

M Management Committee
For the Metropolitan Council meeting of February 8, 2012

ADVISORY INFORMATION

Date Prepared: January 25, 2012

Subject: Policy Revision: Funding Other Post Employment Benefits

Proposed Action:

That the Metropolitan Council approves revised Policy 3-1-3 Funding Other Post Employment Benefits.

Summary of Committee Discussion / Questions:

Ms. Bogie, Chief Financial Officer, presented this item. Discussion and questions were related to the Council's total actuarial accrued liability (\$328M), the explicit portion of the liability (\$226M), and the dollars currently set aside through the Council's funding policy (\$107M). Ms. Bogie stated liability amounts as of January 1, 2010; the date of the last actuarial valuation.

Mr. Kooistra, Deputy Regional Administration, commented that the Council's early recognition, actions, and funding plan have the Council well ahead of most governmental entities in addressing OPEB liabilities.

The next actuarial valuation is scheduled as of January 1, 2012. Results are expected to be available in April.

M Management Committee

Meeting date: January 25, 2012

For Metropolitan Council Meeting: February 8, 2012

ADVISORY INFORMATION

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| Date: | January 17, 2012 |
| Subject: | Policy Revision: Funding Other Post Employment Benefits |
| District(s), Member(s): | All |
| Policy/Legal Reference: | Policy 3-1-3 Funding Post Employment Benefits/MS 471.61 |
| Staff Prepared/Presented: | Mary Bogie, Chief Financial Officer, 651-602-1359 |
| Division/Department: | Regional Administration/Finance |

Proposed Action

That the Metropolitan Council approves Revised Policy 3-1-3 Funding Other Post Employment Benefits.

Background

The Council has agreements with some employee bargaining units to provide Council paid other post employment benefits for eligible staff and retirees.

Other Post Employment Benefits (OPEB) are employee benefits (other than pensions) that are earned by employees during employment at the Council, but are not paid by the Council until retirement.

Retiree health insurance benefits that result in OPEB liability have since been sunset (2004 or earlier) for new hires in all bargaining agreements.

The Council's Funding policy requires annual funding of the future costs associated with eligible active employees (normal cost) and current costs associated with retirees (pay-as-go).

Rationale

This policy revision does not change the Council's current funding practice. The revision seeks to clarify that the funding policy relates only to the explicit benefit portion of the Council's liability for Other Post Employment Benefits and adds background and definition of terms to the policy.

Funding

Division operating budgets include funding for current retirees and the future costs of eligible active employees.

Know Support / Opposition

None