meeting with an introduction of the 2018 Trustee Election. He asked Ms. Carter to enlighten the Board on the process to date. Ms. Carter reiterated the process through the nomination period and announced the two certificated candidates nominated for 2018 are (in alphabetical order): Mr. Lance Purdy and Mr. Matthew J. Ray.

The Board continued discussion on the engagement of an independent third party service company to conduct the election. Ms. Carter reviewed the proposal submitted by Election Service Company (New York). After further discussion, Mr. Rea moved the engagement of Election Service Company to conduct the 2018 Trustee election for a cost not to exceed \$9000. Mr. Ripa seconded. The motion was adopted by the following roll call: Aye: Erikson – Evans – Havlovic – Jones – Purdy – Rea – Ripa.

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Executive Director's Report

Ms. Carter informed the Board she has been summoned for jury duty.

Ms. Carter announced the retirement of Ms. Joanne Malloy, Retirement Technician with OSERS for 48 years, effective April 1, 2018

Ms. Carter gave the Board an update on the PeopleSoft project in specific with relationship to the pension module. There are elevated concerns among staff that the functionality of the pension module will be compromised upon release, thus hindering, if not prohibiting the retirement department from doing its job. Mr. James Ellis, Benefits Manager expressed his concerns to the Board, considering the program that is used to run the pension calculation programs. Mr. Evans indicated he was not aware that there was such elevated concern. Ms. Carter indicated he was not brought into this matter, however the IT project manager and Ms. Knoche are aware of the concerns. Ms. Carter advised the Board, although OSERS should be responsible for cost associated with the maintenance of the integrated pension benefit information

management system (per NE Rev Stat sec. 79-9, 115), Ms. Knoche took the Change Request (CR #006 – Pension COBOL Retrofits) to the Board of Education at the April 2, 2018 school board meeting where it was approved. This Change Request authorized the engagement of programming specialist to address the programming needs associated with the pension module.

The Board engaged in discussion with Ms. Carter and Mr. Ellis on the consequences of the pension module not functioning at the conclusion of the PeopleSoft upgrade project.

Ms. Carter informed the Board that Ms. Beth Holland (OSERS Member) has requested the Board conduct their meetings in the afternoon to permit attendance by the members.

Ms. Carter updated the Board on Mr. Matthew Ray's March 13th inquiries on the election process.

Ms. Carter updated the Board on the May 2018/2019 Trustee Fiduciary Liability insurance renewal. This renewal period considers the fact the Nebraska Investment Council has held management authority over the OSERS investments for more than one year. She will update the Board next month on the cost for the insurance for the upcoming renewal period.

Ms. Carter updated the Board on the series of sessions with Mr. Henry Cordes of the Omaha World Herald who has been visiting with OSERS to: (1) talk with Mr. Rea; and (2) his review of historical OSERS minutes. Ms. Carter also noted Mr. Cordes article which appeared in the April 2, 2018 edition of the Omaha World Herald on pension obligation bonds.

Trustees' Report

Mr. Rea informed the Board he met with Mr. Cordes for approximately 90 minutes last month. They reviewed historical facts on the decisions made by prior retirement board of trustees, which included board of education members through June 30, 2016.

Mr. Evan informed the Board that he was also requested to participate in an interview with the Omaha World Herald.

Meeting was adjourned at 11:50 a.m.