

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

Thursday, November 10, 2016  
State Capitol, Suite 170  
Salt Lake City  
3:00 P.M.

AGENDA

1. CALL MEETING TO ORDER: STATE TREASURER, CHAIR
2. APPROVAL OF MINUTES FROM THE SEPTEMBER 15, 2016 MEETING
3. REVIEW TRUST FUND FINANCIAL STATEMENTS AS OF JUNE 30, 2016
4. REVISE LABOR ADDITIVE RATES FOR FISCAL YEAR 2017
5. ESTABLISH LABOR ADDITIVE RATES FOR FISCAL YEAR 2018
6. AUTHORIZE DECEMBER 31, 2016 ACTUARIAL VALUATION
7. OPEN AND PUBLIC MEETINGS ACT ANNUAL TRAINING
8. OTHER ITEMS FOR DISCUSSION

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

September 15, 2016

9:15 A.M.

Pending Minutes

Meeting Location: 350 N State Street STE C105

Board Members Attending: David Damschen, Nate Talley, and John Reidhead.

Others Attending: Jonathan Ball, Thom Roberts, Marcie Handy, Darin Janzen, Deborah Memmott, Benn Buys and Allen Rollo.

The first item of business called for approval of the minutes from the June 13, 2016 meeting. Mr. Reidhead made a motion to approve the minutes, Mr. Talley seconded the motion. The motion passed unanimously, the vote of each Board member is noted below:

Damschen-Yes

Talley-Yes

Reidhead-Yes

Ms. Handy discussed the potential issues with the Other Employee Benefits Trust Fund (OEBT Fund), which is a subaccount of the Other Post-Employment Benefits Trust Fund (OPEB Trust Fund). Ms. Handy noted that the Feds would likely view the OEBT Fund as a contingency reserve and may require a refund of the share of federal participation in the OEBT rates. Other issues identified with the OEBT Fund are the lack of an actuarial study to determine the rates to fund the liability and the lack of formal plan to identify how the OEBT will be funded. Based upon the current OEBT Fund balance of \$20.9 million and estimated 20% federal participation rate, the payback is estimated at \$4.2 million.

Ms. Handy recommended that the Board adopt options 3 and 4 in the meeting packet to address the issues with the OEBT Fund. Option 3 requires the transfer of excess reserves accumulated since the last OPEB valuation, approximately \$12.8 million, to the OPEB Trust Fund. Option 4 involves moving all Program I and Program II termination pool activity for fiscal year 2016, including any balance/deficit from the termination pools to the OEBT Fund. The combined effects of options 3 and 4 would lower the OEBT Fund balance at the end of fiscal year 2016 to \$7.6 million, along with a reduction of \$1.9 million for a 60 day operating reserve, results in a balance of \$5.7 million over the 60 day reserve, potentially subject to the 20% payback or approximately \$1.1 million. Mr. Talley made a motion to approve options 3 and 4 as presented in the meeting packet to meet federal requirements for the OEBT Fund, Mr. Reidhead seconded the motion. The board unanimously approved the motion, the vote of each Board member is noted below:

Damschen-Yes

Talley-Yes

Reidhead-Yes

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

**State of Utah**

**Statement of Net Position**

June 30, 2016

(Expressed in Thousands)

	<b>Post-Retirement Benefits Trust</b>		<b>Other Employee Benefits Trust</b>	
	<b>State Employee</b>	<b>Elected Official</b>	<b>Other Employee Benefits</b>	<b>Annual Leave</b>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 8,917	\$ 134	\$ —	\$ 1,887
Receivables:				
Member Contributions .....	—	—	—	—
Employer Contributions .....	22	—	—	—
Total Receivables .....	<u>22</u>	<u>0</u>	<u>0</u>	<u>0</u>
Investments:				
Debt Securities .....	158,042	4,580	8,047	—
Equity Investments .....	69,794	5,267	—	—
Total Investments .....	<u>227,836</u>	<u>9,847</u>	<u>8,047</u>	<u>0</u>
 Total Assets .....	<u><u>\$ 236,775</u></u>	<u><u>\$ 9,981</u></u>	<u><u>\$ 8,047</u></u>	<u><u>\$ 1,887</u></u>
<b>LIABILITIES</b>				
Accounts Payable .....	\$ —	\$ —	\$ —	\$ —
Total Liabilities .....	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
<b>NET POSITION</b>				
Restricted for:				
Other Postemployment Benefits .....	\$ 236,775	\$ 9,981	\$ 0	\$ 0
Other Employee Benefits .....	—	—	8,047	1,887
Total Net Position .....	<u><u>\$ 236,775</u></u>	<u><u>\$ 9,981</u></u>	<u><u>\$ 8,047</u></u>	<u><u>\$ 1,887</u></u>

**State of Utah****Statement of Changes in Net Position**

For the Fiscal Year Ended June 30, 2016

(Expressed in Thousands)

	<b>Post-Retirement Benefits Trust</b>		<b>Other Employee Benefits Trust</b>	
	<b>State Employee</b>	<b>Elected Official</b>	<b>Other Employee Benefits</b>	<b>Annual Leave</b>
<b>ADDITIONS</b>				
Contributions:				
Member .....	\$ —	\$ —	\$ —	\$ —
Employer .....	35,683	1,388	11,310	9,781
Total Contributions .....	<u>35,683</u>	<u>1,388</u>	<u>11,310</u>	<u>9,781</u>
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments .....	8,498	217	279	—
Interest, Dividends, and Other Investment Income .....	93	3	—	10
Total Income From Investment Activity .....	8,591	220	279	10
Less Investment Expenses .....	—	—	—	—
Net Income from Investment Activity .....	<u>8,591</u>	<u>220</u>	<u>279</u>	<u>10</u>
Transfers From Affiliated Systems .....	7,792	—	—	—
Total Additions .....	<u>52,066</u>	<u>1,608</u>	<u>11,589</u>	<u>9,791</u>
<b>DEDUCTIONS</b>				
Retiree Healthcare Benefits .....	25,597	279	—	—
Refunds/Plan Distributions .....	—	—	11,558	7,337
Transfers To Affiliated Systems .....	—	—	7,792	—
Total Deductions .....	<u>25,597</u>	<u>279</u>	<u>19,350</u>	<u>7,337</u>
Change in Net Position Restricted for:				
Other Postemployment Benefits .....	26,469	1,329	—	—
Other Employee Benefits .....	—	—	(7,761)	2,454
Net Position – Beginning .....	210,306	8,652	16,267	—
Adjustment to Beginning Net Position .....	—	—	(459)	(567)
Net Position – Beginning as Adjusted .....	<u>210,306</u>	<u>8,652</u>	<u>15,808</u>	<u>(567)</u>
Net Position – Ending .....	<u>\$ 236,775</u>	<u>\$ 9,981</u>	<u>\$ 8,047</u>	<u>\$ 1,887</u>

**FY 2018 Rates for OPEB & OEBT & AL Trust Fund Pools**

**State Post-Retirement Benefits Trust Fund Rate Proposal**

**State Employees' Annual Leave Trust Fund Rate Proposal**

POOLS	No Change DRAFT Combined Rate Appropriated Rates				=	Revised DRAFT TERM Pools Appropriated Rates				+	No Change DRAFT OPEB Pools Appropriated Rates				+	Revised DRAFT OEBT Pools Appropriated Rates				+	No Change DRAFT AL Pools (Growth Factor) Appropriated Rates				+	Revised DRAFT AL Pools Appropriated Rates			
	FY 2015	FY 2016	FY 2017	FY 2018		FY 2015	FY 2016	FY 2017	FY 2018		FY 2015	FY 2016	FY 2017	FY 2018		FY 2015	FY 2016	FY 2017	FY 2018		FY 2015	FY 2016	FY 2017	FY 2018		FY 2015	FY 2016	FY 2017	FY 2018
Public Safety	7.44%	7.76%	8.12%	8.12%		1.00%	1.27%	0.00%	0.00%		3.98%	3.96%	3.96%	3.82%		2.46%	2.21%	2.99%	3.44%										
General Pool	5.51%	5.77%	5.77%	5.77%		1.65%	2.21%	0.00%	0.00%		3.27%	2.86%	2.86%	2.68%		0.59%	0.44%	2.12%	2.28%										
Public Education	5.27%	5.92%	5.92%	5.92%		2.50%	3.37%	0.00%	0.00%		1.93%	1.56%	1.56%	2.12%		0.84%	0.34%	4.13%	2.36%										
Transportation	6.81%	7.18%	7.93%	7.93%		0.00%	0.00%	0.00%	0.00%		5.71%	5.95%	5.95%	5.71%		1.10%	0.86%	1.86%	1.49%										
			<i>Original</i>					<i>Original</i>					<i>Original</i>					<i>Original</i>										<i>Original</i>	
			8.12%					4.06%					3.96%					0.00%										None	
			5.77%					2.24%					2.86%					0.58%										None	
			5.92%					1.95%					1.56%					2.34%										None	
			7.93%					1.86%					5.95%					0.00%										None	

<i>ARC (Expressed in Millions)</i>			
\$ 30.3	\$ 29.1	\$ 29.1	\$ 29.1
			Draft