

**MINUTES OF THE
WASHOE COUNTY SCHOOL DISTRICT
OTHER POST-EMPLOYMENT BENEFITS
BOARD OF TRUSTEES MEETING
May 26, 2022**

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 called to order at 3:39 pm.

1.02 ROLL CALL

PRESENT: Chairman Mark Mathers, Mary Lamont, and Jeffrey Kirst

ALSO PRESENT: Jessica Young and Valerie Phillips (Recording Secretary)

ABSENT: Fran McGregor

1.03 PUBLIC COMMENT

Ellen Minetto, School Board Trustee, and retired teacher thanked the OPEB Committee members for their hard work and dedication.

2. DISCUSSION, PRESENTATION AND ACTION ITEMS

2.01 Approval of the Minutes for the OPEB Trustees Committee meeting on February 24, 2022, as presented.

On Motion by Jeffrey Kirst, second by Mary Lamont, the OPEB Trustees Committee approved the February 24, 2022, OPEB minutes.

(Yea: Mary Lamont, Jeffrey Kirst, Mark Mathers. Final Resolution: Motion Carries 3-0).

2.02 Information and discussion of the OPEB Trust Fund FY22 Third Quarter Financial Statements.

Controller Jessica Young led the discussion and made the following comments. The third quarter of FY22 showed an increase to the net position of \$923,684. The same time last year showed a net increase of \$11,985,730. The difference is attributed to the investment income received in the last fiscal year through the third quarter compared to the current fiscal year. The investment earnings mark the only notable change. There were no questions from the Trustees.

2.03 Information and discussion of the quarterly Public Employee Retirement System ("PERS") Retirement Benefits Investment Fund ("RBIF") Report for the period ending March 31, 2022.

Chair Mark Mathers led the discussion and answered the following questions. Chair Mathers discussed returns from the start of the fiscal year to date. The FY22 return as of March 31, 2022, was 2.2%. The S&P 500 index climbed by 6.5% as of the third quarter. Chair Mathers explained that equities fluctuate and as of 3/31/22 they have decreased. This change will be reflected in the fourth quarter. According to Chair Mathers the first three quarters present a respectable return. He explained that the bond market has a negative return because yields have started to rise and while PERS is reinvesting dollars at a higher yield, for the moment, most RBIF fixed income security showed a loss because of the rise in yields.

Question from Trustee Jeff Kirst: If there are massive dislocations within these markets do they rebalance the portfolio to keep their target allocations as they are?

Chair Mark Mathers responded with the following: as of 3/31/22 their actual allocation was off their target allocation by 1.5% (in the case of S&P 500). He stated that a rebalance does occur and will check on what their process is. He speculates it is plus or minus a certain percentage or based on a date specific rebalancing. Chair Mathers stated he will gather more information regarding the rebalancing process. No further questions.

2.04 Discussion and Possible Action to accept the Other Post-Employment Benefits (OPEB) Trustee Fund Fiscal Year 2021 Audited Financial Statements.

Controller Jessica Young led the discussion and presented a summary of the last three years of audits as a point of reference. At the end of 2021, the total OPEB Liability was \$183 million, and WCSD is 45% funded for this liability. The trust increased in value by \$18 million during FY2021, which is attributed to investment earnings. There are contributions made to this fund and these funds may be used for retirement benefits other than pensions for retirees.

Question from Trustee Jeffrey Kirst: Since the number of beneficiaries of this trust is capped, what entity keeps track of who is still eligible as those numbers decline?

Jessica Young and Mark Mathers answered. The WCSD HR Department keeps records of eligible employees and most also go through the State's PEBP program. The School District and the State share their records with PEBP. Chair Mathers discussed the number of current eligible members and stated that it has been a banner year for investments with high returns. No further questions.

No public comment.

On motion by Jeffrey Kirst, second by Mary Lamont, the OPEB Trustees Committee accepts the OPEB Trustee Fund Fiscal Year 2021 Audited Financial Statements.

(Yea: Mary Lamont, Jeffrey Kirst, Mark Mathers. Final Resolution: Motion Carries 3-0).

2.05 Discussion and Possible Action to accept the Other Post-Employment Benefits (OPEB) Budget for Fiscal Year 2023, as previously approved by the Washoe County School District Board of Trustees as part of the approval of the District's Final Budget for Fiscal Year 2023.

Chair Mark Mathers led the discussion and explained that this action is required by State Law. WCSD has budgeted \$2 million in contributions, and this has been done for a number of years.

A budgeted dollar value for the actuarially assumed return on investment was also provided. This calculation is based on assumed RBIF rates of return multiplied by the beginning balance. The budget also reflects benefits to be paid out and shows a proposed \$1.9 million increase in assets. No Questions.

No public comment.

On motion by Jeffrey Kirst, second by Mary Lamont, the OPEB Trustees Committee accepts the FY2023 Budget.

(Yea: Mary Lamont, Jeffrey Kirst, Mark Mathers. Final Resolution: Motion Carries 3-0).

2.06 Information and discussion regarding review of Annual Internal Revenue Service (IRS) Form 990, to include disclosure by members of the Other Post-Employment Benefits (OPEB) Trustees Committee of any interests held that could give rise to potential conflicts of interest.

Controller Jessica Young led the discussion. IRS Form 990 is an information only tax form that helps the IRS determine whether an organization warrants a tax-exempt status. The form summarizes financial information, mission statement and lists participating board members. No tax is due, but the form must be filed. An organization may be penalized if an individual is compensated too much; however, this is not applicable for the OPEB Trust Committee since there are no opportunities for conflicts of interest.

Trustee Jeffrey Kirst asked why the form says 2020. Jessica Young explained that the year 2020 is correct based on where December 31st lands in the fiscal year.

Chair Mathers further explained that the IRS granted a six-month extension. He and Controller Young explained that the OPEB audit was delayed, and they have spoken to Crowe about a timelier schedule. WCSD is happy with Crowe's overall performance.

Trustee Jeffrey Kirst stated that the OPEB Board of Trustees previously discussed seeking information and bids from other providers. Chair Mathers confirmed that WCSD will solicit for actuarial services.

Info and discussion only – no action required.

2.07 Possible Action to elect the Other Post-Employment Benefits (OPEB) Trustees Committee Chair for the 2022-23 meeting year from among the following: Jeffrey Kirst, Mary Lamont, Fran McGregor, and Mark Mathers.

Mark Mathers led the discussion and Jeffery Kirst nominated Mark Mathers as Chair.

On motion by Jeffrey Kirst, second by Mary Lamont, the OPEB Trustees Committee selects Mark Mathers as the Committee Chair.

(Yea: Mary Lamont, Jeffrey Kirst, Mark Mathers. Final Resolution: Motion Carries 3-0).

2.08 Possible Action to elect the Other Post-Employment Benefits (OPEB) Trustees Committee Vice-Chair for the 2022-23 meeting year from among the following: Jeffrey Kirst, Mary Lamont, Fran McGregor, and Mark Mathers.

Mark Mathers led the discussion and Mary Lamont nominated Fran McGregor as Vice-Chair.

On motion by Mary Lamont, second by Jeffrey Kirst, the OPEB Trustees Committee selects Fran McGregor as the Committee Vice-Chair.

(Yea: Mary Lamont, Jeffrey Kirst, Mark Mathers. Final Resolution: Motion Carries 3-0).

3. CLOSING ITEMS

3.01 No Public Comment

3.02 Announcement of Valerie Phillip's retirement and Next Meeting: August 25, 2022

3.03 Meeting adjourned at 4:06 pm