

The Board of Trustees of the Omaha School Employees' Retirement System held a Regular Meeting on Wednesday, February 1, 2017, 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 Vice-President of the Board at the Board of Trustees' meeting held on January 4, 2017.

Present at roll call: Erikson – Havlovic – Jones – Purdy – Rea - Ripa – 6. Absent: Evans.

Staff Present: Cecelia M. Carter, Executive Director, James Ellis, Retirement Benefits Manager, and Kelly Sheard, Department Secretary. Others Present: Robert Bothe, Esq., McGrath North, Jack Peetz, Peetz and Company, Connie Knoche, OPS Chief Financial Officer, and Pat Beckham, Cavanaugh MacDonald.

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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 9:00 a.m. on Wednesday, March 1, 2017, in the School Board Hearing Room of the Teacher Administrative Center, 3215 Cuming Street, Omaha, Nebraska. However, please note there will be discussion during this meeting on whether to change the start time of the March 1, 2017 meeting. If the time is changed, the new meeting time will be announced at the adjournment of this meeting. 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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President Erikson asked if there is anyone for public comment. There was none.

Mr. Purdy moved that the OSERS Board of Trustees go into Closed Session. The motion was seconded by Mr. Ripa and adopted by the following roll call vote: Aye: Erikson – Havlovic – Jones – Purdy – Rea - Ripa. - 6. President Erikson reminded the public the Board went into Closed Session at 9:08 a.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 Cecelia Carter, Executive Director, Jim Ellis, Jack Peetz, and Robert Bothe, Esq. legal matters on the Retirement System.

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President Erikson reconvened the meeting at 9:49 a.m.

Present at roll call: Erikson - Havlovic – Jones – Purdy – Rea – Ripa – 6 present.

Mr. Rea moved and Mr. Havlovic seconded, the Board approve the February retiree pension and staff payrolls, approve February new retirements, ratify February deaths, approve February pension refunds, and approve February accounts payables. The motion was adopted by the following roll call vote: Aye: Jones – Purdy – Rea – Ripa - Erikson - Havlovic – 6.

- Gross Annuitant Pension & Retirement Staff Payroll
  - February Pension Payments (paid 02.03.2017) = \$9,490,358.55
  - February Staff Payroll (paid 02.03.2017) = \$28,453.95

New Retirements

EMPLOYEE			EMP		RET	YRS		CHOSEN BENEFIT	
NUMBER	NAME		TYPE	AGE	MONTH	of SERV	OPT	OMAHA	STATE
	Diane	Derks	T		2	28.2			
	James	Nolden	Trans		2	18.5			
	Sharon	Novak	Café		2	22.8			
	Eileen	Ruckman	Trans		2	25.7			
	Cindy	Thomsen	T		2	9.5			
<b>Addition to Retiree Payroll - February 2017</b>								<b>\$6,424.70</b>	<b>\$326.64</b>
<b>Average</b>				<b>64</b>		<b>21</b>		<b>\$1,284.74</b>	<b>\$57.00</b>
<b>Median</b>				<b>65</b>		<b>22.8</b>		<b>\$900.62</b>	<b>\$52.00</b>

Reported Deaths

EMPLOYEE NUMBER	NAME		AGE	RET YEAR	DATE OF DEATH	BENEFIT OMAHA
	Myra	Roddy		1988	Dec-16	
	Valeria	Cadek		1987	Dec-16	
	Sharon	Denton		2011	Dec-16	
	Florence	Clouse		1986	Dec-16	
	Carol	Hepburn		1996	Dec-16	
	Robert	Brown		1998	Dec-16	
	Joyce	Kramer		1997	Dec-16	
EMPLOYEE NUMBER	NAME		AGE	RET YEAR	DATE OF DEATH	BENEFIT OMAHA
	Vivian	Szurpicki		1987	Dec-16	
	Maurice	Richards		2012	Dec-16	
Terminated from Retiree Payroll – January 2017						\$18,693.80

Refunds

February Refunds

EMPLOYEE NUMBER	NAME		Payment	
	First	Last	Type	Dollar
	Alicia	Badillo de Jacinto	Direct	
	Tara	Bell	Direct	
	James	Bizzell	Direct	
	Valerie	Bradford	Direct	
	William	Chleborad	Direct	
	Destiney	Coon	Direct	
	Kim	Edwards	Direct	
	DeLores	Ewing	Direct	
	Amanda	Gatewood	Direct	
	Daniel	Haycock	Direct	
	Kolby	Koehlmoos	Rollover	

EMPLOYEE NUMBER	NAME		Payment	
	First	Last	Type	Dollar
	LeAnn	Larreau	Rollover	
	Tami	Maldonado-Mancebo	Direct	
	Luther	Mardock	Direct	
	Sierra	Masters	Direct	
	Meghan	McManis	Direct	
	Elizabeth	Feldkamp	Rollover	
	Sheena	Osborne	Direct	
	John	Palermo	Direct	
	Damian	Payton	Direct	
	Stacie	Porter	Rollover	
	Maria Azu	Robinson	Direct	
	Sylvia	Rocha	Direct	
	Sylvia	Silva	Rollover	
	Patricia	Spellman	Rollover	
	Leslie	Tapley	Direct	
	Mary	Tietjen	Rollover	
	Amber	Tjaden	Rollover	
	Kirk	Vilhauer	Rollover	
	Lah	Wah	Direct	
	Ti	Yin	Rollover	
<b>Terminated EE Refunds February 2017</b>				<b>\$493,284.53</b>
<b>Average</b>				<b>\$15,912.40</b>
<b>Median</b>				<b>\$6,585.83</b>
<b>Count</b>				<b>31</b>

**Bold entry indicates a distribution to a beneficiary due to the death of the active member.**

Accounts / Payables for February 2017

- Consultants –
  - Peetz & Company \$ 12,000.00

**\$12,000.00**

- Legal Services –
  - McGrath North – General \$ 14,684.00
  - McGrath North – AGYOF \$ 720.00

**\$15,104.00**
  
- Miscellaneous –
  - Nat'l Council Teachers Retirement \$ 1,710.00

**\$1,710.00**

President Erikson continued with the next item on the agenda. Mr. Purdy moved and Mr. Ripa seconded the Minutes. Mr. Havlovic noted that Bridget Donovan's name was misspelled. He recalled there is no "e" at the end and there is only one "t". The motion was adopted by the following roll call: Erikson – Havlovic – Jones – Purdy – Rea – Ripa – 6.

President Erikson introduced the OPS Chief Financial Officer, Connie Knoche. Ms. Knoche discussed the upcoming OPS budget for 2017-2018 such as revenues and expenses. She explained the budget is normally planned for the next 3 years in the future. As Ms. Knoche looks at the years going forward, she realizes that additional Retirement contributions are going to need to be made based on actuarial reports. Ms. Knoche reviewed her perspective as CFO on the challenges facing the district to fund additional employer contributions to the OSERS plan.

Ms. Knoche continued with the reason for all of this background information is LB548 was introduced into Legislature by Senator Lindstrom and the long-term intent is to try to merge the OSERS plan with the NSERS plan. What that does is determine a fixed amount of what the unfunded liability OPS would owe and that would create a mechanism for budgeting purposes.

Mr. Rea expressed his curiosity over how LB548 was dropped and the OSERS Board of Trustees was not aware of this.

Mr. Peetz gave the Board an overview of his monitoring of LB 548.

Discussion was continued at a high level regarding these issues.

President Erikson entertained the motion to move forward with the LB548 Amended Board Statement to include Mark Evans' signature. Mr. Purdy moved and Mr. Ripa seconded. Mr. Havlovic commented that he would like to clarify for the record that this was great information for the Board to see. He was not aware that this bill was dropped and reiterated that this was just a comment. Mr. Rea also added in his opinion the method in which this bill was brought before

the legislature was unprofessional. The motion was adopted by the following roll call: Rea -- Havlovic -- Erikson -- Jones -- Purdy -- Ripa -- 6.

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President Erikson introduced Pat Beckham, Cavanaugh McDonald. Ms. Beckham started the discussion with the actuarial projects that are on the table and the timing of how the Board would like them completed. A Valuation Report was not conducted for September 1, 2016 because LB 447 (2016) changed OSERS "Valuation Date" to December 31. Therefore, the next Valuation Report will be dated January 1, 2017. An Experience Study will be done first and then use the new assumptions for the January 1, 2017 Valuation Report. Ms. Carter reminded the Board what an Experience Study entails. It's known that investments returns will have to be reviewed and considered seriously. Ms. Beckham explained that when an experience study is done they look at every assumption and method that is used in the valuation process and evaluate it and then they come back to the Board with a recommendation. The Board is the one that makes the decision. There are economic assumptions and demographic assumptions to be looked at. Demographic assumptions are the membership, what happens to people: termination of employment retirement, death, disability, etc. The data is taken for the last 4 years and track every person for the last 4 years and see what happened to them. There have been trends of mortality improvement.

Ms. Beckham stated very rarely an active employee dies. They're focusing on the retiree group. There is some anticipated improvement overall. Ms. Beckham continued the discussion with the Board. The experience study will be done by the beginning of April 2017 meeting and the January 1, 2017 Valuation Report will be done by May or June. After the Valuation Report is finished, then any actuarial required contributions can be identified. Ms. Carter stated given the language, once we get the valuation report, then she would send a letter from OSERS to the School District to give the amount to pay by a given date.

Ms. Knoche asked Ms. Beckham if a whole employee group were contracted out, would that negatively impact the Plan. Ms. Beckham stated it would... just like new people help the Plan, losing active members would impact it as well. The problem is that you would lose that stream of income coming in for their working career followed by someone replacing them, it's a perpetual contribution.

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Mr. Jack Peetz updated the Board on Legislative Matters. He said there are a lot of bills that are out there all over the board. He told the Board that if there is something they see of interest, to please let him know.

Mr. Rea questioned LB532. Mr. Peetz told the Board that he would need to look at the bill and research it in order to answer any questions.

Mr. Purdy questioned LB415. It's the one where members will be subject to certain post retirement restrictions. Mr. Peetz explained when you retire, you have to sit out for 180 days (as a teacher) because they have people that retire and jump back into a district some other place. What they're trying to say is work in any district until retirement age, then collect retirement.

Recess for lunch at 12:36 p.m.

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Back in Session at 1:10 p.m. Present at Roll Call: Erikson – Havlovic – Jones – Purdy – Rea – Ripa – 6.

The meeting continued with the Board Election Policy. Ms. Carter indicated to the Board that based on conversation with Mr. Rea and Mr. Havlovic, there was one correction that did not get made in the package that was given to the Board. In section 4.10, it should read "A candidate in the election may request the recount of an election only if the difference in the number of votes cast for the top two candidates is less than 2% of the total vote count in the election." This is an amended version. Mr. Rea made a motion to approve the policy and Mr. Jones seconded. The motion was adopted by the following roll call: Ripa – Purdy – Rea – Jones – Havlovic – Erikson -6. President Erikson thanked Ms. Carter, Mr. Rea, and Mr. Havlovic for meeting together and getting the policy finalized.

Ms. Carter explained the next step is Notice will be posted to the website, sent to every principal in the district and she is requesting District Communications send the Notice out with the weekly e-mail. She has also requested to be a 10-minute agenda item at the Principal's Meeting on February 14, 2017 at the TAC building to help the principals understand. The Nomination Period will open on March 1<sup>st</sup> and close at 5pm on Friday, March 10<sup>th</sup>. Discussion continued with the Board Election Policy.

#### Executive Director's Report

Ms. Carter informed the Board she was told the 1099R's were mailed on January 31, 2017. She has not received written communication confirming the totals.

Ms. Carter also informed the Board that she has an invoice from Cavanaugh McDonald in the amount of \$8,500.00 for the GASB 68 which is the Employer's accounting report. This is our first year with GASB. This is an employer requirement not a retirement requirement. Ms. Carter expressed plan assets should be used for the benefit of plan members and their beneficiaries and not for employer expenses and/or cost saving programs.

Ms. Carter updated the Board that the new position for the Retirement Office did not get posted in January. It will get posted in February. Mr. Rea inquired as to if Ms. Carter had thought about using the NCTR website to post the position. Ms. Carter stated that with NCTR, it's the high level positions they post, but she will check with NCTR.

Transitions of assets to the NIC happened January 3, 2017. She brought to the Board's attention that Wall Street Associates closed their doors effective January 31, 2017 and OSERS' assets were transitioned to BlackRock.

The State of Nebraska's Investment staff is meeting with all our current managers and making an assessment from there. The next meeting of the NIC is February 22, 2017. The OSERS Board of Trustees can expect to receive the quarterly performance report from the investment consultant of the Nebraska Investment Council.

Finally, Ms. Carter stated she got a request from OEA for the names of upcoming retirees and their building location. She cannot give them building location without having staff do extra work. She has a list of names and apparently the OEA person went to Mr. Evans and he said it was fine. She hasn't seen him to tell him it's not fine. Mr. Rea stated that when retirees have finished, they've asked for a list. Mr. Purdy asked if they were asking about Laurels Night which is when they recognize upcoming retirees that have been with the district for 25 years. Mr. James Ellis asked where the OEA is getting the 25 years from and Mr. Rea said it's self-identified. Ms. Carter will follow up on this request. There was continued discussion regarding this request.

Discussion was initiated by Mr. Erikson about possibly changing the Board of Trustees' meeting time to 10:00 a.m. in March. As time goes on, the materials to be covered will not be as extensive. Mr. Erikson just wanted to put it out there to the Board for discussion. The decision was made to have the meeting in March at 9:00 a.m.

Mr. Purdy asked if we need to have a study done about the merging of the plans. Discussion ensued that there should be a request for a study. President Erikson suggested to send a letter to the school district asking for a comprehensive study to be done regarding LB548. Ms. Carter will follow up with this and will talk to the appropriate people.



Mr. Jones shared with the Board that the outgoing Governor Branstad from Iowa just commissioned a review of all of the IPERS' systems and it's clear his intent to move it to a DC plan structure which includes schools. He just received a note today from a taxpayers' association group in Iowa. The details can be found on the Taxpayer Association of Central Iowa website. He thinks it will be slow moving, but there are some pretty significant names on the panel.

Meeting adjourned at 1:44 p.m.