

The Board of Trustees of the Omaha School Employees' Retirement System held a meeting on Wednesday, December 3, 2014, at 4:00 p.m. in the Board of Education meeting 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, November 5, 2014.

Present at roll call: Erikson – Evans – Fey – Goding – Knutson – Purdy – Rea – Ripa – 8. Entered during meeting: Snow – 1. Absent: – Young – 1. Staff Present: Executive Director Smith and Retirement Benefits Manager Ellis. Others Present: Patrice Beckham of Cavanaugh Macdonald Consulting; Kristin Finney-Cooke and Richard Harper of New England Pension Consulting; Andrew Hunt; Donn Jones; and Christopher Toth.

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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, January 7, 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.

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Mr. Rea moved the minutes of the November 5, 2014 meeting be approved. The motion was seconded by Mr. Purdy and adopted by the following roll call vote: Aye: Erikson – Evans – Fey – Goding – Knutson – Purdy – Rea – Ripa – 8. Nay: 0.

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Mr. Rea moved approval of the investments made during the month of November 2014. The motion was seconded by Mr. Knutson and adopted by the following roll call vote: Aye: Erikson – Evans – Fey – Goding – Knutson – Purdy – Rea – Ripa – 8. Nay: 0.

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Mr. Snow entered the meeting at this time.

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Pat Beckham of Cavanaugh Macdonald Consulting presented the Sixty-Third Annual Actuarial Report of the Omaha School Employees' Retirement System as of September 1, 2014. The valuation showed the Retirement System had produced a return on investments of approximately 13.3%. However, due to asset smoothing, the investment return on the actuarial value of assets

was approximately 8.5%. The increased contributions (9.78% member, 9.878% school district, 2% State of Nebraska) are approximately 1.43% greater than what is required to cover the normal cost and amortize the unfunded actuarial liability over 30 years (the unfunded would instead be paid off in 23 years). Ms. Beckham discussed the initial GASB Statement 67 Report that her firm had produced for use by the accounting staff and auditors. She reminded the Trustees that with the inception of the new GASB 67 and 68 Statements, the plan for funding the Retirement System and the accounting information concerning the Retirement System were no longer in synchronization. Although both the financial and the actuarial reports reflect the improvements in the funded status of the Retirement System, the accounting information and the funding information would now be independent of each other. Mr. Rea moved to receive the report. The motion was seconded by Mr. Evans and adopted by the following roll call vote: Aye: Erikson – Evans – Fey – Goding – Knutson – Purdy – Rea – Ripa – Snow – 9. Nay: 0.

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Kristin Finney-Cooke and Richard Harper of New England Pension Consultants discussed with the Trustees the NEPC report on investment market conditions and the performance of the OSERS' investment managers through September 30, 2014. They noted that large cap equity investments had out-performed smaller cap equities and international equities during the year of 2014, while long duration fixed income had performed better than shorter duration. They presented OSERS' 10-year returns (8.5%) and showed that OSERS was in the top 8% of all retirement systems in their data. They pointed the Trustees to the portfolio risk/return graphs and showed how the asset allocation initiatives previously taken and being taken by the Trustees have consistently reduced OSERS' investment return volatility (risk) while still earning above average returns.

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The Trustees discussed the process they would use to interview the three applicants for the unexpired portion of the 3 year term of office for the Business Member Trustee position currently occupied by David Knutson. The Trustees then individually interviewed Andrew Hunt, Donn Jones, and Christopher Toth by each Trustee asking their question of each applicant. Following the interviews the Trustees discussed the strength each applicant would bring the Board of Trustees. President Erikson then asked each Trustee to voice their preference for one of the three applicants. This oral balloting resulted in 1 vote for Mr. Hunt, 5 votes for Mr. Jones and 3 votes for Mr. Toth. Mr. Rea moved to recommend the Board of Education appoint Donn Jones to fill the unexpired term (ending August 31, 2017) of the Business Member Trustee position being vacated by the resignation of David Knutson. The motion was seconded by Mr. Ripa and adopted by the following roll call vote: Aye: Erikson – Evans – Fey – Knutson – Purdy – Rea – Ripa – Snow – 8. Nay: Goding – 1.

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President Erikson adjourned the meeting at 7:37 p.m.