

MEETING NOTICE
STATE POST-RETIREMENT BENEFITS TRUST FUND AND THE
ELECTED OFFICIAL POST-RETIREMENT BENEFITS TRUST FUND
BOARD OF TRUSTEES
Tuesday, December 19, 2023
1:00 P.M.

Anchor Location: 350 N State Street (State Capitol) Suite 170
Electronic Meeting Link: meet.google.com/nxt-yaou-usc
Call in Number: 1 862-314-0483 PIN: 157 484 267#

AGENDA

1. CALL MEETING TO ORDER: STATE TREASURER, CHAIR
2. APPROVAL OF MINUTES FROM THE NOVEMBER 17, 2023 MEETING
3. REVIEW TRUST FUND FINANCIAL STATEMENTS AS OF JUNE 30, 2023
 - State Employee OPEB
 - Elected Officials OPEB
 - OEBT
4. REVIEW AND APPROVE TRUST FUND FISCAL YEAR 2024 BUDGETS
 - State Employee OPEB
 - Elected Officials OPEB
 - OEBT
5. ESTABLISH LABOR ADDITIVE RATES FOR FISCAL YEAR 2025
 - State Employee OPEB
 - OEBT
6. OTHER ITEMS FOR DISCUSSION

In compliance with the Americans with Disabilities Act, individuals requiring special accommodations during the meeting should notify Carissa Larsen, Administrative Assistant, at State Capitol Suite 180, 801-538-1042 at least three working days prior to the meeting.

STATE POST-RETIREMENT BENEFITS TRUST FUND AND THE
ELECTED OFFICIAL POST-RETIREMENT BENEFITS TRUST FUND
BOARD OF TRUSTEES

November 17, 2023

1:00 P.M.

Pending Minutes

Meeting Location: Utah State Capitol Building and Electronic.

Board Members Attending: Marlo Oaks, Van Christensen, and Duncan Evans.

Others Attending in Person: Katherine Nuttall, Kirt Slaugh, and Steve Allred.

Others Attending Online: Allen Rollo, Audra Mardis, Brooke McCarrick, Chris Pieper, Darin Janzen, Kelli Levanger, Patricia Nelson, and Sheena Goodsell-Haynes.

Mr. Oaks opened the meeting and had all guests introduce themselves.

The next item on the agenda was to review and adopt actuarial assumptions for the State Employees' OPEB actuarial report. Ms. Mardis from Korn Ferry noted that the Net OPEB Liability (NOL) for the December 31, 2022 report was \$(18.6) million or a funded status of 107.9% versus the December 31, 2020 NOL of \$(30.4) million or 112.5% funded for the State Employees plan. The General and Public Education pools are fully funded while the Transportation and Public Safety pools are underfunded as shown on page 16 of the actuarial report. The Actuarially Determined Contribution (ADC) as December 31, 2022 was \$(12) million for all the pools, but the Transportation and Public Safety pools had ADCs of \$6.8 million and \$7.1 million because the pools are not fully funded.

Ms. Mardis reviewed the assumptions used in the actuarial study and noted that the assumptions fell into the following three categories-economic, medical, and demographic as described on pages 21 through page 25 of the actuarial report. The assumptions that were updated since the last actuarial study two years ago include the mortality tables and health care trend rate assumptions to the most recent trend model.

Ms. Mardis next presented the Elected Officials OPEB actuarial report. The NOL for the December 31, 2022 report was \$1.6 million or a funded status of 93.0% versus the December 31, 2020 NOL of \$2.0 million or 90.6% funded for the Elected Officials plan. The ADC as of the December 31, 2022 report was \$452 thousand compared to \$423 thousand two years prior. The assumption changes for this plan are the same as for the state employees' plan. Mr. Oaks entertained a motion to adopt the assumptions as outlined for the OPEB actuarial reports for the State Employees' and Elected Officials plans.

Mr. Christensen made a motion to approve and Mr. Evans seconded the motion. The board unanimously approved the item; the vote of each Board member is noted below.

Oaks-Yes

Christensen-Yes

Evans-Yes

The third item on the agenda was the to review and the adopt actuarial assumptions for the Other Employee Benefits Trust (OEBT) actuarial report. The OEBT fund had an Unfunded Actuarial Accrued Liability (UAAL) of \$20.0 million or 79.2% funded as of fiscal year 2023/24 compared to an UAAL of \$53.9 million or 55.7% funded as of fiscal year 2022/23. The most significant change to the current actuarial report from the prior report is the change in benefit loads for the Public Safety and General pools from 70% and 40%, respectively, to 10% for both pools due to lower payouts from the pools. The analysis used in the report includes census data, salary, and unused sick leave balances as of June 30, 2023 to calculate the liability.

Mr. Oaks entertained a motion to adopt the assumptions as outlined for the OEBT actuarial report. Mr. Christensen made a motion to approve and Mr. Evans seconded. The board unanimously approved the item; the vote of each Board member is noted below.

Oaks-Yes

Christensen-Yes

Evans-Yes

The final agenda item was the Open and Public Meetings Act (OPMA) annual training conducted by Mr. Pieper. Mr. Pieper informed the board members of a change in statute that updated the mandatory posting of meeting notices to no longer require putting up a paper meeting notice; instead stating that the online public meeting notice post before a meeting is sufficient to let the public know about upcoming meetings. He also reminded board members that during a meeting, electronic communication between board members, such as text messages, is not allowed. He also reminded board members that significant discussion of relevant topics to their board responsibilities between a quorum of the board members should not take place outside of meetings.

There were no other items of business so Mr. Christensen made a motion to adjourn, and Mr. Evans seconded the motion. The meeting was adjourned.

**Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefits Trust Funds**
(expressed in thousands)

June 30, 2023

Continued

	Post-Retirement Benefits Trust		Other Employee Benefits Trust	
	State Employee	Elected Official	Other Employee Benefits	Annual Leave
ASSETS				
Cash and Cash Equivalents	\$ —	\$ —	\$ —	\$ —
Pooled Cash and Investments	11,412	2,499	16,722	22,675
Receivables:				
Member Contributions	—	—	—	—
Employer Contributions	371	—	949	1,419
Court Fees and Fire Insurance Premiums	—	—	—	—
Investment Settlements	28,817	6,383	3,454	—
Total Receivables	29,188	6,383	4,403	1,419
Restricted Cash and Cash Equivalents	6,031	487	1,738	—
Investments:				
Debt Securities	231,361	5,773	62,214	—
Equity Investments	—	5,020	—	—
Absolute Return	—	—	—	—
Private Equity	—	—	—	—
Real Assets	6,915	394	—	—
Invested Securities Lending Collateral	—	—	—	—
Total Investments	245,220	12,181	63,915	—
Capital Assets:				
Land	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	—	—	—
Intangible Assets	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Total Capital Assets	0	0	0	0
Total Assets	291,851	21,550	86,778	24,094
LIABILITIES				
Accounts Payable	164	—	—	—
Securities Lending Liability	—	—	—	—
Disbursements in Excess of Cash Balance	—	—	—	—
Investment Settlements Payable	33,910	—	9,996	—
Leave/Postemployment Benefits	2,318	—	626	705
Insurance Reserves	—	—	—	—
Real Estate Liabilities	—	—	—	—
Total Liabilities	36,392	0	10,622	705
NET POSITION				
Restricted for:				
Pension Benefits	—	—	—	—
Other Postemployment Benefits	255,459	21,550	—	—
Other Employee Benefits	—	—	76,156	23,389
Defined Contribution	—	—	—	—
Total Net Position	\$ 255,459	\$ 21,550	\$ 76,156	\$ 23,389

**Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds**
(expressed in thousands)

For the Fiscal Year Ended June 30, 2023

Continued

	Post-Retirement Benefits Trust		Other Employee Benefits Trust	
	State Employee	Elected Official	Other Employee Benefits	Annual Leave
ADDITIONS				
Contributions:				
Member	\$ —	\$ —	\$ —	\$ —
Employer	6,130	1,249	15,621	23,326
Court Fees and Fire Insurance Premiums	—	—	—	—
Total Contributions	6,130	1,249	15,621	23,326
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	(7,256)	261	(777)	—
Interest, Dividends, and Other Investment Income	12,276	1,455	2,979	622
Total Income From Investment Activity	5,020	1,716	2,202	622
Less Investment Expenses	—	—	—	—
Net Income from Investment Activity	5,020	1,716	2,202	622
Income from Security Lending Activity	—	—	—	—
Less Security Lending Expenses	—	—	—	—
Net Income from Security Lending Activity	0	0	0	0
Net Investment Income	5,020	1,716	2,202	622
Transfers From Affiliated Systems	—	—	—	—
Total Additions	11,150	2,965	17,823	23,948
DEDUCTIONS				
Retirement Benefits	—	—	—	—
Cost of Living Benefits	—	—	—	—
Supplemental Retirement Benefits	—	—	—	—
Retiree Healthcare Benefits	30,062	864	—	—
Refunds/Plan Distributions	—	—	9,477	10,985
Administrative Expenses	—	—	—	—
Transfers To Affiliated Systems	—	—	—	—
Total Deductions	30,062	864	9,477	10,985
Change in Net Position Restricted for:				
Pension Benefits	—	—	—	—
Other Postemployment Benefits	(18,912)	2,101	—	—
Other Employee Benefits	—	—	8,346	12,963
Defined Contribution	—	—	—	—
Net Position – Beginning	274,371	19,449	67,810	10,426
Net Position – Ending	\$ 255,459	\$ 21,550	\$ 76,156	\$ 23,389

OPEB PROPOSED BUDGET FY 2024					
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	Public Safety Fund 0015	General Pool Fund 0025	Public Ed Fund 0035	UDOT Pool Fund 0045	Total All
ADDITIONS					
Contributions Employer (Based on FY2024 rates + 3.5% COLA)	\$ 3,066,476	\$ -	\$ -	\$ 2,041,017	\$ 5,107,493
Investment Income (PTIF 5.25%; Bonds 4%; Real Estate 4%; Global Fixed Income 6%)	741,706	8,081,272	207,877	1,515,926	10,546,781
<i>Total Additions</i>	<u>3,808,182</u>	<u>8,081,272</u>	<u>207,877</u>	<u>3,556,943</u>	<u>15,654,274</u>
DEDUCTIONS					
Retiree Benefits (Based on FY 2023 actual expenditures + 5%)	3,464,926	21,974,114	464,882	5,528,401	31,432,323
Change in Net Assets	<u>\$ 343,256</u>	<u>\$ (13,892,842)</u>	<u>\$ (257,005)</u>	<u>\$ (1,971,458)</u>	<u>\$ (15,778,049)</u>

OPEB PROPOSED BUDGET FY 2024

	Elected Officials Fund 0085
ADDITIONS	
Contributions Employer (Funded by Appropriation 2024)	\$ 1,248,800
Investment Income (PTIF 5.25%; Bonds 4%; Stocks 7%; Real Estate 4%; Global Fixed Income 6%)	788,966
<i>Total Additions</i>	<u>2,037,766</u>
DEDUCTIONS	
Retiree Benefits (Based on FY 2023 actual expenditures + 5%)	907,070
Change in Net Assets	<u><u>\$ 1,130,696</u></u>

OEBT PROPOSED BUDGET FY 2024

	Public Safety Fund 7715	General Pool Fund 7725	Public Ed Fund 7735	UDOT Pool Fund 7745	Total All
ADDITIONS					
Contributions Employer (Based on FY2024 rates + 3.5% COLA)	\$ 1,431,723	\$ 9,872,379	\$ -	\$ 2,473,742	\$ 13,777,844
Investment Income (PTIF 5.25%; Bonds 4%; Global Fixed Income 6%)	443,256	2,629,469	230,130	165,638	3,468,493
<i>Total Additions</i>	<u>1,874,979</u>	<u>12,501,848</u>	<u>230,130</u>	<u>2,639,380</u>	<u>17,246,337</u>
DEDUCTIONS					
Benefits (Based on FY 2023 actual expenditures + 5%)	397,814	8,518,355	105,338	929,935	9,951,442
Change in Net Assets	<u>\$ 1,477,165</u>	<u>\$ 3,983,493</u>	<u>\$ 124,791</u>	<u>\$ 1,709,445</u>	<u>\$ 7,294,895</u>

**FY 2025 Rates for
OPEB, OEBT, and AL
Trust Fund Pools**

State Post-Retirement Benefits Trust Fund Rate																									State Employees' Annual Leave Trust Fund Rate									
POOLS	FINAL PROPOSED				Δ	FINAL PROPOSED				Δ	FINAL PROPOSED				Δ	FINAL PROPOSED				Δ	FINAL PROPOSED				Δ									
	Combined Rate					OPEB Pools (ADC)					OEBT Pools (ADC)					AL Pools (Pay-as-you-go)					AL Pools (Growth Factor)													
	FY 2022	FY 2023	FY 2024	FY 2025		FY 2022	FY 2023	FY 2024	FY 2025		FY 2022	FY 2023	FY 2024	FY 2025		FY 2022	FY 2023	FY 2024	FY 2025		FY 2022	FY 2023	FY 2024	FY 2025										
Public Safety	6.52%	7.78%	6.21%	8.59%	2.38%	5.13%	4.25%	3.70%	6.92%	3.22%	0.69%	1.98%	1.73%	0.78%	-0.95%	0.70%	0.87%	0.09%	0.30%	0.21%	0.00%	0.68%	0.69%	0.59%	-0.10%									
General	3.58%	2.89%	1.75%	2.17%	0.42%	1.99%	0.00%	0.00%	0.00%	0.00%	0.81%	1.06%	0.97%	0.57%	-0.40%	0.78%	1.20%	0.20%	1.07%	0.87%	0.00%	0.63%	0.58%	0.53%	-0.05%									
Public Education	1.42%	1.45%	0.65%	0.89%	0.24%	0.95%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.47%	1.01%	0.27%	0.51%	0.24%	0.00%	0.44%	0.38%	0.38%	0.00%									
Transportation	9.03%	6.38%	5.47%	9.66%	4.19%	5.88%	2.08%	1.93%	5.90%	3.97%	2.41%	2.52%	2.34%	2.50%	0.16%	0.74%	1.00%	0.46%	0.55%	0.09%	0.00%	0.78%	0.74%	0.71%	-0.03%									

Based on a 4 yr ADC of \$26.902 Million	Based on a 3 yr ADC of (\$5.232) Million	Based on a 3 yr ADC of (\$5.232) Million	Based on a 1 yr ADC of (\$11.975) Million	Based on a 7 yr ADC of \$9.809 Million	Based on a 6 yr ADC of \$13.778 Million	Based on a 6 yr ADC of \$13.778 Million	Based on a 4 yr ADC of \$10.319 Million
(October 2021 OPEB Board Mtg Actuarial Study Approval)	(October 2021 OPEB Board Mtg Actuarial Study Approval)	(November 2023 OPEB Board Mtg Actuarial Study Approval)	(November 2023 OPEB Board Mtg Actuarial Study Approval)	(October 2020 OPEB Board Mtg Actuarial Study Approval)	(October 2021 OPEB Board Mtg Actuarial Study Approval)	(November 2023 OPEB Board Mtg Actuarial Study Approval)	(November 2023 OPEB Board Mtg Actuarial Study Approval)
AMORTIZATION YEARS CLOSED --> 4	AMORTIZATION YEARS CLOSED --> 3	AMORTIZATION YEARS CLOSED --> 2	AMORTIZATION YEARS CLOSED --> 1	AMORTIZATION YEARS CLOSED --> 7	AMORTIZATION YEARS CLOSED --> 6	AMORTIZATION YEARS CLOSED --> 5	AMORTIZATION YEARS CLOSED --> 4

Note: Percentages below indicate the portion of bi-weekly payroll that will be transferred from the Term Pools Payroll Clearing Funds into the respective OPEB/OEBT/AL Pools

POOLS	Combined Rate				OPEB Pools				OEBT Pools				AL Pools Other				AL Pools (Growth Factor)			
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2022	FY 2023	FY 2024	FY 2025	FY 2022	FY 2023	FY 2024	FY 2025	FY 2022	FY 2023	FY 2024	FY 2025	FY 2022	FY 2023	FY 2024	FY 2025
Public Safety	100.0000%	100.0000%	100.0000%	100.0000%	78.6810%	54.6272%	59.5813%	80.5588%	10.5828%	25.4499%	27.8583%	9.0803%	10.7362%	11.1825%	1.4493%	3.4924%	0.0000%	8.7404%	11.1111%	6.8685%
General	100.0000%	100.0000%	100.0000%	100.0000%	55.5866%	0.0000%	0.0000%	0.0000%	22.6257%	36.6782%	55.4286%	26.2673%	21.7877%	41.5225%	11.4286%	49.3088%	0.0000%	21.7993%	33.1429%	24.4240%
Public Education	100.0000%	100.0000%	100.0000%	100.0000%	66.9014%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	33.0986%	69.6552%	41.5385%	57.3034%	0.0000%	30.3448%	58.4615%	42.6966%
Transportation	100.0000%	100.0000%	100.0000%	100.0000%	65.1163%	32.6019%	35.2834%	61.0766%	26.6888%	39.4984%	42.7788%	25.8799%	8.1949%	15.6740%	8.4095%	5.6936%	0.0000%	12.2257%	13.5283%	7.3499%

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