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

Friday, October 9, 2015
State Capitol, Suite 170
Salt Lake City
9:00 A.M.

AGENDA

1. CALL MEETING TO ORDER: STATE TREASURER, CHAIR

2. APPROVAL OF MINUTES FROM THE AUGUST 17, 2015 MEETING

3. REVIEW TRUST FUND FINANCIAL STATEMENTS AS OF JUNE 30, 2015

4. REVIEW AND APPROVE ACTUARIAL VALUATION REPORTS DATED AS OF DECEMBER 31, 2014

5. REVISE LABOR ADDITIVE RATES FOR FISCAL YEAR 2016

6. ESTABLISH LABOR ADDITIVE RATES FOR FISCAL YEAR 2017

7. OTHER ITEMS FOR DISCUSSION

In compliance with the Americans with Disabilities Act, individuals needing special accommodations during this meeting should notify Kathy Wilkey, Administrative Assistant, at the State Capitol, Suite 180, 801-538-1468.

STATE POST-RETIREMENT BENEFITS TRUST FUND AND THE
ELECTED OFFICIAL POST-RETIREMENT BENEFITS TRUST FUND
BOARD OF TRUSTEES
August 17, 2015
9:00 A.M.

Pending Minutes

Meeting Location: 350 N State Street STE C170

Board Members Attending: Richard Ellis, Phil Dean, and John Reidhead.

Others Attending: Steven Allred, Matt Lund, Nate Tally, Thom Roberts, Marcie Handy, Darin Janzen, Deborah Memmott, Benn Buys, and Allen Rollo.

Joining via Conference Call: Bob Russell-Hay Group.

The first agenda item called for approval of the minutes from the June 16, 2015 meeting. Mr. Reidhead noted that the last sentence in the third to last paragraph needed the word "be" before "allowed". A motion was made by Mr. Reidhead to approve the minutes with the correction noted. The motion passed unanimously.

Mr. Reidhead noted State Finance has had discussions with the Hay Group to determine the impact of changes in actuarial assumptions relating to medical inflation, actuarial cost method, and amortization period. Mr. Reidhead noted that the Getzen model, a medical cost trend model, is widely used by many actuaries and auditing firms. The impact of adopting the Getzen model would result in an increase of approximately 5% and 8% in the Actuarial Accrued Liability (AAL) for the State OPEB plan and the Elected Official OPEB plan, respectively. The change in the actuarial cost method from the Projected Unit Cost (PUC) to the Entry Age Normal (EAN) is required by the Governmental Accounting Standards Board (GASB) in a few years. Mr. Reidhead recommended adopting the Getzen model and the EAN cost method for the December 31, 2014 actuarial valuation. Mr. Reidhead noted that the Board will have to determine the number of years over which to amortize the Unfunded Actuarial Accrued Liability (UAAL) and whether to leave open or close the amortization period.

Mr. Ellis asked Mr. Russell about the impact of changes to the amortization assumptions. Mr. Russell explained that shortening the length of the amortization period from 20 years to 10 years would increase the amount of the UAAL that is being paid and increase the Actuarial Required Contribution (ARC) by approximately $9 million. Mr. Russell noted that a 20 year open amortization period used the same period in future actuarial studies, while a closed period would reduce the amortization period by the numbers of years between studies. Additionally, at the end of the closed amortization period, the ARC consists only of the normal cost.

The Board discussed closing the amortization period, but decided closing the amortization period may cause the ARC to be more volatile, if future investment results were negative. The Board's consensus was that moving to a 10-year open amortization period made sense because it would allow the State OPEB plan to move more quickly towards being fully funded, keep in place existing budget commitments, and allow greater federal participation in the OPEB rates.

Mr. Reidhead made a motion to use the Getzen model, EAN actuarial cost method, and 10-year open amortization period for the State OPEB plan. The motion to adopt the actuarial valuation assumptions passed unanimously.

Mr. Russell noted that changes in the medical cost assumptions used in the prior Elected Official OPEB actuarial study (to the Getzen model) resulted in a $2 million dollar increase in the present value of future benefits to $17.8 million and a $1.4 million increase in the AAL to $14.8 million versus using the prior assumptions. However, the change to the EAN cost method reduced the AAL by $2.1 million resulting in a total AAL of $12.7 million. The OPEB cost using the assumptions used in the prior study is $753 thousand, but increases to $1.1 million when the Getzen model and EAN cost method assumptions are incorporated. Board members decided not to move to a shorter amortization period because of the longer term nature of the benefits offered by the plan.

Mr. Reidhead made a motion to use the Getzen model, EAN actuarial cost method, and 20-year open amortization period for the Elected Official OPEB plan. The motion to adopt the actuarial valuation assumptions passed unanimously.

There were no other items of business, so Mr. Dean made a motion to adjourn. The meeting was adjourned.