

**MINUTES OF THE
WASHOE COUNTY SCHOOL DISTRICT (WCSD)
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
BOARD OF TRUSTEES MEETING
November 27, 2023**

1. OPENING ITEMS

1.01 CALL TO ORDER

The meeting of the Washoe County School District Other Post-Employment Benefits (OPEB) Board of Trustees meeting was called to order at 3:30 pm.

1.02 ROLL CALL

PRESENT: Chairman Mark Mathers, Vice-Chair Fran McGregor, Mary Lamont and Jeffrey Kirst

ALSO PRESENT: Mindy Caporin, Assistant Controller, Andrea Schulewitch, Esq, Associate General Counsel and Dawn Gordillo, Recording Secretary

1.03 PUBLIC COMMENT – None

2. DISCUSSION, PRESENTATION AND ACTION ITEMS

2.01 Approval of Minutes of Meeting 9-20-23

On Motion by Jeff Kirst, second by Mary Lamont, the OPEB Trustees Committee approved the September 20, 2023, OPEB minutes.

(Yea: Jeff Kirst, Mark Mathers, Mary Lamont and Fran McGregor. Final Resolution: Motion Carries 4-0).

2.02 Presentation and Discussion of the Other Post-Employment Benefits (OPEB) Trust Fund unaudited Fiscal Year (FY) 24 First Quarter Financial Statements (For Presentation and Discussion Only)

Mindy Caporin provided the report on the FY24 First Quarter Financial Statement. On the Comparative Statement of Net Position, cash is still lower than it has been, but as expected. RBIF participation units is higher than this time last year. Unrealized gain/loss is at a negative \$(1,982,000) change in net position through the first quarter, which is better than this time last year. Realized gain/loss is better this quarter than last quarter at \$2.2 million. The RBIF Account numbers change is a decrease of \$(2.4 million), mainly in the unrealized appreciation, that is not realized. Net assets at the end of the quarter are \$79,144,000 in the RBIF account.

2.03 Approval of Annual Request to Authorize the Transfer/Expense of Funds from the OPEB Trust Fund, Pursuant to Nevada Administrative Code 287.792, Not to Exceed \$6,789,218 (For Discussion and Possible Action)

Mark Mathers explained the District Board meeting minutes where the request was taken to the Board are not ready. Item pulled.

2.04 Discussion of the FY2023 Annual Fiscal Report of the Retirement Benefits Investment Fund Report, for the Period ended June 30, 2023 (For Discussion Only)

Mark Mathers led the discussion. The bulk of OPEB's money is held in RBIF. This is RBIF's annual financial statement. The auditor's opinion on the financial statements is a clean opinion. As such, the external auditor has given their opinion that these financial statements due present fairly in all materials respects the financial position of the RBIF as of June 30, 2023. The statement of Net position did increase by \$87.5 million in 2023. There were net withdrawals out of the trust by participating agencies, with contributions of \$12 million but withdrawals of \$14.7 million, but there was net investment income of \$90.3 million. The fund generated a return of 12.9% so it was a very strong year and exceeded the expected rate of return. Mathers covered the asset allocation between US Stocks, International stocks and US Bonds. In the listing of participating agencies, we are third largest by assets.

Jeff Kirst, On page 8, when I was going over entities that are part of this fund, it says the monies received by the fund from participating trusts are not held in a fiduciary capacity. What would that mean? Mark Mathers responded he will ask PERS staff about the statement.

2.05 Discussion of the Quarterly Public Employee Retirement System ("PERS") Retirement Investment Fund Report, for the Period Ended September 30, 2023 (For Discussion Only)

Mark Mathers led the discussion.. There was a net return of -3%, although the stock market has rebounded since this reports. Bonds had a negative return but should rebound. The report comparing our performance to a peer universe of mid-size public funds showed that RBIF's return was below the median of other entities.

2.06 Discussion of Washoe County School District GASB75 Actuarial Valuation of Other Post-Employment Benefits Plan as of June 30, 2023 (For Discussion Only)

Mark Mathers led the discussion and showed a report prepared by our actuary, Gallagher. This quantifies on an actuarial basis our actual net OPEB liability. million. We held \$81.9 million in assets and investments, for a net OPEB liability of \$65.9 million. Good trend. Among changes in actuarial assumptions, the discount rate that future liabilities are discounted by increased from 4.65% to 5.10%. This is a function of the bond market. There were other changes to assumptions as well. Exhibit 2 is a better breakdown of how things changed between the start of the year and the end of the year. Net OPEB liability \$159.7 million, . Our liability at the end of the year decreased by \$20 million.

Question: Jeff Kirst, Question on the Census Summary (page 14). It says, active employees, are those still people who still work for the District?

Mark Mathers responded yes, they are not eligible for healthcare benefits but are eligible for what the actuary calculated the implicit subsidy on life insurance and medical premiums.

2.07 Discussion of Projected Annual OPEB Costs and Investment Strategies (For Discussion and Possible Action)

Mark Mathers led the discussion. He asked the actuary to break out costs by the type of cost and provide a projection of annual costs for the next 50 years. Mathers explained that a good share of our OPEB liability are not "hard costs" owed by the District but are a function of the actuarially required implied rate subsidy. When you compare actual hard costs we have to pay (i.e., to PEBP or claims), we are getting close to being fully funded. The question then is do we want to de-risk our investments and pivot more towards fixed income investments that are now yielding over 5%.

There were questions and discussions regarding the implied rate subsidy for life insurance, medical claims, current OPEB investments, and PEBP subsidies. The topics of recession, inflation and health care costs was discussed and how it would affect the beneficiaries.

Mr. Kirst asked for confirmation and further more clarity on definitionally what each item is. Mr. Mathers said he would confirm this with Gallagher.

A question was asked to Mary and Fran if they need more information for this discussion. Mark Mathers explained that all OPEB trusts have the ability to not invest in RBIF and to engage an investment manager to construct their own portfolio.

No action taken. It was agreed that the Committee would continue this discussion to the next meeting.

3. CLOSING ITEMS

3.01 Next Meeting: Thursday, February 22, 2024, at 3:30 p.m.

3.02 No Public Comment

3.03 Meeting adjourned at 4:30 p.m.