

The Board of Trustees of the Omaha School Employees' Retirement System held a Sustainability Study Workshop on Tuesday, April 30, 2019, at 4:00 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 March 27, 2019.

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President Erikson announced, pursuant to Section 84-1411 of the Nebraska Statutes, the next scheduled meeting of the Board of Trustees sustainability study workshop is scheduled for Wednesday, May 22, 2019 at 4:00 p.m., at the Teachers 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.

The meeting was called to order at 4:01 p.m. Present at roll call: Erikson – Havlovic – Purdy - Rea – Ripa - 5 present.

Staff Present: Cecelia M. Carter, Executive Director

Others Present: Patrice Beckham, Cavanaugh Macdonald

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Mr. Erikson opened the meeting and turned the meeting over to Ms. Carter for comment. Ms. Carter took a moment to remind the audience that these meetings are reviewing a plethora of “what if” scenarios. She emphasized that nothing has been implemented, except for the Board of Trustees change to the Board's funding policy (adopted March 2019 – effective January 1, 2019).

Ms. Carter then turned the meeting over to Ms. Beckham.

Ms. Beckham began by walking the attendees through the process to date and explained the comparison of the first set of scenarios to be reviewed are based on comparing the proposed change to She then began review of the financial impact on the following scenarios:

1. The baseline comparison was still based on the January 1, 2018 Valuation Report;
2. What if - Years of Service were capped at 30 years and the retiring employee received a refund of employee contributions for all years of service over 30;
 - a. The refund would be based on the first years of employee contributions with interest paid through the date of retirement
 - b. The savings to the District is estimated to be approximately \$3.8 million for the year
3. What if – the retiring employee received a 2% multiplier on the first 30 years of creditable service and a 1% multiplier on all years following the first 30;
 - a. The savings to the District is estimated to be approximately \$2.2 million
4. What if – Tier 1 members could elect to move to Tier 3 and receive 75% of the lost value of their Tier 1 benefit
 - a. This actually cost the District an additional \$14 million

Scott Herchenbach arrived at 4:27 p.m.

5. What if – Term vested members were offered a buy-out of their benefit at 61% of its present value – and 100% of those eligible members accepted the offer
 - a. Eligibility was limited to any term-vested member more than five years from retirement eligibility
 - b. The cost to the District was approximately \$600 thousand

Dr. Logan arrived at 4:33 p.m.

6. What if – Term vested members were offered a buy-out of their benefit at 61% of its present value – and 50% of those eligible members accepted the offer
 - a. Eligibility was limited to any term-vested member more than five years from retirement eligibility
 - b. The cost to the District was approximately \$280 thousand

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Ms. Beckham then explained the next set to scenarios review the financial impact on proposed changes over the next 30 years, compared to the cost to the District using the current economic assumptions with the District making all future statutory and additional required contribution payments:

7. What if – no cost of living adjustment was granted until the pension fund was 80% funded, effective January 1, 2023
 - a. It would take approximately 12 years for the pension fund to attain 80% funding ratio – estimating 81% funded in 2035
 - b. The savings to the District is approximately \$501 million over 30 years with an predicted funding ratio of 105% at the end of the 30-year period
8. What if – a simple cost of living adjustment was granted beginning January 1, 2023 and using January 1, 2023 as the base for the simple COLA calculation
 - a. Currently, COLA are compounded annually
 - b. The savings to the District is estimated to be approximately \$74 million over 30-years
9. What if – a new Tier 5 was developed for new employees hired on or after January 1, 2013 with the new Tier 5 benefit using the following formula: $FAC (\text{high } 5 \text{ years}) \times 1\% \times \text{Years of Creditable Service}$, with an employee contribution rate of 4% and employees contribute supplemental contributions to a defined contribution plan (self-managed)
 - a. The savings to the District is estimated to be approximately \$100 million over 30-years

The Board of Trustees deliberated the merits of each scenario and the financial impact to the District.

There being no further business to come before the Board, the meeting was adjourned by common consent at 5:15 p.m.

/s/

Cecelia M. Carter
Executive Director