

The Board of Trustees of the Omaha School Employees' Retirement System held a meeting on Wednesday, April 6, 2016, at 3:30 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 by the President of the Board at the Board of Trustees meeting held on March 3, 2016.

Present at roll call: Erikson – Goding – Havlovic – Jones – Rea – Ripa – 6. Absent: Evans – Fey – Purdy – Snow – 4. Staff Present: Cecelia M. Carter, Executive Director, James Ellis, Retirement Benefits Manager, Kelly Sheard, Department Secretary. Others Present: Gary Clatterbuck, Esq. and William Dittrick, Esq. of Baird Holm; Carter Neild of OrbiMed Partners; James Thorp of AAVIN; David McLeese and Andrew Kemp of First Capital Partners; Patrick Casey of SPC Capital Management and Stonetree Capital Advisors.

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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 3:30 p.m. on Wednesday, May 4, 2016, 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. Jones moved approval of the Investments made during the month of March 2016. The motion was seconded by Mr. Rea and adopted by the following roll call vote: Aye: Erikson – Goding – Havlovic – Jones – Rea – Ripa – 6. Nay: 0.

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Mr. Rea moved the Minutes of the March 2, 2016 meeting be approved. The motion was seconded by Mr. Havlovic and adopted by the following roll call vote: Aye: Erikson – Goding – Havlovic – Jones – Rea – Ripa – 6. Nay: 0.

President Erikson asked Ms. Carter to explain the Authorization for Appointed Signatories for the Retirement System. Ms. Carter advised the Board the Resolution is to authorize Cecelia M. Carter, Executive Director; James Ellis, Retirement Benefits Manager; and Donald Erikson, Retirement Board of Trustees President to execute documents that have been approved by the Retirement Board. Ms. Carter commented the Resolution that was handed out at the meeting differs from the Resolution provided in the Board agenda package; however it is the same Resolution that was posted to the public web site. The change implemented after the agenda packages were released to the board is the following – the sentence that begins “Further Resolved, ... should read as:

“Further Resolved, the three named signatories hereby have the authority to execute documents and enter into investment and other transactions that have been approved by the Retirement Board in the due course of conducting business on behalf of the System; and “

The new language was recommended by legal counsel. Mr. Rea moved approval of the Resolution. The motion was seconded by Mr. Ripa.

During discussion, Ms. Goding asked whether the Resolution should also include approval of the School Board, given that the School Board retains investment oversight authority through June 30, 2016. Ms. Carter concurred. The motion was amended to include approval by the School Board through June 30, 2016. The amended motion was adopted by the following roll call vote: Aye: Erikson – Goding – Havlovic – Jones – Rea – Ripa – 6. Nay: 0.

President Erikson introduced legal counsel Gary Clatterbuck to discuss the summary he prepared for the major changes to OSERS under LB 447. Mr. Clatterbuck corrected the summary regarding the date the investment portfolio will be transitioned to the Nebraska State Investment Council (it should be January 1, 2017). He also noted that the Superintendent will have the authority to appoint a designee to sit on the retirement board. The revised summary of the changes in LB 447 is hereby incorporated into the minutes. Ms. Carter informed the Board that she will be meeting with Ms. Goding, Mr. Erikson, Mr. Rea, and Mr. Michael Walden-Newman (State Investment Officer) on April 21 to discuss the transition of OSERS investments to the Nebraska Investment Council. Ms. Carter is also working with Monique Farmer, OPS Communications Director, to develop notice of the provisions of LB 447 that will be shared with all OPS employees and retirees. A draft of this communication piece will be presented at the May meeting of the Trustees.

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Mr. Purdy entered at 4:00 p.m. during the previous item.

- 4851 -

Mr. Rea moved that the OSERS Board of Trustees go into Closed Session. The motion was seconded by Ms. Goding and adopted by the following roll call vote: Aye: Erikson – Goding – Havlovic – Jones – Purdy – Ripa – 7. President Erikson stated the Board went into Closed Session at 4:31 p.m. for the protection of public interest and for the prevention of needless injury to the reputation of individuals to discuss with Legal Counsel and the Executive Director pending litigation and/or litigation which is imminent.

- 4852 -

Mr. Erikson reconvened the meeting at 5:20 p.m..

Present at roll call: Erikson – Goding – Havlovic – Jones – Purdy – Rea – Ripa – 7.

- 4853 -

Ms. Carter reviewed the Wells Fargo annual report on Class Action Lawsuit recoveries. OSERS has received approximately \$282,000 per year in settlements from various class action lawsuits involving its investments.

- 4854 -

Ms. Carter distributed the presentation materials for OrbiMed Partners Fund. She stated the representatives from OrbiMed had to leave to catch an airline flight before this item was up for discussion.

President Erikson introduced Jim Thorp and Teace Kern of AAVIN. Mr. Thorp stated AAVIN is a Private Equity Firm located in Cedar Rapids, IA with an investment focus on profitable, lower risk, late stage private companies. OSERS began the investment relationship with AAVIN in February 2015 and has a \$30 million commitment to their program. AAVIN's focus is on seeking market opportunities in the Midwest with a generalized sector and industry focus.

President Erikson introduced Dave McLeese and Andrew Kemp, from First Capital Partners. First Capital Partners Fund II is a \$91.3MM limited partnership investment fund that closed in April 2011. The Fund has drawn down \$64.0MM to date. The current investment mix is 72% mezzanine debt and 28% equity. The Fund commenced distributions to LPs in November 2013 and a total of \$10.2MM has been distributed through March 2016. OSERS has a commitment of \$30MM to the fund and through December 31, 2015 OSERS has a net IRR of 8.34% (audited).

President Erikson introduced Pat Casey from SPC Capital Management and Stonetree Capital Advisors. Ms. Carter announced to the Board that Mr. Casey and she know each other from her tenure as Executive Director of the Kansas City Public School Retirement System. Mr. Casey reviewed the portfolio and returns explaining that SPC Capital is a Fund of Funds Limited Partnership. Mr. Casey reviewed that the SPC Capital LP contained a portfolio of 22 individual Partnership Groups managing 39 separate General Partnerships. Nine partnerships are in their final phase prior to termination and the portfolio is well diversified by sector, geography and business type, with over 193 individual portfolio companies owned. Mr. Casey further discussed the makeup of the Stonetree Capital Advisors portfolio. It contains a portfolio of 11 individual partnership groups managing 13 separate General Partnerships. That portfolio is well diversified by sector, geography and business type, with 196 individual portfolio companies owned.

Ms. Goding asked to make a friendly amendment to the minutes that had been approved earlier. She requested that on page 3, Board File 4841 be modified to state "Mr. Evans and Mr. Jones left the meeting at this time. Ms. Goding entered the meeting at this time." Mr. Havlovic seconded

the motion and the motion was adopted by the following roll call vote: Aye: Erikson – Goding – Havlovic – Jones – Purdy – Rea – Ripa – 7. Nay: 0.

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Mr. Purdy asked that the board consider changing the start time for the meetings so that he could attend the entire meeting. Mr. Ripa recommended that the meetings start at 9:00 a.m. All board members present indicated that they would be available to start the May 2016 meeting at 9:00 a.m. Ms. Carter said she will check with board members who were not present, and would notify board members when the May 2016 meeting would begin.

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President Erikson adjourned the meeting at 6:46 p.m.

PENDING RETIRE BOARD APPROVAL