

OPEB Board Meeting

Wednesday, April 20th, 2022 – 2:00 PM – 2:30 PM

WebEx – Electronic Meeting Only

[Meeting video/audio](#) (log in first)

1. Roll Call

Trustees Present:

Darrin Casper, Deputy Mayor of Finance and Chief Financial Officer

K. Wayne Cushing, County Treasurer

Lori Okino, Fiscal Administrator, Mayor Operations

David Delquadro, Council Fiscal Manager

Other Attendees:

Jim Sakellariou, Chief Deputy Treasurer

Shanell Beecher, Director of Accounting, Mayor's Financial Administration

Brett Carlson, ESR Manager, Mayor's Financial Administration

Zachary Lancaster, District Attorney

Mari Vellido, Internal Services Manager, Mayor's Financial Administration

Absent:

No members of the public attended.

2. Review minutes from 2/16/22 and move to approve

Mr. Casper asked the board members if they had a chance to review the minutes from February 16, 2022.

There were changes and edits suggested by Mr. Cushing, Mr. Delquadro, and Ms. Okino. (corrections attached)

Mr. Okino motioned to accept the minutes the suggested corrections, and the motion was approved by the group.

3. OPEB Trust Fund Reconciliation Transfer Amounts - Brett Carlson

Mr. Carlson shared his *2021 Recon for Transfer to Moreton 4* file to help determine an amount to transfer to Moreton. Mr. Carlson went over a draft reconciliation he has been working on to illustrate operations vs. transfers.

In the summary, the revenues over expenditures were \$2,336,000. Of that amount, \$1,058,000 was a positive adjustment to the investment. Without investment gains and interest income, the result of operations exceeded by \$1,113,690.90.

Mr. Carlson added that if the minimum on County books of \$300,000 were kept, \$800,000 would be available to transfer based on 2021 operations.

Salt Lake County				
OPEB Trust Fund (Fund 995 Department 5308000000) Comparison of Revenues and Expenditures				
FINAL December 31, 2021 (run date: 3/11/2022)				
	663025	Auditor Overhead Cost	9,436.00	
	663040	Info Services Overhead Cost	15,615.00	
	663045	Purchasing Overhead Cost	20.00	
	663070	Mayor Finance Overhead Cost	17,148.00	
Grand Total			4,614,378.32	x
Revenues (Over) / Under Expenditures			(2,366,957.98)	
429045	Change in Fair Value of Investment (Already at Moreton)		1,058,752.55	
Revenues (Over) / Under Expenditures (Without Investment Gains)			(1,308,205.43)	
429015	Interest - Misc: Transferred by Treasurer to Moreton		194,514.53	
Amount Available to Transfer			(1,113,690.90)	
Minimum on County Books			300,000.00	
Amount Available to Transfer			(813,690.90)	

Mr. Carlson moved over to the History tab for the OPEB Trust Financial History. In 2015, the startup amount was \$3.8 M, and this was transferred to Morton. After investment adjustments, the total fund balance was \$3,790,864.55. Mr. Carlson did not go through years 2016 – 2021 and said that he was going to send the spreadsheet to Ms. Vellido so the group could go through the transfer totals and balances and compare operations.

Salt Lake County OPEB Trust Financial History								
OPEB Trust Fund created in 4-21-2015								
Type	2015	2016	2017	2018	2019	2020	2021	Total
Total Year End Fund Balance in Fund 995 (OPEB Trust)	(4,282,756.91)	(5,206,393.05)	(5,437,722.79)	(6,512,255.93)	(9,541,341.61)	(11,735,549.57)	(14,102,507.55)	
Start-up County Funding	(3,800,000.00)	-	-	-	-	-	-	
Transfers to Morton by Year	3,800,000.00	240,000.00	900,000.00	200,000.00	1,300,000.00	2,423,178.00	1,400,000.00	
Transfers to Moreton (Cumulative)	3,800,000.00	4,040,000.00	4,940,000.00	5,140,000.00	6,440,000.00	8,863,178.00	10,263,178.00	
Starting Balance	-	(3,790,864.55)	(4,088,743.18)	(5,127,058.58)	(5,186,287.22)	(7,344,068.21)	(10,873,909.61)	
Transfers to Morton	(3,800,000.00)	(240,000.00)	(900,000.00)	(200,000.00)	(1,300,000.00)	(2,423,178.00)	(1,400,000.00)	
Net Income (Gain) / Loss	(8,240.65)	(52,367.96)	(88,222.47)	132,353.26	(822,559.63)	(1,094,340.01)	(1,261,744.94)	
Change Unrealized (Gain) / Loss	17,376.10	(5,510.67)	(50,092.93)	8,418.10	(35,221.36)	(12,323.39)	21,870.93	
Total Fund Balance at Moreton	(3,790,864.55)	(4,088,743.18)	(5,127,058.58)	(5,186,287.22)	(7,344,068.21)	(10,873,909.61)	(13,513,783.62)	(13,404,201.88)
Fund Balance Remaining on County Books - Not Transferred to Moreton	(491,892.36)	(1,117,649.87)	(310,664.21)	(1,325,968.71)	(2,197,273.40)	(861,639.96)	(588,723.93)	(698,305.67)
Total OPEB Trust Fund Balance	(4,282,756.91)	(5,206,393.05)	(5,437,722.79)	(6,512,255.93)	(9,541,341.61)	(11,735,549.57)	(14,102,507.55)	

Mr. Carlson noted that he had double transferred some years, so the totals are not totally synched up with operational results versus what was transferred and see what was done historically.

Mr. Cushing then asked if there was a balance of non-Moreton related cash balance and what operating account was being used to wire to Moreton. Mr. Casper then said that it was the difference between the total balance and the Moreton balance. Mr. Cushing added, if there was an amount that was entering interest like a PTIF account, and asked if there was a daily balance not related to Moreton in the trust?

Mr. Carlson demonstrated how much was held by Moreton and what was in the books. Ms. Beecher said that the Fund 995 totals are the treasurer's cash accounts.

Back to Table of Contents			
Fund: 995 OPEB Trust Fund			
Assets			
Fund 995			
101005 Cash-General Warrants	\$0.00	(\$12,435.35)	
101010 Cash-EFTs	\$0.00	(\$5,607,250.60)	
101050 Cash-Miscellaneous	\$0.00	\$6,729,359.24	
103035 Cash-Held By Trustee-Co Treasu	\$0.00	\$0.00	
103055 Cash-HeldByTrustee-OPEB Invest	\$0.00	\$13,413,808.72	13,413,808.72 Amount at Moreton
111050 Accrued Revenue Receivable	\$0.00	\$0.00	13,513,783.62
111095 Medical Insurance Receivable	\$0.00	\$0.00	99,974.90
119005 Due From Other Fund - Default	\$0.00	\$0.00	
Fund 995 Total Assets	\$0.00	\$14,523,482.01	

Mr. Casper said that the reserve is \$250,000 per internal OPEB policy. Mr. Casper continued "we interesting dynamics because we've got expenditures growing with inflation, but we also intend to raise the rate in June to 17.5%."

(14,507,982.01)	
(1,094,173.29)	Amount on County Books
250,000.00	
(844,173.29)	(30,482.39)

Mr. Carlson continued saying that there will be an increase to retirees, and OPEB charge. Mr. Casper then asked what the revenue was. The total revenue collected from retirees was \$6,981,336.30 and the OPEB Charge was \$4,809,408.47. Mr. Casper asked when the trust charges County organizations if the trust also charge retirees the same rate and what these rates were linked to. Mr. Carlson said that they were linked to retiree insurance rates. Mr. Carlson continued that whenever the employee rate is increased, then that flows over into the retiree rate.

Mr. Casper continued that since the fund has a spare of \$850,000 above reserve, and in normal times, the transfer should not happen because health insurance rates are going up. Mr. Casper asked Mr. Carlson if the June adjustment was annualized or for six months. Mr. Carlson said that it was annualized, and Mr. Casper continued that it made sense to transfer the full \$850,000 into the trust knowing that 17.5% will generate an additional \$850k which is more than enough to compensate the fund for medical cost increases.

2015-04-21			
2015-12-31	3,195,984		0.00%
2016-12-31	3,364,000	168,016	5.26%
2017-12-31	3,532,534	168,534	5.01%
2018-12-31	4,857,216	1,324,682	37.50%
2019-12-31	5,342,935	485,719	10.00%
2020-12-31	4,372,176	(970,759)	-18.17%
2021-12-31	4,809,408	437,232	10.00%
2022-12-31	5,651,054	841,646	17.50%

Mr. Carlson calculated the extra collected this year, even though some of that will get hit by claims, the fund is in good shape this year.

Mr. Casper continued that he feels good about that and asked if anyone had any objections to continuing the transfer to the fund to plow away at the total liability.

Mr. Delquadro said that 10% of the 17.5% was supposed to be recognizing that the trust is at the arc amount, the 7.5% is what was assumed to be the price increase including utilization and everything else, so the fund presumably a 10% cushion on top of what was thought to be a reasonable increase in prices.

Mr. Delquadro continued that if the fund wanted to, an increase could be revisited after June. Mr. Casper that if the fund went a little negative, it was not going to be that big of a deal if it was corrected by Mr. Cushing and Ms. Beecher's end. Mr. Cushing said that it would end up being a slight interest charge instead of interest income.

Ms. Okino then asked if the \$250k in reserve should be increased by 7.5% because of the estimated cost increase, but then said that if the fund was okay going negative and taking an interest expense over interest income, it would be fine.

Mr. Casper motioned a transfer the \$850k that the fund has now, and then commit to revisit an additional transfer in September.

Ms. Okino asked if there was any chance that the Council would not approve the increase of 17.5%, but Mr. Casper said that this had never happened.

The motion was approved by the group.

Mr. Casper then said that all the agenda items were covered and the next item on the agenda was to schedule the next meeting.

4. Schedule next OPEB meeting

The group did not have any additional business items of business and Mr. Casper then adjourned the meeting at 2:34 PM.

The next OPEB meeting is scheduled for Thursday, July 14th at 3 PM via WebEx.