

The Board of Trustees of the Omaha School Employees' Retirement System held a meeting on Wednesday, January 7, 2015, at 4:00 p.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 of the President of the Board at the Board of Trustees meeting held on Wednesday, December 3, 2014.

Present at roll call: Erikson – Evans – Fey – Jones – Purdy – Rea – Ripa – Young – 8. Entered during meeting: Goding – Snow – 2. Staff Present: Executive Director Smith and Retirement Benefits Manager Ellis. Others Present: Darren Osten and Kelly Mann of Seim Johnson Sestak & Quist.

- 4649 -

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 4:00 p.m. on Wednesday, February 4, 2015, in the 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 meeting room on the north wall.

- 4650 -

Ms. Goding entered the meeting at this time.

- 4651 -

Mr. Erikson noted two places in the December 3, 2014 meeting minutes where Mr. Knutson's name was printed rather his own. Mr. Rea moved the minutes of the December 3, 2014 meeting be approved, as corrected. The motion was seconded by Mr. Ripa and adopted by the following roll call vote: Aye: Erikson – Evans – Fey – Goding – Jones – Purdy – Rea – Ripa – Young – 9. Nay: 0.

- 4652 -

Mr. Rea moved approval of the investments made during the month of December 2014. The motion was seconded by Mr. Young and adopted by the following roll call vote: Aye: Erikson – Evans – Fey – Goding – Jones – Purdy – Rea – Ripa – Young – 9. Nay: 0.

- 4653 -

Darren Osten of Seim Johnson presented the Report to the Board of Trustees as of and for the Year Ended August 31, 2014 and the Independent Auditor's Report on the Retirement System's Financial Statements for the year ended August 31, 2014. Mr. Osten discussed the results of the

audit and affirmed the Report's conclusion that the financial statements "present fairly, in all material respects, the financial position of OSERS as of August 31, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America." Their Report went on to state, "we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses." Mr. Osten noted the expanded notes and information in the report as a result of the implementation of GASB Statement No. 67. He reminded the Trustees that in accordance with GASB Statement No. 68, effective August 31, 2015, the school district financial statement will be required to reflect the school district portion of the net pension liability on their balance sheet as a long term liability. Mr. Evans moved to receive the reports. The motion was seconded by Mr. Purdy and adopted by the following roll call vote: Aye: Erikson – Evans – Fey – Goding – Jones – Purdy – Rea – Ripa – Snow – Young – 10. Nay: 0.

- 4654 -

Mr. Snow entered the meeting during the previous item.

- 4655 -

Mr. Smith discussed with the Trustees the timetable Wells Fargo Bank had established for the termination of their securities lending program. He noted that the Trustees had four options: 1) discontinue securities lending; 2) use the Wells Fargo preferred vendor (Citigroup Global Transaction Services) for securities lending; 3) engage in a request for proposal process to select a third-party securities lending firm; 4) engage in a request for proposal process to select a custodial bank that will provide both custody services and securities lending. Following discussion, the Trustees by consensus determined to discontinue securities lending at the termination of the Wells Fargo program. Considering the length of time Wells Fargo Bank has been providing custody services, the Trustees requested that staff begin the process of a request for proposal for custody services to evaluate the costs being charged for those services.

- 4656 -

Mr. Smith discussed with the Trustees the draft legislation intended to clarify the definition of compensation so as to avoid the problem of lump sum payments at the conclusion of a member's career. He noted that the draft legislation as written had the problem of not permitting contributions to be taken from paid leave of absence time (sick leave, bereavement leave, military leave, sabbatical leave, etc). He has informed school district attorney, Megan Neiles-Brasch, of this problem.

Mr. Smith discussed with the Trustees the suggestion by Senator Nordquist to incorporate salary capping language into the draft legislation dealing with the definition of compensation. The proposed language provided by Senator Nordquist's office was deficient by adversely affecting members whose salary in their final 5 years of service was reduced due to unpaid or partially paid leaves of absence. The Trustees questioned whether, in a single employer plan like OSERS, capping language was necessary. They recommended staff make suggestions to Senator Nordquist for improved language and offer the suggestion that the language may not be necessary.

- 4657 -

Ms. Goding left the meeting during the previous item.

- 4658 -

Mr. Rea discussed with the Trustees a draft bill the Omaha Education Association was requesting be introduced. That legislation would: 1) provide for direct election of member Trustees by their respective constituent groups and provide for terms of office of four years; 2) provide for the Board of Trustees to exercise investment authority for OSERS; 3) provide for the Board of Trustees to hire, evaluate and supervise the staff of OSERS; and 4) provide for the Board of Trustees to contract for independent legal counsel. The Trustees engaged in an extensive discussion of the proposed legislation.

- 4659 -

President Erikson adjourned the meeting at 7:01 p.m.