

The Board of Trustees of the Omaha School Employees' Retirement System held a Sustainability Study Workshop on Wednesday, November 28, 2018, at 3:30 p.m. at Teachers' Administrative Center, 3215 Cuming Street, Omaha, Nebraska.

Pursuant to Section 84-1411 of the Nebraska Statutes, notice of this meeting was given November 7, 2018.

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President Erikson announced, pursuant to Section 84-1411 of the Nebraska Statutes, the next regular meeting of the Board of Trustees is scheduled for Wednesday, December 5, 2018 at 9:00 a.m., at the Teachers Administrative Center, 3215 Cuming Street, Board conference room – 2nd floor, 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.

The meeting was called to order at 3:31 p.m. Present at roll call: Erikson - Havlovic –Jones –Purdy - Rea – Ripa - 7 present. Absent: Logan (excused) – 1.

Staff Present: Cecelia M. Carter, Executive Director, James Ellis, Retirement Specialist.

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Mr. Erikson opened the meeting thanking everyone for attending this workshop, then turned the meeting over to Ms. Carter to highlight the afternoon analysis work to take under consideration.

Ms. Carter explained that the workshop was intended to ensure everyone participating in the workshop understood the differences and nuances of the four tiers which make up the Omaha School Employees' Retirement System. Ms.

Carter reviewed a handout prepared to show the similarities as well differences as implemented through legislative bills over the past several years.

The four tiers segments are as follows:

- Tier One: member of OSERS before July 1, 2013
- Tier Two: member of OSERS on or after July 1, 2013 and before July 1, 2016
- Tier Three: member of OSERS on or after July 1, 2016 and before July 1, 2018
- Tier Four: member of OSERS on or after July 1, 2018

All four tiers retained the 2% multiplier; however, from Tier One to Tier Two the calculation of the Final Average Earnings went from the average of the high three years to the average of the high five years.

By the implementation of Tier Four, members can retire with a reduced benefit at age 60 with five years of creditable service; with an unreduced benefit at age 65 with five years of creditable service; under the Rule of 85 and at least 60 years of age; eligible for cost of living adjustments on a formula up to 1%; and no longer eligible for the Nebraska Sate Service Annuity or the medical cost of living adjustment after ten years of retirement.

As Ms. Carter walked through the Tiers, board members asked questions and engaged in conversation on the history of the changes.

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Ms. Carter introduced Ms. Patrice Beckham and explained Ms. Beckham will next take the Board through an analysis of what a suspension or delaying of certain benefits would mean for the Fund's unfunded liability (UAAL).

Using the January 1, 2018 Valuation Report as the framework (i.e., membership data, assumptions, etc.), Ms. Beckham explained that just by suspending the cost of living adjustments for one year would reduce the UAAL by \$16.5 million. Additionally, delaying the start of cost of living adjustment eligibility by one year would separately reduce the UAAL by \$11.1 million. Collectively, these two acts represent approximately \$27 million in savings to the UAAL.

Ms. Beckham walked the Board through a policy change that would demonstrate cost savings and not require legislative input. A policy change in the Fund's amortization method to a 30 year layered approach (all other assumptions being met) would likely result in a \$29 million dollar reduction to the Funds UAAL.

Ms. Beckham engaged the Board in more discussion of probabilities. After a lengthy exchange, the Board instructed Ms. Beckham to engage with Ms. Carter to determine what other combination of changes could be implemented to result in cost savings to the UAAL of the Fund.

The Board deliberated and to ensure enough time for Ms. Beckham and her group to adequately run a full analysis of different scenarios, postponed the December workshop and announced the next sustainability study workshop would be Thursday, January 24, 2019 at 4:00 p.m. at the Teachers Administration Center, 3215 Cuming Street, Omaha, NE.

There being no further business to come before the Board, the meeting adjourned at 5:07 p.m.

/s/

Cecelia M. Carter
Executive Director