

Meeting Title: OPEB Board

MINUTES

1/31/14

9:00 AM



CONTROLLER'S CONFERENCE ROOM
4TH FLOOR, DEPT OF ADMINISTRATION
ONE CAPITOL HILL
PROVIDENCE, RI

Board Members In Attendance: Thomas Mullaney, Chair
Marc Leonetti
Anne Marie Fink
Deb Blair

Others In Attendance: Peter Keenan, Controller's Office

By Phone: David Kausch, Gabriel Roeder Smith
Abra Hill, Gabriel Roeder Smith

Chairman Thomas Mullaney called the meeting of the OPEB Board to order.

The first order of business was to approve the Minutes from the previous meeting of March 28, 2013. The Board reviewed the minutes, Thomas Mullaney made a motion to approve the meeting minutes of March 28, 2013, Marc Leonetti seconded the motion, all were in favor. Approved minutes attached.

The second item on the agenda was an overview of the audited FY 2013 OPEB financial statements. Marc Leonetti discussed a few points with the Board. He noted the \$29 million increase in net position of the OPEB fund from FY 2012. Also noted was that State Employees' are the largest contributors. Marc Leonetti asked the Board if there were any questions or concerns regarding the financial statements. With no further questions, Thomas Mullaney made a motion to approve the FY 2013 audited financial statements, Anne Marie Fink seconded the motion, all were in favor.

Joining the meeting by phone were David Kausch and Abra Hill from Gabriel Roeder Smith (GRS) to discuss the actuarial assumptions for the upcoming valuation. Thomas Mullaney had previously distributed to the Board a report from GRS on the economic assumptions. Mr. Kausch pointed out that the current economic assumptions under consideration are the same used in the June 30, 2011 OPEB valuation. They are price inflation of 3.5%, wage inflation of 4.0% and investment return of 5%.

Mr. Kausch explained that GRS recommended changing these assumptions based on more recent data. For price inflation, GRS recommends an assumption of 2.5%. For wage inflation, GRS recommends an assumption of 3.5%. Based on the OPEB Board's investment policy, GRS believes the current assumption for investment return is conservative. GRS would recommend a investment rate of return assumption of between 5.75% and 6.5%.

Marc Leonetti asked GRS if they were looking for direction now to go forward with the valuation? David Kausch from GRS answered that it would be helpful, but not necessary. Anne Marie Fink asked if GRS could provide three (3) scenarios relating to the investment rate of return and report back to the Board. The three scenarios requested were at 5.0%, 5.25% and 5.5%. With limited

investment experience for the OPEB Fund, the Board did not think it was prudent to increase the investment rate of return assumption as high as recommended by GRS.

Also brought to the attention of the Board by David Kausch of GRS was the Board's lack of a policy on legislative proposals. Chairman Mullaney noted that the Board will discuss the need to set a policy with regard to legislative proposals.

Thomas Mullaney asked if there was any further business and then made a motion to adjourn, Deb Blair seconded the motion, all were in favor.

Respectfully submitted,

Deb Blair
Secretary