

The Board of Trustees of the Omaha School Employees' Retirement System held a Regular Meeting on Thursday, May 5, 2022, at 4:05 p.m. at 3215 Cuming Street, Omaha, Nebraska.

Pursuant to Section 84-1411 of the Nebraska Statutes, notice of this meeting was given as the last adopted annual meeting schedule.

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Ms. Erdenberger announced, pursuant to Section 84-1411 of the Nebraska Statutes, the next regular meeting of the Board of Trustees will be discussed in this meeting and be held at the Teachers Administrative Center, 3215 Cuming Street, 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.

Ms. Erdenberger called the meeting to order at 4:05 p.m.

Present at roll call: Block - Erdenberger – Head – Herchenbach - Johnson – Logan - 6 present.  
Absent: Bourne - 1.

Staff Present: Cecelia M. Carter, Executive Director; and James Ellis, Retirement Specialist; Jessica Hart, Retirement Technician.

Others Present: Megan Neiles-Brauch, Esq.OPS; Patrice Beckham, Bryan Hoge, and Arron Chochon, of Cavanaugh Macdonald

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Ms. Erdenberger opened the meeting with request for Public Comment. There being none, she then introduced the members of the actuarial firm Cavanaugh Macdonald who were present to report on the January 1, 2022 OSERS Valuation Report. Representing Cavanaugh Macdonald were Patrice Beckham, Bryan Hoge, and Arron Chochon. The OSERS January 1, 2022, Valuation Report and Cavanaugh Macdonald presentation are incorporated into these minutes by reference.

Ms. Beckham opened the presentation with an overview of the process and historical data on the OSERS plan. She laid out for the Board a reminder of the elected economic assumption changes adopted by the Board of Education to be implemented over the coming four years. They are as follows:

	Prior	2022 Valuation	2023 Valuation	2024 Valuation	2025 Valuation
Price inflation	2.75%	<b>2.70%</b>	2.60%	2.55%	2.35%
Real rate of return	<u>4.75%</u>	<b><u>4.70%</u></b>	<u>4.70%</u>	<u>4.65%</u>	<u>4.65%</u>
Investment return	7.50%	<b>7.40%</b>	7.30%	7.20%	7.00%
General wage inflation	3.25%	<b>3.20%</b>	3.10%	3.05%	2.85%
Covered payroll growth	3.25%	<b>3.20%</b>	3.10%	3.05%	2.85%

Mr. Chochon followed on with the presentation and gave analysis of the OSERS demographic data and changes from one year to the next. An overview of the OSERS membership is as follows:

	January 1, 2022	January 1, 2021	% Change
Actives			
- Certificated	4,684	4,780	(2.0)
- Classified	<u>2,402</u>	<u>2,402</u>	0.0
- Total Actives	7,086	7,182	(1.3)
Retirees and Disabled Members	4,954	4,829	2.6
Beneficiaries	284	260	9.2
Inactive Vested Members	1,361	1,223	11.3
Inactive Non-Vesteds	<u>1,152</u>	<u>917</u>	25.6
Total	14,837	14,411	3.0

Mr. Hoge followed on with the presentation and gave analysis of the OSERS funding and liabilities. Overall, the funding ratio increased to 63%. The District's additional required contribution for fiscal year 2022 is \$21.8 million (due pursuant to state statute by August 31, 2022).

	1/1/2022	1/1/2021
Actuarial Contribution Rate		
• Normal Cost	12.59%	12.76%
• Administrative Expenses	0.24%	0.00%
• Amortization of UAAL	<u>14.36%</u>	<u>14.77%</u>
• Total Contribution Rate	27.19%	27.53%
Statutory Member Rate	(9.78%)	(9.78%)
Statutory Employer Rate (101% of member rate)	(9.88%)	(9.88%)
Statutory State Rate	(2.00%)	(2.00%)
Additional Required District Contribution		
• Contribution Shortfall/(Margin)	5.53%	5.87%
• Projected Pay for Upcoming Valuation Year	\$ 390	\$ 374
• Additional Required District Contribution	\$ 21.8	\$ 22.2

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Ms. Carter gave the Board an update on the OSERS 2024 Transition to NPERS. The staff of OSERS, NPERS, OPS met with representatives of Gartner Consulting. Gartner Consulting has been engaged by NPERS to assist with issuing an RFP and selecting a transition manager. Gartner Consulting noted that the process and selection (with contract negotiations) should be completed by January 2023. This will leave 18 months to implement the transition project. Ms. Carter noted she indicated to the group that pursuant to the Gartner timeline, the “go/no-go” date should be moved up to February 2024 in case additional legislative action is required on this project.

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Ms. Erdenberger engaged the Board on when the OSERS Transition Board should have meetings given there is generally no *new* news each month. After discussion the Board decided to keep the meetings quarterly.

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Ms. Carter gave the Executive Director’s report which included the following. The Voluntary Correction submission that was the result of the Compliance Audit and authorized by the OPS Board of Education was filed with the IRS in April, through the firm of Ice Miller. Upon

receiving the comments from the Voluntary Correction, we can then proceed with filing for a favorable determination letter.

The audit of OSERS as of December 31, 2021 currently underway by the state auditor's office is nearing completion with an anticipated exit meeting in mid-June to permit the auditing staff time to file the report by June 30, 2022. Ms. Carter noted, there will be findings.

Ms. Carter noted several department staff changes over the past month. One departure, the hiring of a replacement, and notice given by a senior member of staff with a July 31, 2022, separation date. Ms. Carter also noted, NPERS is in the process of hiring the replacement for the senior member of staff and that person will be an NPERS employee assigned to OSERS. This will permit for continuity after the transition in September 2024.

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There was discussion as to when to have the audit results presented to the OSERS Transition Board of Trustees. Ms. Neiles-Brauch indicated the Board could call a meeting with 48 hours' notice.

There being no further business to come before the Board, the meeting was adjourned at 5:23 p.m.

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PENDING BOARD APPROVAL

Cecelia M. Carter, Board Secretary