

The Board of Trustees of the Omaha School Employees' Retirement System held a meeting on Wednesday, February 4, 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, January 7, 2015.

Present at roll call: Erikson – Evans – Fey – Goding – Jones – Purdy – Rea – Ripa – Young – 9. Entered during meeting: Snow – 1. Staff Present: Executive Director Smith and Retirement Benefits Manager Ellis. Others Present: Jon Callahan, John Lange and Jim McBride of BTG Pactual Timberland Group; Ken Malvey and Kyle Krueger of Tortoise Capital Advisors; Mike Lammers, Scott Wilkin and Ian McIntosh of UBS Global Asset Management; and Carter Neild of OrbiMed Partners.

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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 4:00 p.m. on Wednesday, March 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.

- 4661 -

Mr. Rea moved the minutes of the January 7, 2015 meeting be approved. 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.

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Mr. Rea moved approval of the investments made during the month of January 2015. The motion was seconded by Mr. Jones and adopted by the following roll call vote: Aye: Erikson – Evans – Fey – Goding – Jones – Purdy – Rea – Ripa – Young – 9. Nay: 0.

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Mr. Smith discussed with the Trustees LB236 and LB446. LB236 would amend OSERS statutes to require payments from member accounts in settlement of felony and misdemeanor financial judgments. The Nebraska Retirement Systems Committee held a hearing on the bill January 27th. Retirement staff has concerns that the payment from member accounts while the member is still an employee of the school district would constitute an in-service distribution in violation of Internal Revenue Service prohibitions. No one representing Omaha Public Schools testified at the hearing.

LB446 would amend OSERS statutes to clearly define compensation that would be included in and excluded from the final average salary calculation for payment of retirement benefits. The Nebraska Retirement Systems Committee held a hearing on the bill January 29th. Retirement staff is supportive of the amendments to clarify that end of career, lump-sum benefit payments would not be permitted to spike the final average salary. Retirement staff is opposed to the included salary capping language that will require retirement staff to manually calculate all benefit estimates to insure compliance with the capping language. John Lindsay, representing Omaha Public Schools, testified at the hearing in support of the bill. The Nebraska Retirement Systems Committee advanced the bill from Committee to General File with no amendments.

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Mr. Rea moved to instruct the Executive Director to provide written comments on LB236 and LB446 to the Nebraska Retirement Systems Committee regarding the concerns the retirement system staff have on implementation of each bill. 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.

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Mr. Smith discussed with the Trustees LB447 and LB448. LB447 would amend OSERS statutes to restructure the Board of Trustees and provide for direct election of member and annuitant Trustees; and would authorize the Board of Trustees to be responsible for the general administration of the Retirement System, including to employ and supervise retirement system staff, to contract for and approve the investment of Retirement System funds, and to contract for professional services, such as actuarial and legal. The Nebraska Retirement Systems Committee has set a tentative hearing date of March 3rd on the bill.

LB448 would amend OSERS statutes to merge OSERS with the Nebraska School Employees Retirement System. The Nebraska Retirement Systems Committee has set a tentative hearing date of March 3rd on the bill.

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Mr. Rea moved to instruct the Executive Director to attend the hearing on LB447 and to testify in a neutral capacity so he could answer questions concerning the impact on OSERS were the bill to be approved. The motion was seconded by Mr. Jones. Following extensive discussion the motion was adopted by the following roll call vote: Aye: Erikson – Jones – Purdy – Rea – Ripa – Young – 6. Nay: Evans – Fey – Goding – Snow – 4.

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Mr. Smith indicated that Kate Allen, the Retirement Committee legal counsel, had communicated the Committee's request that the public hearing presenting OSERS actuarial valuation be held at the same hearing with LB447 and LB448. She wanted to know who would be presenting the actuarial valuation information to the Committee. Mr. Jones moved that Pat

Beckham with Cavanaugh Macdonald provide the presentation of the September 1, 2014 actuarial valuation to the Retirement Committee. 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: Snow – 1.

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Jon Callahan, John Lange and Jim McBride of BTG Pactual Timberland Group discussed with the Board the progress of Select Timberland Investment Fund I their firm manages for the retirement system.

Ken Malvey and Kyle Krueger of Tortoise Capital Advisors discussed with the Board the performance of the publicly traded master limited partnership portfolio their firm manages for the retirement system.

Mike Lammers, Scott Wilkin and Ian McIntosh of UBS Global Asset Management discussed with the Trustees the performance of the 1 North Equity Healthcare Fund in which OSERS is invested.

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Mr. Snow and Ms. Goding left the meeting at this time.

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Carter Neild of OrbiMed Partners discussed the performance of the OrbiMed Partners II Fund in which OSERS is invested.

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Mr. Snow and Ms. Goding entered the meeting during the previous presentation. Ms. Fey, Ms. Goding, Mr. Evans and Mr. Snow left the meeting during the previous presentation.

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President Erikson adjourned the meeting at 6:25 p.m.