

MINUTES OF THE  
WASHOE COUNTY SCHOOL DISTRICT (WCSD)  
OTHER POST-EMPLOYMENT BENEFITS (OPEB)  
BOARD OF TRUSTEES MEETING  
April 29, 2024

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: Kevin Pick, Esq, Associate General Counsel; Matt Boden, Buckhead Capital Management; and Dawn Gordillo, Recording Secretary

1.03 PUBLIC COMMENT – None

2. DISCUSSION, PRESENTATION AND ACTION ITEMS

**2.01** Approval Of Minutes Of The February 22, 2024, Other Post-Employment Benefits (OPEB) Trustees Committee Meeting (For Possible Action).

Question: Mr. Kirst asked regarding the wording in 2.02, should the word be employee or employer? Mark Mathers replied that the word should be employer and it will be changed.

On Motion by Fran McGregor, second by Jeff Kirst the OPEB Trustees Committee approved the February 22, 2024, OPEB minutes as changed.

No Public Comment

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

**2.02** Discussion of the Other Post-Employment Benefits (OPEB) Trust Fund FY24 Unaudited Third Quarter Financial Statements (For Presentation And Discussion Only)

Due to the meeting being moved from May to April, the Third Quarter Financial Statements were not available for presentation.

**2.03** Discussion of the Retirement Benefits Investment Fund Report, for the period ended December 31, 2023 (For Presentation And Discussion Only)

Fiscal Year to date (July 1-December 31, 2023) the fund saw an annualized return of 6% and over the last year 18.3%.

No questions or discussion.

#### **2.04 Discussion and Possible Action to provide direction to Washoe County School District staff regarding possible changes to the investment of Other Post-Employment Benefits (OPEB) assets, including contracting with an external professional investment manager and preparation of an investment plan to be submitted to the Committee of Local Governance Finance, pursuant to Nevada Revised Statutes 287.017(e)(2) and 287.017(g) (FOR POSSIBLE ACTION)**

Mr. Mathers stated that during the last two meetings, there were discussions about an investment strategy for the OPEB Trust fund, moving the out of the RBIF blended portfolio which is tilted toward stocks to de-risk the portfolio and move to fixed income investments, matching assets to the dates of cash outflows.

Mr. Matt Boden of Buckhead Capital Management gave a PowerPoint presentation. Mr. Boden explained that the OPEB Trust fund is currently overfunded. The portfolio is heavily invested in equities and is subject to changes in the market. Mr. Boden explained if the stock market turns and the feds cut interest rates, OPEB would lose funding and incur interest rate risk. Mr. Mathers explained the funded ratio is 100% and where OPEB is at now will change in the future. This is a unique opportunity.

Mr. Boden explained the actuarial liabilities and noted that the par value of US Treasury STRIP investments is enough to cover the liabilities projected. An example: In 2048, OPEB has \$1.507 million in projected liabilities, we could buy a security with a par value to pay \$1.55 million and only \$.33 on the dollar, for a total cost of \$510,000; this will pay \$1.55 million in 2048 when needed to meet the cash flow. The analysis shows the fund as overfunded. It would cost \$75.1 million in securities to purchase to generate the \$115.89 million needed over the next 48 years. As of end of February 2024, OPEB has \$91 million in assets. This would cover all liabilities and keep \$16 million as a buffer.

Jeff Kirst's question: We are trying to protect 7,500 people plus the life insurance subsidy? Mr. Mathers responded that the benefit we are discussing is for retired employees. The distinction is there are hard cash outflows, out of pocket payments, then there are a set of liabilities that are actuarially calculated. Mr. Mathers explained the medical liability is the District's legal responsibility and the life insurance is not obligated. No employees retired after 2006 is eligible for this benefit.

Jeff Kirst's question: Who breaks up the US STRIPS? What exchange? Mr. Boden stated it is done by the DTC Exchange. Mr. Mathers replied that they are backed by the US Government and are very similar to US Savings Bonds. There is no reinvestment risk. There is no credit risk. The District would make up any shortfall. Mr. Mathers further explained that when an OPEB Trust utilizes its own investment approach, there is an annual investment plan and training required.

Mary LaMont's question: We would take all but the \$15 million and place it in STRIPS? Mr. Mathers responded yes, or a comparable fixed income investment.

Fran McGregor's question: The \$15 million is a good number or should it be more? Mr. Boden explained that we are in a unique position and that more is not needed.

Jeff Kirst's question: We could end up with a bigger surplus than \$15 million? Mr. Boden answered yes and would be the best in an inflation environment.

Mary LaMont's question: If the stock market goes up or down, can we change? Mr. Mathers explained that there is no risk of losses withdrawing the \$75 million from RBIF. But at a later time, we could choose to withdraw more from RBIF. The point is to de-risk.

Fran McGregor's question: The determination of the \$15 million would be determined through Mr. Mathers and Buckhead? Mr. Mathers responded the \$15 million surplus would depend on the cost of the US Treasury STRIP investments at the time of purchase.

Motion: Fran McGregor moves to provide direction to school district staff to contract with an external professional investment manager to prepare an investment plan. Mary LaMont seconded the motion. No public discussion. Vote passes 4-0.

### **3. CLOSING ITEMS**

**3.01** No Public Comment

**3.02** The next meeting will be held August 22, 2024 , 3:30 p.m.

**3.03** Meeting adjourned at 4: 34 p.m.