

Omaha School Employees' Retirement System

Board of Trustees

Meeting Digest

Wednesday, September 5, 2018

The following is a recap of the retirement board of trustees' meeting held Wednesday, September 5, 2018.

Five board members were present at roll call.

Actuarial Retirement Sustainability Study

By state statute, the Board of Trustees is required to engage the services of an actuary to serve as the Board's technical advisor. The Board requested its actuary to be present at the September meeting. The purpose was to engage in discussion with the Board of Trustees and the merits of

The actuarial thesis of public pension administration

$$C + I = B + e$$

Contributions + Investment Income = Benefits + expenses

performing a sustainability study on the Omaha School Employees' Retirement System. The purpose would be to engage in deliberation on what could be done to ensure continued retirement security for the OSERS members while also alleviating some of the financial pressures on the District.

Ms. Patrice Beckham of the actuarial firm Cavanaugh Macdonald gave the audience an overview of the other public pension plans where she engaged with their Board of Trustees in sustainability studies. Her firm has worked with the City of Omaha as well as the states of Nebraska, Kansas, Minnesota and Colorado.

She further explained, the foundation of the OSERS plan rest on the Contributions (employee & employer) and the Investment Income (performance returns from the NIC). The Benefits are determined by state statute and the expenses are di minimis compared to the other factors of the equation.

The conclusion was for the Executive Director and Ms. Beckham to document an outline for scheduling such a study for OSERS.

2018 Annual Audit of OSERS Financial Statements

Ms. Kelly Mann, CPA of the accounting firm Seim Johnson was present to give the Board of Trustees an overview of the upcoming audit of OSERS trust fund's financial statements. The OPS accounting

department prepares the financial statements for the OSERS trust fund. Seim Johnson audits the accounting of contributions deposited into the trust fund as well as benefits and expenses paid out of the trust fund along with the investment income received into the trust fund through the fund's investment portfolio managed by the Nebraska Investment Council.

Pension Administration

The Board approved the following administrative matters affecting the OSERS plan:

- Retiree pension payroll for September 2018 in the amount of \$10,157,785.02 to 4,816 retirees
- Staff payroll for September 3, 2018
- New annuitants effective September 1, 2018 (first pension check October 3, 2018)
- Annuitants who died with last pension check issued August 2018
- Refunds to 18 former OPS employees requesting distribution(s) in the amount of \$403,112.31
- Accounts/Payables for September

Minutes



The Board approved the Minutes to the August 8, 2018 OSERS Board of Trustees meeting.

Nebraska Revised Statute sec. 79-992.01

Nebraska Revised Statutes sec. 79-992.01 requires a certification by both the employee and employer when a member of OSERS is retiring, or leaving service and requesting a refund. The certification provides the member and the employer to certify there was no pre-arrangement for the member to leave and return to work and/or there was no incentive provided for the member to retire or separate from service. The form is in progress and upon final approval from OSERS legal counsel will be implemented into procedures. [to see a full copy of [NE Rev Stat §79-992.01](#) click here]

Financial Statements & Budget Variance Report – July 31, 2018

OSERS financial statements as prepared by OPS accounting along with the budget variance report for the period ending July 31, 2018 was presented and reviewed. Current expenses for the OSERS budget is less than \$1 million. There are certain expected expenses from the District which have not yet been allocated to OSERS, they are the 2018/2019 fiduciary liability premium and the FY 2018 indirect cost which is now being applied to OSERS.

2018/2019 OSERS Members' Employee Contribution Regular Interest

Nebraska Revised Statutes sec. 79-978 (25) defines "Regular Interest." Regular interest is the interest applied to employee contributions into the OSERS plan by active members. Regular interest is applied to terminated (non-retired) members' account balances also. Once a member retires, their account no longer accrues interest.

2019 Fiscal Year

Regular Interest

2.49%

Effective September 1, 2016, regular interest is defined as the 1-year Daily Treasury Yield Curve as of September 1st each year. Given September 1, 2018 was a Saturday and Monday, September 3rd was a holiday, the first yield data for the month of September 2018 was September 4th which reported a yield of 2.49%. Therefore, for the 2018/2019 fiscal year the rate of interest to be applied to non-retired members' account balances will be 249 basis points (prorated monthly).

NCTR 2018 Annual Meeting – OSERS Delegation

The OSERS system is a member of the National Council on Teachers Retirement, a national advocacy organization for retirement plans within the education community. The Board voted to name board Vice-President Roger Rea and board trustee Lance Purdy as delegates, and board trustee James Ripa as the alternate delegate to the NCTR Annual Meeting in October. The Executive Director is an ex-officio delegate.

Government Relations Vendor Contract

The Board of Trustees uses the services of a government relations vendor, Peetz & Company to monitor legislative matters in the Nebraska Unicameral. The Board considered the renewal of the engagement contract. This is a two year contract (the legislative session is on a biennium schedule) and there will be no fee increase from the previous years. The client (OSERS) may terminate the contract with 30-days' notice and the vendor (Peetz) may terminate the contract with 60-days' notice. The Board approved the renewal of a two year contract at \$48,000 per year.

Business Community Trustee Appointee

President Erikson reviewed with the Board of Trustees his vision for revisiting the selection of the Business Community Trustee for the Board of Trustees to recommend to the District Board of Education. Mr. Erikson requested both Mr. Jones, and Mr. Ripa to participate with him on an ad hoc committee to identify new candidates for the trustee seat. The intent is to have a recommendation for the Board of Trustees' consideration at the November retirement board meeting.

Executive Director's Report

Highlights and overviews on the following matters affecting OSERS:

- Staff position was re-posted with a new submission deadline of August 30th. Interviews should be conducted in September.
- 2018/2019 Executive Director goals
- 2018/2019 OSERS Pension Pay Date Cycle which is now posted to the OSERS web page and has been shared with retiree stakeholders groups.
- 2019 Legislative session is a long session (i.e., 90-working days)

Trustees' Report

Mr. Havlovic gave an overview of the conclusion of the Executive Directors annual review.

Mr. Erikson reminded the Board he will not be at the October 3rd meeting and Mr. Rea will serve as chair of the October meeting.



The meeting adjourned at 11:59 a.m.

The next OSERS Board of Trustees meeting is scheduled for Wednesday, October 5, 2018 at 9:00 a.m.