

Minutes

Other Postemployment Benefits (OPEB) Board of Trustees Meeting

April 23, 2021

11:00 A.M. (central)

Online Only/WebEx

Trustee Members

Present:

- Butch Eley, Commissioner of Finance and Administration
- David Lillard, Treasurer of the Treasury Department
- Sen. Bo Watson, Chair of Senate Finance, Ways and Means Committee

Absent:

- Rep. Patsy Hazlewood, Chair of House Finance, Ways and Means Committee

Laurie Lee, Executive Director, Benefits Administration (BA), called the meeting to order at 11:00 a.m. (central). A roll of attendance noted participation by a quorum. Ms. Lee noted that in compliance with Governor Lee's Executive Order #78, the Trustees would need to vote to participate electronically without a physical quorum in attendance.

Treasurer Lillard moved that the Board conduct business electronically in accordance with Executive Order #78. Commissioner Eley seconded the motion, which passed with the following roll call vote:

Eley	yes	Lillard	yes
Watson	yes		

Agenda Item 1 – Administrative Guidance

Lucian Geise, General Counsel, Finance and Administration (F & A), noted that discussion with the Attorney General's Office confirmed that meetings of the OPEB Board of Trustees should be considered public meetings subject to provisions of the Open Meetings Act. Mr. Geise noted that prior meetings had been held without public notice and he recommended that the prior actions of the OPEB Trust be reviewed and re-adopted to comply with public meeting requirements. It was recommended that a working group be established to review protocols for actions considered by the Trustees and by-laws be drafted for consideration. In response to inquiry, Mr. Geise noted that the establishment of the Trust was part of legislation adopted in 2015 as a mechanism to manage the State's OPEB liability. Initial funding for the Trust was made through the Appropriations Act to reduce the long-term financial cost for this obligation. The Trust Document was signed in 2018 and the Trust became operational on January

1, 2019. Mr. Geise noted that administration functions of the Trust were carried out by Benefits Administration, F & A Division of Accounts, and the Treasury Department.

Agenda Item 2 – Level Setting of OPEB Trust

Christa Martin, Director of Financial Management and Program Integrity, BA, provided background information on the OPEB Trust noting that prior to its establishment, the State utilized a “pay as you go model”. Ms. Martin reviewed the different funding sources for the Trust and noted that expenditures included cost for retiree health claims and administrative costs associated with the Trust. Trustees were advised that pre-funding the OPEB Trust reduces the liability that the state recognizes in its annual report.

Agenda Item 3 – FY 2021 OPEB Valuation Assumptions

Ben Law, Actuary, Aon Consulting, presented the Summary of OPEB Assumptions and Methods specifically noting changes from the prior year. Trustees were advised that the GASB discount rate and the expected rate of return assumption for the State Plan remain unchanged at 6.00%. The health care related assumptions were updated to reflect more recent experience and the health care costs trends were adjusted to reflect a short-term impact related to COVID-19. There were no changes in other demographic assumptions, i.e. salary increase, disability, etc. and the new assumptions will be reflected in the fiscal year ending June 30, 2021 valuations.

Senator Watson made a motion that the Trustees approve the OPEB Valuation Assumptions as presented. Treasurer Lillard seconded the motion, which passed with the following roll call vote:

Eley	yes	Lillard	yes
Watson	yes		

Agenda Item 4 – Trust Investment Performance

Michael Brakebill, Department of Treasury, presented the Investment Performance Review for the OPEB Trust for the period ending December 31, 2020. Trustees were advised that the OPEB Trust had similar risk return characteristics as the pension fund investments. Mr. Brakebill reviewed the total fund asset allocation analysis and advised that as of April 22, 2021 the Trust portfolio was valued at over \$431M. For the past six months, Mr. Brakebill noted an increase in return from 17% to 25%.

Agenda Item 5 – FY 2019 OPEB Trust Audit

Tabitha Furlong, Comptroller’s Office, reviewed the OPEB Trust Audit for period ending June 30, 2019. Ms. Furlong reviewed the audit standards utilized in the OPEB audit and noted the areas of focus for the FY2019 audit which included investments, employer contributions and payment of claims for health claims. Ms. Furlong reported that the audit had received an unmodified opinion with no audit findings. Trustees were advised that the Comptroller’s Office is currently performing similar reviewed for the audit period ending June 30, 2020 with a report expected to be issued in mid-June 2020.

There being no further business the meeting was adjourned at 11:35 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Laurie S. Lee". The signature is written in a cursive style with a large initial 'L' and a distinct 'S'.

Laurie S. Lee