

Committee on Actuarial Valuation of Retired Employees' Health Benefits
August 31, 2018
Meeting Minutes

Committee members attending: State Treasurer Dale Folwell; State Controller Linda Combs; State Health Plan Executive Administrator Dee Jones; and Office of State Budget and Management Deputy Director Kristin Walker.

Others attending: Patrick Kinlaw, Daneene Barton, Charles Sceiford, Joan Fontes, and Melinda Peters (State Treasurer); Elizabeth Colcord, Anne Godwin, and Virginia Sisson (State Controller); David Vanderweide (NC General Assembly); Lanier McRee (OSBM); and David Berger and Danny Rhodes (Segal Company).

The meeting convened at 2:02 p.m. Ms. Walker welcomed those in attendance, asked for a roll call of members and meeting attendees, and reminded Committee members of the Ethics Awareness and Conflict of Interest Reminder statement. All members indicated that they had no conflict.

Ms. Walker asked for a motion to adopt the Committee meeting minutes from June 25, 2018. Ms. Jones noted that the payroll growth assumption should be 3.5% not 3.0%. Ms. Walker asked for a motion to amend the minutes. Ms. Jones made a motion to amend the minutes to update the payroll growth percentage. Dr. Combs seconded the motion. The motion passed with all members voting aye. Dr. Combs made the motion to accept the minutes as amended; Ms. Jones seconded. The motion passed.

Ms. Walker asked representatives of Segal if they would review the actuarial valuation report. Mr. Berger of Segal referred the Committee to the *SHPNC-PresentationMtg.pdf*, a 9-page PowerPoint presentation that had been distributed to Committee members via PDF before the meeting and available, along with the GASB 75 valuation, on the OSBM website. Mr. Berger reviewed this presentation, noting the valuation includes the GASB 74 valuation only; a draft GASB 75 valuation without allocations is available if needed. On pg. 3 of the presentation, Mr. Berger noted the new funded ratio of 4.4% and the decline in the total unfunded liability from \$34.0 billion to \$29.8 billion, leaving a net OPEB liability of \$28.5 billion. He also reviewed the main drivers of the decrease in net liability (updated claims information, updated discount rate assumption, and plan migration) (pg. 5 of the presentation) and the plan membership reconciliation (pg. 6 of the presentation) and. Treasurer Folwell asked several questions about the effect of the assumed rate of return and payroll growth.

Ms. Walker asked if the Committee members had any additional questions, and there were none.

Treasurer Folwell offered a motion to accept the report as amended. Ms. Walker accepted that motion; Dr. Combs seconded. The motion passed with all members voting aye.

Hearing no further business, Ms. Walker asked for a motion to adjourn. Ms. Jones made the motion; Dr. Combs seconded. The meeting adjourned at 2:26 p.m.

Lanier McRee
August 31, 2018