

The Board of Trustees of the Omaha School Employees' Retirement System held a meeting on Wednesday, May 4, 2016, at 9:00 a.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 April 6, 2016.

However, after the notice was read to the public, the time of the meeting was changed to 9:00 am and notice of the meeting time change was posted in or on the following locations: OSERS webpage, OPS webpage, TAC building, and Spring Lake Elementary.

Present at roll call: Erikson – Evans - Havlovic – Jones – Purdy - Rea – Ripa – 7. Absent: Fey – Snow – 2. Staff Present: Cecelia M. Carter, Executive Director, James Ellis, Retirement Benefits Manager, Kelly Sheard, Department Secretary. Others Present: Wilbur Matthews of Vaquero Global Investment; Joseph Knight, John Angliss, and Chanakya (Chan) Chakravarti of J.P. Morgan Global Maritime Fund and J.P. Morgan India Property Fund II.

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President Erikson announced, pursuant to Section 84-1411 of the Nebraska Statutes, the next meeting of the Board of Trustees will be held at 9:00 a.m. on Wednesday, June 1, 2016, in the School Board 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. Rea moved the Minutes of the April 6, 2016 meeting be approved. The motion was seconded by Mr. Havlovic and adopted by the following roll call vote: Aye: Erikson – Evans - Havlovic – Jones – Rea – Ripa – 7. Nay: 0.

President Erikson asked Ms. Carter to explain the Consent Agenda Report. Ms. Carter advised the Board this is new to the Board. She continued to explain the gross April Annuitant Pension Payments (04-03-2016) were: \$9,045,391.84 and the gross April Retirement Staff Payroll (04-05-2016) was \$29,231.47. Ms. Carter asked the Board to ratify the nine (9) new retirements with an April 1, 2016 retirement effective date (first pension payment May 3, 2016) totaling \$10,545.00. The average monthly benefit was \$1,172.00 with a median of \$762.00. The average age of April's new retirees was 66 and the median age was 65. She further explained she wants to expand the Consent Agenda with other commonly occurring facts regarding the pension administration.

Mr. Rea requested a footnote on this report that would explain the retirement options selected by the new retirants. Ms. Carter expressed to the Board this will be an ongoing report. Mr. Rea moved approval of the Consent Agenda Report. The motion was seconded by Mr. Evans and adopted by the following roll call vote: Aye: Erikson – Evans – Goding – Havlovic – Jones – Purdy – Rea – Ripa – 8. Nay: 0.

Ms. Goding entered the meeting at 9:11 a.m. during the previous item.

Mr. Purdy moved approval of the Investments made during the month of April 2016. The motion was seconded by Mr. Rea and adopted by the following roll call vote: Aye: Erikson – Evans – Goding – Havlovic – Jones – Purdy – Rea – Ripa – 8. Nay: 0.

Ms. Carter read Item 5 - Resolution for Legal Services for OSERS Trustees as follows:

“In keeping with the approval by the Board of Education and pursuant to the withdrawal of the Capital Account of the Omaha School Employees’ Retirement System (OSERS) in Atlantic Global Yield Opportunity Fund, LP (the “Fund”) previously approved by the Trustees and Board of Education, the Trustees hereby authorize the OSERS Executive

Director and OPS In House Counsel to engage Rich, Intelisano, & Katz, LLP., to represent OSERS in identifying strategies and pursuing legal actions by the Fund to sell or otherwise obtain value from the Wakpamni bonds owned by the Fund.”

The OPS School Board approved the engagement at the Monday, May 2nd, 2016 meeting with Rich, Intelisano, & Katz, LLP. Mr. Rea moved approval with a friendly amendment to strike “...and OPS In House Legal Counsel”...

Ms. Goding commented to the Retirement Trustee Board that the Board of Education is not removed from the Retirement Board until July 1, 2016, and during that time the OPS legal counsel has to be the representative that reviews the contract with Intelisano.

There was concern expressed by Mr. Rea that the Retirement Trustees do not hire the OPS Legal Counsel and therefore cannot give him/her directions.

Ms. Carter read the Resolution that the School Board passed Monday (05.02.2016) for clarification:

“Subject to the approval of the Board of Trustees and pursuant to the withdrawal of the Capital Account of the Omaha School Employees’ Retirement System in Atlantic Global Yield Opportunity Fund (the “Fund”) previously approved by the Trustees and Board of Education. The Board of Education hereby authorizes the OSERS Executive Director and OPS In House Counsel to engage Rich, Intelisano, and Katz, LLP to represent OSERS in identifying strategies and pursuing legal actions ...”

The motion was seconded by Mr. Purdy and adopted by the following roll call vote with the amendment to strike reference to the OPS legal counsel: Aye: Erikson – Evans – Goding – Havlovic – Jones – Purdy – Rea – Ripa – 8. Nay: 0.

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President Erikson asked Ms. Carter to discuss the Fiduciary Liability for the 2016-2017 school year. The Insurance is effective May 1, 2016 for a one year period. This is the Retirement Board’s Fiduciary Liability insurance, with a premium of \$37,516.00. She is working with the Accounting/Risk Management side of OPS to identify how much coverage this represents and what the deductible will be. Ms. Carter will authorize the invoice and get it paid. She expressed she has a question whether the coverage needs to change given the Board’s responsibilities change January 1, 2017, the Board is no longer responsible for the investment management of this fund. The basic question is, if coverage is different, could the cost be less. We will have to

pay this invoice for 2016-2017 this year but it could change for the future. Ms. Carter will get all these questions answered as soon as she can.

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Mr. Wilbur Matthews of Vaquero Global Investment was introduced. Vaquero Global Investment is an emerging market credit investment manager. In July 2010, OSERS invested \$25 million with Vaquero and in January 2012, OSERS made an additional \$25 million investment. Vaquero had a difficult 2015, but expects performance to rebound in 2016. Mr. Evans questioned whether Mr. Matthews has “since inception” numbers for OSERS. Mr. Matthews stated he will provide those numbers for OSERS.

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Mr. John Angliss of JP Morgan introduced himself and explained he is responsible for all of the institutional clients across Nebraska and other Midwestern states. Mr. Angliss introduced Mr. Joseph Knight as a client strategist based in New York. He is part of Maritime and Transport Investment Platform, and Mr. Chan Chakravarti is managing director based in Mumbai who is head of acquisitions real assets business in India for the JP Morgan India Property II fund.

Mr. Knight reviewed the JP Morgan Maritime Fund.

Mr. Chan Chakravarti reviewed the JP Morgan India Property Fund II.

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Five minute break.

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Ms. Carter explained on April 21, 2016 she, Mr. Erikson, Ms. Goding, and Mr. Rea met with Michael Walden-Newman, Nebraska State Investment Officer and Joe Jurich, Deputy State Investment Officer, to go over the expectations are for the transition of the OSERS investment portfolio to the state investment council January 1, 2017, per LB 447 (2016).

Mr. Rea told the Board he thought it was a very productive meeting. They gave some assurances about the transition. He also stated that they were invited to come to our June 1, 2016 meeting to talk about the asset allocation and they said they were going to try and make it.

Ms. Goding explained the State Investment Office will have their own investment consultants prepare a separate asset allocation study on the OSERS investment portfolio. He also stated his

office would not be opposed to meeting with OSERS current investment managers after the summer months and into next year.

President Erikson mentioned that the next step is to have a transition plan in place by July 1, 2016. OSERS needs to get copies of all the agreements and contracts, etc. to turn over to the State in a couple of months.

There was further discussion on the January 1, 2017 transition, such as how funds will be processed from the State Investment Council to OPS to cover retiree payroll for OSERS. Ms. Carter expressed these nuances still need to be vetted with the State Retirement System and the State Treasury office. She plans to have details later this year.

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Retreat – Ms. Carter stated there are two things to discuss. One is a discussion to have NEPC to re-do our asset allocation study using our actual managers and not using index performance as the basis. Ms. Carter explained that in addition to the asset allocation review, this Board will need to re-define its role given the responsibilities resulting from LB 447. The Board will especially have to develop an trustee election policy because now we'll have trustees who will be elected by the Membership. We need to set a policy by the first election which is Spring 2017. It is advisable to have a policy book to understand what being a Trustee entails and its responsibilities. Ms. Goding suggested a training session such as NASB does.

Mr. Jones was asking how the process was in the past for NCTR workshop for the Trustees. Mr. Erikson stated that employees of the district can go through the district travel office. Ms. Carter stated to get registered before June 30, 2016. Payment is made by the System. She further informed the Board that there is a NCTR meeting in June in Columbus, OH at Ohio STERS that she will be attending for the Executive Directors.

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Meeting adjourned at 11:57 a.m.