

**WASHOE COUNTY, NEVADA OPEB TRUST FUND BOARD OF TRUSTEES**

**DRAFT of Minutes**

**Thursday ~ December 15, 2016 ~ 11:00 a.m.**

**Washoe County Administrative Complex**

**Comptroller's Large Conference Room**

**2<sup>nd</sup> Floor Building D,**

**1001 E. 9th Street - Reno, Nevada**

Mark Mathers – Chair

Cathy Hill – Vice-chair

Darrell Craig – Trustee

Dania Reid – Legal Counsel

**1. ROLL CALL \***

Chair Mathers called the meeting to order at 11:30 a.m. A quorum was established.

**PRESENT:** Darrell Craig, Mark Mathers and Cathy Hill.

**ABSENT:** None.

Dania Reid – Deputy District Attorney, was also present.

**2. PUBLIC COMMENTS \***

There were no public comments.

**3. REVIEW AND DISCUSSION OF DISCOUNT RATE TO BE USED IN FUTURE ACTUARIAL VALUATIONS FOR PARTICIPATING PLANS**

Mary Solorzano drew attention to the draft report prepared by Milliman, Inc., and introduced John Botsford – Milliman, Inc. Ms. Solorzano noted that the new valuation method indicated a nearly \$80-million increase in liability.

Mr. Botsford pointed out that the discount rate was not changed from the current 7 percent. Mr. Botsford then outlined the RBIF targets and investment mix and anticipated rate of return. Drawing attention to the anticipated 3 percent inflation formula used in the calculations, Mr. Botsford noted that the assumptions need to be consistent across all plans. Drawing attention to the anticipated medical cost increases in the future, Mr. Botsford explained that the accrued liability started at \$340 million and increased by \$90 million as the value of the benefits accrued. Mr. Botsford then outlined the workforce demographics used in the assumptions and the need to allocate funding for longer life expectancies into the future projections. The value of payments in the future will increase in future years. The medical expenses are reviewed and forecast on an annual basis.

Chair Mathers noted that collective bargaining unit agreements in Washoe County now include a clause wherein the bargaining unit and Washoe County will strive to remain below the excise tax cap. Chair Mathers will provide a copy of the contract language for Mr. Botsford's review. Chair Mathers then noted that Washoe County has a closed plan, which allows the County to project the tier of benefit for each employee.

During the discussion it was noted that the cost method did not affect the underlying benefit but determined how to allocate the cost among the active employees plus normal costs attributed to future years' service. It was pointed out that GASB 75 will eventually be a requirement for all OPEB plans. Other discussion focused on how the higher subsidy rates for retirees will be calculated. As

\* denotes NON-action item

the discussion continued it was pointed out that the accrued liability will not stagnate over time and that the 7 percent earnings rate would offset some of that anticipated increase. Other discussion noted that a new mortality study was released shortly after the report was completed. That study indicates that the next and future generations will have longer life expectancies and on average should see an increase from the previous tables.

Russ Morgan commented that retirees had not fully understood the Medicare option that used Medicare as the primary plan and the County's group insurance as the secondary plan. Mr. Morgan noted that with a PPO, retirees have access to a nationwide network of providers whereas the HMO option is limited to providers in this area.

Dania Reid – Deputy District Attorney, opined that no action would be advisable given the agenda language.

#### **4. ADJOURN**

Chair Mathers adjourned the meeting at 11:57 a.m.