



TRUCKEE MEADOWS WATER AUTHORITY
Section §115 Other Post-Employment Benefit Plan & Trust
Trustee Meeting
AGENDA
Tuesday, February 21, 2017 at 1:30 p.m.
Independence Room
1355 Capital Boulevard, Reno, NV 89502

1. Roll call*
2. Public comment — limited to no more than three minutes per speaker*
3. Approval of the agenda **(For Possible Action)**
4. Approval of the November 22, 2016 minutes. **(For Possible Action)**
5. Discussion and possible action regarding adoption of Trust policies & Administrative Documents: Conflict of Interest Policy—Jessica Atkinson **(For Possible Action)**
6. Discussion and possible action regarding the review of Trust policies & Administrative Documents: Reimbursement Request Policy—Jessica Atkinson **(For Possible Action)**
7. Discussion and possible action regarding adoption of Trust policies & Administrative Documents: Record Retention Schedule—Jessica Atkinson **(For Possible Action)**
8. Discussion and possible action regarding adoption of Trust policies & Administrative Documents: Funding Policy—Jessica Atkinson **(For Possible Action)**
9. Discussion and possible action regarding adoption of Trust policies & Administrative Documents: Operating Account Investment Policy—Jessica Atkinson **(For Possible Action)**
10. Discussion and action on signing §115 Other Post-Employment Benefits Plan and Trust Board of Trustees Annual Pledge of Personal Commitment/Disclosure Form—Jessica Atkinson **(For Possible Action)**
11. Review of the FY2017 actuarial report that details TMWA annual required contributions—Michele Sullivan/Bill Bush **(For Possible Action)**
12. Presentation of the Budget for Calendar Year 2017—Michele Sullivan **(For Possible Action)**
13. Review of Retirement Benefits Investment Fund (RBIF) performance and status —Michele Sullivan **(For Possible Action)**
14. Trustee comments and requests for future agenda items*
15. Public comment — limited to no more than three minutes per speaker*
16. Adjournment **(For Possible Action)**

NOTES:

1. The announcement of this meeting has been posted at the following locations: Truckee Meadows Water Authority (1355 Capital Blvd., Reno), Reno City Hall (1 E. First St., Reno), Sparks City Hall (431 Prater Way, Sparks), Sparks Justice Court (1675 E. Prater Way, Sparks), Washoe County Courthouse (75 Court St., Reno), Washoe County Central Library (301 South Center St., Reno), Washoe County Administration (1001 East Ninth St., Reno), and at <http://www.tmwa.com>.

2. In accordance with NRS 241.020, this agenda closes three working days prior to the meeting. We are pleased to make reasonable accommodations for persons who are disabled and wish to attend meetings. If you require special arrangements for the meeting, please call 834-8002 before the meeting date.
3. The Board may elect to combine agenda items, consider agenda items out of order, remove agenda items, or delay discussion on agenda items. Arrive at the meeting at the posted time to hear item(s) of interest.
4. Asterisks (*) denote non-action items.
5. Public comment is limited to three minutes and is allowed during the public comment periods. The public may sign-up to speak during the public comment period or on a specific agenda item by completing a "Request to Speak" card and submitting it to the clerk. In addition to the public comment periods, the Chairman has the discretion to allow public comment on any agenda item, including any item on which action is to be taken.

Section 115 Other Post-Employment Benefit

*a single employer plan sponsored by
Truckee Meadows Water Authority*



DRAFT-November 22, 2016 MINUTES

The meeting of the TMWA Section 115 Other Post-Employment Benefit (Trust) was held on Tuesday, November 22, 2016 in the Truckee Meadows Water Authority Independence Room, 1355 Capital Blvd., Reno, Nevada.

Michele Sullivan, Chairman, called the meeting to order at 2:06 p.m. *

1. ROLL CALL AND DETERMINATION OF PRESENCE OF A QUORUM.

A quorum was present.

Voting Members Present:

Michele Sullivan
Sandra Tozi
Charles Atkinson
George Gaynor

Voting Members Absent:

Staff Members Present

Jessica Atkinson
Gus Rossi
Rosalinda Rodriguez

Staff Members Absent:

Pat Waite

2. PUBLIC COMMENT

No public comment

3. APPROVAL OF THE AGENDA

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the agenda.

4. APPROVAL OF THE May 17, 2016 MINUTES

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the May 17, 2016 meeting minutes.

5. ELECTION OF CHAIR AND VICE-CHAIR (PAST APPOINTMENT EXPIRES DECEMBER 31, 2016)

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the creation the appointment of Michele Sullivan as Chairperson and Charles Atkinson as Vice-Chairperson for the term January 1, 2017 through December 31, 2018.

6. REVIEW AND APPROVAL OF OTHER POST RETIREMENT MEDICAL PLAN TRUST BENEFIT CALCULATIONS FOR TMWA RETIREE(S)

Ms. Atkinson presented the benefit calculation for Stacy Myers. Ms. Myers will retire on 12/09/2016, and is requesting trust benefits beginning January 1, 2017. Ms. Atkinson met with the retiree and confirmed the information on the benefit calculation form, and Ms. Myers has signed all paperwork. Ms. Myers has elected to continue on TMWA's HHP plan as Retiree Only medical and vision coverage (Non-Medicare). She will voluntary pay for Dental coverage and has elected that the premium be reimbursed from her PERS check.

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the benefit calculation for Stacy Myers.

7. DISCUSSION AND POSSIBLE ACTION REGARDING THE CREATION OF TRUST POLICIES & ADMINISTRATIVE DOCUMENTS: ADMINISTRATIVE POLICY, CONFLICT OF INTEREST POLICY, REIMBURSEMENT REQUEST POLICY, RECORD RETENTION SCHEDULE, FUNDING AND OPERATING ACCOUNT INVESTMENT POLICY.

This item has been deferred as policies have not yet been drafted for the review of the Trustees. Ms. Atkinson advised she would provide drafts at the next scheduled meeting in February of 2017.

8. REQUIRED COMMUNICATION FROM EXTERNAL TRUST AUDITORS EIDEBALLY

This was for informational purposes, no motion for approval needed.

9. PRESENTATION OF TRUCKEE MEADOWS WATER AUTHORITY OTHER POST – EMPLOYMENT BENEFIT TRUST'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015.

Ms. Sullivan advised that the standard audit was conducted and there were no significant findings, there were no noted issues.

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the financial audit for statement for the year ended December 31, 2015.

10. DISCUSSION AND POSSIBLE TRUSTEE DIRECTION REGARDING MEETING TIMES AND DATES FOR 2017.

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the meeting times and dates for 2017 as recommended in the staff report for this agenda item.

11. TRUSTEE COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS*

It was requested that the drafts of the policies be presented for review at the next meeting.

12. PUBLIC COMMENT – LIMITED TO NO MORE THAN THREE MINUTES PER SPEAKER

13. ADJOURNMENT

With no further business to discuss, Chairperson Sullivan adjourned the meeting at 2:17 p.m.

Minutes were approved by the Trustees in session on _____.

Respectfully Submitted,

, Recording Secretary



STAFF REPORT

TO: Board of Trustees of the Other Post-Employment Benefit §115 Trust
FROM: Jessica Atkinson, TMWA Human Resources Administrator
DATE: February 21, 2016
SUBJECT: **Discussion and possible action regarding adoption of Trust policies & Administrative Documents: Conflict of Interest Policy**

Recommendation

TMWA staff recommends that the Board of Trustees review and adopt the attached Conflict of Interest Policy.

Discussion

The proposed Conflict of Interest policy is intended to protect the interests of the Trust and its participants when the Trust is contemplating entering into a transaction or arrangement that might benefit the private interest of a Trustee of the Trust.

Background

During the inaugural meeting of the §115 Trust, Trustees identified a need for a formal written Conflict of Interest Policy.

Truckee Meadows Water Authority Standard Operating Procedure (SOP)			
Subject: Conflict of Interest and Disclosure Policy			Source: OPEB Plan Document
Department: §115 OPEB Trust Fund			Supersedes: N/A
Effective Date: 02/01/2017	Revision Date:	Reviewed Date: 02/21/2017	Page 1 of 7

Purpose:

The Board of Trustees of the Truckee Meadows Water Authority §115 OPEB Plan and Trust (the "Trust") recognize that honesty, integrity, accountability, responsibility, openness and disclosure of financial relationships and interests are absolutely essential to the administration of the Trust.

The Board of Trustees of the Trust (sometimes referred to as the "Board") deems it necessary and appropriate that the highest standards of ethical behavior, accountability and responsibility be maintained. To achieve this end, the Board has adopted the following Conflict of Interest and Disclosure Policy (the "Policy"). The purpose of this Policy is to protect the interests of the Trust and its participants when the Trust is contemplating entering into a transaction or arrangement that might benefit the private interest of a Trustee of the Trust. Even though the Trustees receive no compensation from the Trust for their service, the Board unanimously agrees that, in order to prevent any potential conflict of interest, there should be proper disclosure of those matters concerning potential conflicts that could arise. Full disclosure of any situation in doubt should be made so as to provide for an impartial and objective determination.

Definitions:

For the purposes of this Policy:

- An "interested person" shall mean a Trustee, officer, or member of a Trust committee with governing board delegated powers, who has a direct or indirect financial interest as defined below.
- An interested person has a "financial interest" if the person has, directly or indirect through business, investment or family:
 - An ownership interest or investment interest in any entity with which the Trust has a transaction or arrangement;
 - A compensation arrangement with the Trust or with any entity or individual with which the Trust has a transaction or arrangement; or
 - A potential ownership or investment interest in, or compensation arrangement with, an entity or individual with which the Trust is negotiating a transaction or arrangement.
- The term "family" means a parent, spouse, sibling, child, grandparent, grandchild, great-grandchild, in-law, or domestic partner of an interested party, or any step relation to an interested person.

Covered Persons:

This policy applies to the Trust and its Board. Trustees serve the participants of the Trust. All decisions of the Trustees are to be made solely on the basis of a desire to promote the best interests of the Trust and its participants.

Men and women of substance inevitably are involved in the affairs of other organizations. Trustees cannot consist of individuals entirely free from at least perceived conflicts of interest. Although most such potential conflicts are and will be deemed to be inconsequential, it is the Trustees' responsibility to ensure that they are made aware of situations that involve personal, familial, or business relationships that could be troublesome for the Trust. Thus, each Trustee and member of a Trust committee with governing board delegated powers is required to annually sign a statement which affirms that such person:

- Has received a copy of the Policy;
- Has read and understand the Policy;
- Has agreed to comply with the Policy;
- Has agreed to disclose any possible personal, familial, or business relationships that reasonably could give rise to a conflict of interest; and
- Understand that the Trust is exempt from Federal Income taxes and in order to maintain its federal tax-exempt status it must engage in activities which accomplish one or more of its tax-exempt purposes.

Policy:

General Policy Statement Defining Conflicts of Interest:

In addition to the specific circumstances that may be prohibited by federal or state law, the following situations may constitute an actual or potential conflict of interest:

- An interested person (as defined in Definition Section above) has a direct or indirect financial interest (as defined in Definition Section above) in a transaction involving the Trust;
- An interested person has a material financial interest in a transaction involving the Trust. This includes entities in which the interested person and all individuals or entities having significant relationships with the interested person own, in the aggregate, more than five (5) percent;
- An action by an interested person involving the Trust where the interested person may receive a personal gain or advantage;
- An action or transaction involving the Trust which has or may have an adverse effect or impact on the Trust and results or may result in the personal gain of an interested person or family member of an interested person;
- An action or transaction involving the Trust, where an interested person obtains or assists in obtaining for a third party an improper gain from, or an unfair advantage, of the Trust; and
- An interested person or family member serves on the governing board of another private or governmental entity or organization which directly or indirectly has oversight over Trust investments.

Disclosure and Procedures Relating Thereto:

- Duty to Disclose - In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the actual or possible conflict of interest and be given the opportunity to disclose all material facts to the Trustees of the proposed transaction or arrangement, even if such interest, relationship or responsibility has otherwise generally been disclosed to the Trust. In addition, an interested person is required to disclose any adjudication of bankruptcy within the most previous five (5) years.
- Determining Whether a Conflict of Interest Exists - After disclosure of the actual or potential conflict of interest and all other material facts, and after any discussion with the interested person who makes the disclosure, he/she shall leave the Board while the determination of a conflict of interest is discussed and voted upon. The remaining members of the Board shall decide if a conflict of interest exists.
- Procedures for Addressing the Conflict of Interest.
 - An interested person may make a presentation at the Board meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - The Chairperson of the Board may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - After exercising due diligence, the Board shall determine whether the Trust can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
 - If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine by a majority vote of the disinterested Trustees whether the transaction or arrangement is in the Trust's best interest, for its own benefit, and whether to enter into the transaction or arrangement. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

Violations of the Policy:

If the Board or committee has reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the interested person of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the interested person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Resignation:

In circumstances where an interested person has a significant, ongoing and irreconcilable conflict, and where such personal or outside interest, relationship or responsibility significantly impedes the interested person's ability to carry out his or her fiduciary responsibility to the Trust, resignation from the Trust or termination of the conflicting interest may be appropriate and/or required. Should an ongoing and irreconcilable conflict arise, the Trustees have the authority to remove an interested person from office as a Trustee before the 60 days indicated in the Trust plan document entitled "Removal and Resignation of Trustee."

Records of Proceedings:

The minutes of the governing board and all committees with board delegated powers shall contain:

- Names of persons who disclosed or had a financial interest - The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's decision as to whether a conflict of interest in fact existed.
- Names of Persons Present for Discussions - The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Compensation:

- Trustee Precluded on Voting on own Compensation - A Trustee who receives compensation, directly or indirectly, from the Trust for services is precluded from voting on matters pertaining to that member's compensation.
- Committee Member Precluded on Voting on own Compensation - A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Trust for services is precluded from voting on matters pertaining to that member's compensation.
- Prohibition from Providing Compensation Information - A Trustee or voting member of a committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Trust, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Periodic Reviews:

To ensure the Trust operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- Compensation Arrangements and Benefits - Whether compensation arrangements and benefits, if any are reasonable, based on competent survey information, and the result of arm's length bargaining.
- Arrangements Conform to Trust's Policies, etc. - Whether partnerships, joint ventures, and arrangements with other organizations conform to the Trust's written policies, are properly recorded, reflect reasonable investment or payments for goods and services,

further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

- Use of Outside Experts – When conducting the periodic reviews as provided for above, the Trust may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

APPROVAL(S): _____ Michele Sullivan, Chairperson, OPEB Board of Trustees	APPROVAL(S): _____ Chuck Atkinson, Vice Chairperson, OPEB Board of Trustees
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§115 OPEB Plan and Trust

Board of Trustees Annual Pledge of Personal Commitment/Disclosure Form

It is mandatory that the OPEB Plan and Trust has a disclosure on file at least once each year for each Trustee. Should there occur a change in status during the year, an amended disclosure form should be filed.

1. Have you been provided with a copy of the Policy?
☐ Yes ☐ No
2. Have you read and do you understand the Policy?
☐ Yes ☐ No
3. Do you agree to comply with the Policy, including the disclosure of any personal, familial, or business relationships that could give rise to a conflict of interest?
☐ Yes ☐ No
4. Do you understand that the Trust is exempt from Federal Income taxes and in order to maintain such status it must engage in activities which further its exempt purpose?
☐ Yes ☐ No
5. Is there any direct or indirect business relationship with the Trust between yourself or a member of your family that may represent a conflict of interest?
☐ Yes ☐ No
 - If Yes, please list or elaborate such relationships and the details of annual or potential financial benefit as you can best estimate them:
6. Did you or a member of your family receive, during the past 12 months, any gifts or loans from any source from which Trust goods or services or otherwise has significant business dealings?
☐ Yes ☐ No
 - If Yes, please list such loans or gifts, their source, and their approximate value:
7. Please identify your main employer and any consulting contracts or board seats you may have with Trust business partners, members or sponsors:
8. Please identify an business relations you may have with other Trustees and the nature of those:

Trustee Print Name

Date

Trustee Signature



STAFF REPORT

TO: Board of Trustees of the Other Post-Employment Benefit §115 Trust
FROM: Jessica Atkinson, TMWA Human Resources Administrator
DATE: February 21, 2016
SUBJECT: **Discussion and possible action regarding adoption of Trust policies & Administrative Documents: Reimbursement Request Policy**

Recommendation

TMWA staff recommends that the Board of Trustees review and adopt the attached Reimbursement Request Policy.

Discussion

The proposed Reimbursement Request Policy is intended to set forth the guidelines for the administration of the Retiree Medical Benefit.

Background

During the inaugural meeting of the §115 Trust, Trustees identified a need for a formal written policy.

Truckee Meadows Water Authority Standard Operating Procedure (SOP)			
Subject: Reimbursement Request Policy			Source: OPEB Plan Document
Department: §115 OPEB Trust Fund			Supersedes: N/A
Effective Date: 02/01/2017	Revision Date:	Reviewed Date: 02/21/2017	Page 1 of 2

Purpose:

The Board of Trustees of The Truckee Meadows Water Authority (TMWA) §115 Other Post-Employment Benefits Plan and Trust (the "Trust") sets forth the guidelines for the administration of the Retiree Medical benefit.

Policy:

Trust participants cannot request reimbursement from the Trust to pay for expenses incurred to pay the cost of participation in private health insurance coverage options and/or for Medicare expenses.

Trust benefits are to be directed to:

1. Those group health plans currently offered to active employees TMWA, which include a self-funded group health plan offered through the City of Reno, Nevada, and an exclusive provider organization group health plan offered through Hospital Health Plan.
2. The group prescription drug plan currently offered to active employees of TMWA.
3. The group vision plan currently offered to active employees of TMWA.
4. The group life insurance plans offered to retirees of TMWA who enroll in either of the group health plans described in paragraph 1. above.

APPROVAL(S): _____ Michele Sullivan, Chairperson, OPEB Board of Trustees	APPROVAL(S): _____ Chuck Atkinson, Vice Chairperson, OPEB Board of Trustees
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STAFF REPORT

TO: Board of Trustees of the Other Post-Employment Benefit §115 Trust
FROM: Jessica Atkinson, TMWA Human Resources Administrator
DATE: February 21, 2016
SUBJECT: **Discussion and possible action regarding adoption of Trust policies & Administrative Documents: Records Retention Schedule**

Recommendation

TMWA staff recommends that the Board of Trustees review and adopt the attached Records Retention Schedule.

Discussion

The proposed Records Retention Schedule is consistent with both State of Nevada and TMWA record retention standards.

Background

During the inaugural meeting of the §115 Trust, Trustees identified a need for a formal written Records Retention Schedule.

Records Retention Schedule

Post Retirement Medical Plan and Trust & Other Post-Employment Benefits Plan and Trust Sponsored by Truckee Meadows Water Authority

Records Series/ Description	Retention/ Disposition	Reference	Category
Administration			
Activity Reports These reports document the program or primary activities and accomplishments of various local government units for the previous year. They are often compiled from monthly, quarterly or other activity reports. This series may include, but is not limited to, reports, statistics, narratives, graphs, diagrams, tabulations, evaluations, correspondence and similar documents.	Retain annual activity reports permanently. Retain other activity and statistical reports (not scheduled elsewhere) for CY +2.	LRDA 20071558 NRS 239.0105 NRS 239C.090 NRS 239C.210 NAC 239.165.1 NAC 239.165.2	1
Contracts and Agreements – Non-Capital Improvement May include the official contract, lease, or agreement, memos of understanding, amendments, exhibits, addenda, legal records, contract review records, specifications, bids awarded, copies of payments, receipts, supporting documents used in managing the contract, correspondence, change orders and related documents.	FY of last transaction, charge, credit, or payment occurs + 6 FYs. If no direct documentation of the final transaction, then FY of filed notice of completion/ termination/ expiration + 1 FY	LRDA 20070474 NRS 11.190.1b	1, 3, may be 6
IRS Records This series may include application for tax exempt status, determination letter from the Internal Revenue Service and Form 990 filings.	Permanent	IRC 501 (c)(9)	1, 3
Legal Opinions Written opinions on legal matters issued on behalf of the Post Retirement Medical Plan and Trust Legal Counsel.	Permanent	LRDA: 20071115	1, 2, 4, 5
Policies and Directives Directives, policies and procedures governing the conduct of TMWA business. (Administrative Instructions)	<u>State Requirement:</u> CY superseded or abandoned + 6 CYs <u>TMWA Policy:</u> Permanent	LDRA 20070008 NRS 11.190.1.b	1, 2, 4
Post Retirement Medical Trust Board of Trustees Records These records are specific to the single employer sponsored Post Retirement Medical Plan and Trust and include agendas, minutes, committee packets, public hearing information and posting confirmation. May also include: affidavits of publications, handouts, presentation materials, supporting decision process and backup material. Closed meetings: Confidential per NRS 241.030 and NRS 241.035(2)	Permanent	LRDA: 20071533 NRS 241.010 - NRS 241.035 NAC 239.850	1, 2, 4, 5, may be 6
Records Certificate of Destruction Authorization to destroy records.	<u>State Requirement:</u> CY of records destruction + 3 CYs <u>TMWA Policy:</u> Permanent	LRDA 20070069 NAC 239.165.2 NRS 11.190.3.d	1, 2, 4

Categories: 1-Administrative, 2-Historical, 3-Fiscal, 4-Legal, 5-Vital, 6-Confidential/Restricted
 CY=Calendar Year FY=Fiscal Year

Records Retention Schedule Post Retirement Medical Plan and Trust & Other Post-Employment Benefits Plan and Trust Sponsored by Truckee Meadows Water Authority

Records Series/ Description	Retention/ Disposition	Reference	Category
Records Retention Schedule Schedules specifying record series types and the length they are required to be retained.	State Requirement: CY superseded by a changed schedule + 6 CYs TMWA Policy: Permanent	LDRA 20070073 NAC 239.155	1, 4
TMWA Board of Trustees Records-Copies Includes reference copies of agendas, minutes, committee packets, public hearing information and posting confirmation as it pertains to the Post Retirement Medical Plan and Trust. May also include reference copies of: affidavits of publications, handouts, presentation materials, correspondence related to the meeting, supporting decision process and backup material as it pertains to the Post Retirement Medical Plan and Trust.	Destroy when no longer needed for reference or informational purposes. No Certificate of Destruction is required		1
Finance			
Accounts Payable Files May include invoices, billing statements, expense reimbursements, copies of checks, original invoices, copies of purchase orders, copies of bids and contracts, computer generated report and printouts, vouchers, payment authorizations, receipts, cancelled checks or warrants, and supportive documentation. Also includes mobile phone, travel expenses, claims, freight records, reimbursements (including tuition), etc.	State Requirement: -431: FY claim paid + 3 FYs -1531: FY of record + 3 FYs -288: Until completion of annual audit PRMPT Policy: FY of record + 6 FYs	LRDA: 20071235 LRDA: 2007431 LRDA: 20071531 LRDA: 2007288 NRS 354.170 – NRS 354.190 NRS 11.190.1.b NRS 11.190.3.d NRS 354.23 – NRS 354.250 NRS 354.624 NAC 239.165	1, 3, 4, 5, may be 6
Accounts Receivable Files May include receipts from retirees, computer generated report and printouts, receipts, invoices, awards, logs, lists, summaries, credit card vouchers/remittances, financial statements, and related correspondence.	FY collected or deemed uncollectible + 6 FYs	LRDA: 20070445 NRS 354.255 – NRS 354.257 NRS 11.190.1.b NAC 239.165	1, 3, 4, 5, may be 6
Annual Budget – Final Budget Final annual budget submitted to board and public for review. This series may include, but is not limited to, financial summaries, spending plans, copy of certified final budget, budget message, affidavit of proof of publication of notice of public hearing, minutes, agendas, exhibits, staff reports, and related records	Permanent Included in Committee Records – Board Series	LRDA 20070004 NRS 354.59801	1, 2, 3, 4
Annual Budget Files This series may include, but is not limited to, staff reports, budget instructions, worksheets, copies of actuarial reports,	FY of record + 5 FYs	LRDA 20070003 NRS 354.59801	1, 3

Categories: 1-Administrative, 2-Historical, 3-Fiscal, 4-Legal, 5-Vital, 6-Confidential/Restricted
CY=Calendar Year FY=Fiscal Year

Records Retention Schedule Post Retirement Medical Plan and Trust & Other Post-Employment Benefits Plan and Trust Sponsored by Truckee Meadows Water Authority

Records Series/ Description	Retention/ Disposition	Reference	Category
surveys, allotment reports, contingency plans, budget proposals, estimates of revenues, financial forecasting reports and similar records.			
Bank Transaction Records May include account statements, deposit and withdrawal slips, certificate of deposits, bank account reconciliations, transaction dates, beginning balance, check or deposit amount, document numbers, adjustments, description of transaction, ending balance, wire transfer request forms, automated clearing house records, and related documents.	Until completion of annual audit.	LRDA 20071311 NRS 354.624 NAC 239.165	1, 3, may be 6
Investment Records May include investment fund information, records related to specific investments, investment registers, investment reconciliations, confirmations of purchase, bank statements, records which document transaction activity, investment fund balances, investment performance documentation, related documentation, etc.	<u>State Requirement:</u> FY of record + 6 FYs <u>TMWA Policy:</u> Permanent	LRDA 20070444 NRS 11.190.1.b	1, 3, may be 6
Human Resources			
Benefits - Continuation of Insurance Benefits (COBRA) Records May include insurance package currently carried, written notice of COBRA rights, etc. Note: This business process is managed by the City of Reno.	CY after eligibility has expired + 6 CYs	LRDA 20071286 26CFR 54.4980B NRS 11.190.1.b NRS 11.190.3.d NAC 239.165	1, 5, may be 6
Benefits - Group Health and Life Insurance Plans This series may contain, but is not limited to, information on various insurance plans (health, life, catastrophic illness, dental, vision, long-term care), enrollment information, election forms, authorization forms, change forms, reinstatement forms, pre-tax documentation, copies of medical records, Employee Assistant Program Reports, related correspondence and other documents pertinent to benefits. Note: The business process of Group Health is managed by the City of Reno. The business process of Life Insurance is managed by Truckee Meadows Water Authority.	CY employee is no longer covered under any benefit package + 6 CYs	LRDA 20070314 LRDA 20101833 42 USC 1320d2 42 USC 1320d6 45 CFR 164.502 45 CFR 164.530 NRS 11.190.1.b NAC 239.165	1

Categories: 1-Administrative, 2-Historical, 3-Fiscal, 4-Legal, 5-Vital, 6-Confidential/Restricted
CY=Calendar Year FY=Fiscal Year

Records Retention Schedule Post Retirement Medical Plan and Trust & Other Post-Employment Benefits Plan and Trust Sponsored by Truckee Meadows Water Authority

The governing document of the Truckee Meadows Water Authority sponsored Post Retirement Medical Plan and Trust (PRMPT) Records Retention Schedules (RRS) is the Nevada Local Governments Records Manual (LGRM) in which requirements must be met. The most current version is available on-line on the Nevada State Library and Archives website at <http://nsla.nevadaculture.org/dmdocuments/lgrmprogrammanual2010.pdf>. This schedule is promulgated from NRS 287.017 and NAC 287.017.

Retention Guidelines

Unscheduled records can NOT be destroyed. If a record is not identified on an approved Retention Schedule, it must be maintained until it is scheduled. This Retention Schedule identifies the minimum time period the listed records must be retained. Records should be reviewed for disposition on an annual basis, such as end of calendar or fiscal year as appropriate. Unless otherwise specified, a period of retention begins on the first day of the fiscal year after the fiscal year during which the record or record series was created or received.

Copies of records must NOT be retained longer than the official Record Copy.

Records must be destroyed or archived wholesale; selectively retaining some records and not others without special approval invites liabilities and threatens the integrity of the entire Records Management system.

When audits, investigations, or litigation is announced or pending, destruction of all related records shall be suspended until the event is complete and closed. The PRMPT will also suspend destruction of records relating to a matter in which litigation is reasonably anticipated.

Disposition Holds Include:

Audits

When an audit has begun, destruction of related records must cease and be suspended until audit is complete. During the audit process, related records should be made available to the auditors who may review any records that are related to the audit. Upon the completion and resolution of the audit, disposing of records in accordance with the approved Records Retention Schedule may resume.

Investigations

When notified that an investigation is being conducted, destruction of related records must immediately cease and be suspended until the investigation is complete. The PRMPT Legal Counsel should be consulted for specific advice and guidance.

Litigation

The PRMPT Legal Counsel must be contacted immediately upon notification of a lawsuit involving the PRMPT, its employees, contractors, or board members. Destruction of any records related to the litigation must cease and be suspended until litigation is complete and Legal Counsel advises that normal records disposition may resume. All records pertaining to the litigation should be identified, separated from other files and protected.

Records Retention Schedule Post Retirement Medical Plan and Trust & Other Post-Employment Benefits Plan and Trust Sponsored by Truckee Meadows Water Authority

Disposition Guidelines

If a record is to be destroyed, all copies of a record must be destroyed at the same time regardless of media. Unless otherwise specified, a Certificate of Destruction is required to be completed prior to destroying any records regardless of media.

Non-Confidential/Non-Restricted Records

Records NOT determined to be confidential or restricted, or that DO NOT contain any personal identifying information, may be maintained in any manner that allows for proper protection and timely retrieval. If these records are to be destroyed, they may be disposed of by recycling or tossing.

Confidential/Restricted Records and Information

Hard copy records determined to be “confidential” or “restricted” or that may contain any personal identifying information, must be maintained in a manner that provides appropriate security and protection. If these records are to be destroyed, they must be disposed of by shredding. Records in electronic format must be destroyed by ensuring that the information cannot be retrieved or reconstructed, including, without limitation, overwriting, degaussing and the physical destruction of the storage media.

Contact the PRMPT Legal Counsel or a Records Management professional if clarification is needed to identify or determine the most appropriate methods of maintenance or disposal method of sensitive records and information. For more information on confidential or restricted records requirements, see NRS 239.0105, NRS 239C.090, NRS 239C.210- 239C.240, NAC 239.165, NAC 239.722, NAC 239.760 and NRS 205.4617.

Categories

- | | |
|---------------------------|--|
| Administrative Value (1): | Records that are necessary for daily business processes, or used as a source of reference. All records have some degree of administrative value by default. |
| Historical Value (2): | Records of the creation or development of the PRMPT, including changes to programs or policies. Records may also include those that provide the best or unique evidence or information about people, conditions, activities or events that are essential for legal, historical, genealogical, or other research or inquiry. |
| Fiscal Value (3): | Records of the source, receipt, and expenditure or transfer of money which are required for the PRMPT operation or until an audit is completed. |
| Legal Value (4): | Records which have a legal reason or requirement for retention. These records serve to protect the rights and obligations of the PRMPT and its beneficiaries. |
| Vital Record (5): | Records that are irreplaceable or copies that do not have the same value as the originals. Vital records are essential to the continuity of services during a disaster or the restoration of daily business when interrupted. Vital records also include resolutions of the PRMPT including standing executive orders that provide the legal basis for the existence and continuation of business services and policies that direct operation. |

Records Retention Schedule Post Retirement Medical Plan and Trust & Other Post-Employment Benefits Plan and Trust Sponsored by Truckee Meadows Water Authority

Confidential/Restricted (6): Records that may contain any personal identifying information and information deemed confidential under the law (i.e., medical records or attorney client communications) and that must be maintained in a manner that provides appropriate security and protection.

Approval and Revision History

Post Retirement Medical Plan and Trust Board of Trustees: 03/09/10 – Original Release

State Archivist Review and Recommendation: 08/27/09 – Original Release

Post Retirement Medical Plan and Trust – Trust Chairman: 11/10/10 – Revision 1

Post Retirement Medical Plan and Trust-Trust Chairman:

Note: This schedule is not effective until the review and approval of the Post Retirement Medical Plan and Trust Board of Trustees is obtained. All changes to this schedule which are derived directly from the Nevada Local Governments Records Manual (LGRM) require no additional approval by the State Archivist. Any changes or additions which were not derived from the Nevada Local Governments Records Manual (LGRM) and will not be added to the LGRM due to TMWA specific content, will be subject to approval.



STAFF REPORT

TO: Board of Trustees of the Other Post-Employment Benefit §115 Trust
FROM: Jessica Atkinson, TMWA Human Resources Administrator
DATE: February 21, 2016
SUBJECT: Discussion and possible action regarding adoption of Trust policies & Administrative Documents: Funding Policy

Recommendation

TMWA staff recommends that the Board of Trustees review and adopt the attached Funding Policy.

Discussion

The proposed Funding Policy is intended to identify funding priorities when the Annual Required Contribution (ARC) is greater than the combined expenses of the Trust.

Background

During the inaugural meeting of the §115 Trust, Trustees identified a need for a formal written Funding Policy.

Truckee Meadows Water Authority Standard Operating Procedure (SOP)			
Subject: Funding & Operating Policy			Source: OPEB Plan Document
Department: §115 OPEB Trust Fund			Supersedes: N/A
Effective Date: 02/01/2017	Revision Date:	Reviewed Date: 02/21/2017	Page 1 of 2

Purpose:

Truckee Meadows Water Authority (TMWS) and the Board of Trustees of The Truckee Meadows Water Authority Other Post-Employment Benefits Plan and Trust (the "Trust") recognize the need for an actuarial based Annual Required Contribution (ARC) to be deposited with the Trust.

The ARC has historically been greater than the total expenses of the Trust due to: 1.) the funding status of the trust, and 2.) there were previously no active beneficiaries of the trust. It is recognized that at some point the ARC may be less than the total expenses of the Trust. The purpose of this policy is to identify funding priorities when the ARC is greater than the combined expenses of the Trust.

Policy:

When the ARC is greater than the combined expenses of the Trust, funding of Trust expenses occur first and any remaining funds be transferred to the Retirement Benefit Investment Fund (RBIF).

For example, if TMWA funds the Trust on an biannual basis then the Trust expenses for the ensuing 6 months are funded, after taking into account any remaining bank balances, and such monies placed in the Trust's operating account to meet expected obligations which may include but are not limited to:

- Administrative expenses related to operating the Trust which may include expenses for actuarial analysis, legal representation, auditing, etc.
- Payment of benefits on behalf of Trust participants

Any remaining amount is then transferred to the RBIF to be invested according to RBIF policies. Accordingly if TMWA funds the Trust on an annual basis then the next 12 months of Trust expenses are funded and such monies are placed into the Trust's operating account with any remaining monies placed with the RBIF. The Trust budget and/or financial forecasts will be used as the mechanism to determine the expense to be funded.

If on the other hand, total Trust expenses are greater than the ARC being transferred to the Trust, the Trust will have to look to the funds held in the RBIF to make up the shortfall. It is recommended that monies be transferred to the RBIF once or twice a year since transfers must occur on specific dates and to reduce the administrative burden and expense of more frequent transfers.

APPROVAL(S): _____ Michele Sullivan, Chairperson, OPEB Board of Trustees	APPROVAL(S): _____ Chuck Atkinson, Vice Chairperson, OPEB Board of Trustees
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STAFF REPORT

TO: Board of Trustees of the Other Post-Employment Benefit §115 Trust
FROM: Jessica Atkinson, TMWA Human Resources Administrator
DATE: February 21, 2016
SUBJECT: Discussion and possible action regarding adoption of Trust policies & Administrative Documents: Operating Account Investment Policy

Recommendation

TMWA staff recommends that the Board of Trustees review and adopt the attached Operating Account Investment Policy.

Discussion

The proposed Operating Account Investment Policy is intended to ensure that monies placed into the TMWA §115 Other Post-Employment Benefits Plan and Trust ("Trust") are invested in a prudent manner and when possible in securities that are secure and/or federally insured through the Federal Deposit Insurance Corporation.

Background

During the inaugural meeting of the §115 Trust, Trustees identified a need for a formal written Operating Account Investment Policy.

Truckee Meadows Water Authority Standard Operating Procedure (SOP)			
Subject: Operating Account Investment Policy			Source: OPEB Plan Document
Department: §115 OPEB Trust Fund			Supersedes: N/A
Effective Date: 02/01/2017	Revision Date:	Reviewed Date: 02/21/2017	Page 1 of 2

Purpose:

The purpose of this policy is to ensure that monies placed into the Truckee Meadows Water Authority's (TMWA) §115 Other Post-Employment Benefits Plan and Trust ("Trust") are invested in a prudent manner and when possible in securities that are secure and/or federally insured through the Federal Deposit Insurance Corporation. These investments will mature in a time and manner that meets the liquidity requirements of the Trust.

Policy:

The Board of Trustees authorize the TMWA Chief Financial Officer and/or designee to place these investments after conferring with the trustees on the type of investments available and proposed maturities. Secure investments are considered obligations of the United States Treasury such as T-bills, obligations of federal agencies, or insured certificates of deposit. The suite of investments offered by the bank will be presented to the Trustees for investment consideration.

On an ongoing basis, the TMWA Chief Financial Officer and/or designee will present Trustees with investment performance results for review. The Trustees shall then take action, which may include approving performance results and continuance investment vehicle(s), disapprove performance results and recommend consideration of alternative investment vehicle(s).

APPROVAL(S): _____ Michele Sullivan, Chairperson, OPEB Board of Trustees	APPROVAL(S): _____ Chuck Atkinson, Vice Chairperson, OPEB Board of Trustees
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STAFF REPORT

TO: Board of Trustees of the Other Post-Employment Benefit §115 Trust
FROM: Jessica Atkinson, TMWA Human Resources Administrator
DATE: February 21, 2016
SUBJECT: **Discussion and possible action on signing Trustees Annual Pledge of Personal Commitment/Disclosure Form**

Recommendation

TMWA staff recommends that the Board of Trustees review and sign the attached Annual Pledge of Personal Commitment/Disclosure Form.

Discussion

Background

§115 OPEB Plan and Trust

Board of Trustees Annual Pledge of Personal Commitment/Disclosure Form

It is mandatory that the OPEB Plan and Trust has a disclosure on file at least once each year for each Trustee. Should there occur a change in status during the year, an amended disclosure form should be filed.

1. Have you been provided with a copy of the Policy?
☐ Yes ☐ No
2. Have you read and do you understand the Policy?
☐ Yes ☐ No
3. Do you agree to comply with the Policy, including the disclosure of any personal, familial, or business relationships that could give rise to a conflict of interest?
☐ Yes ☐ No
4. Do you understand that the Trust is exempt from Federal Income taxes and in order to maintain such status it must engage in activities which further its exempt purpose?
☐ Yes ☐ No
5. Is there any direct or indirect business relationship with the Trust between yourself or a member of your family that may represent a conflict of interest?
☐ Yes ☐ No
 - If Yes, please list or elaborate such relationships and the details of annual or potential financial benefit as you can best estimate them:
6. Did you or a member of your family receive, during the past 12 months, any gifts or loans from any source from which Trust goods or services or otherwise has significant business dealings?
☐ Yes ☐ No
 - If Yes, please list such loans or gifts, their source, and their approximate value:
7. Please identify your main employer and any consulting contracts or board seats you may have with Trust business partners, members or sponsors:
8. Please identify an business relations you may have with other Trustees and the nature of those:

Trustee Print Name

Date

Trustee Signature



STAFF REPORT

TO: Board of Trustees of the Other Post-Employment Benefit §115 Trust
FROM: Michele Sullivan, TMWA CFO and Trust Chairperson
DATE: February 21, 2016
SUBJECT: **Discussion and possible action on FY2017 Actuarial Report that details TMWA Annual Required Contribution (ARC) Amount**

Recommendation

TMWA staff recommends that the Board of Trustees accept the Valuation Report as of July 1, 2016

Discussion

Attached are/is the following statement(s):

- Postretirement benefit Valuation Report under GASB 45 as of July 1, 2016 Expense Development for Fiscal Year Ending June 30 30, 2017

February 6, 2017

Postretirement Benefit Valuation Report Under
GASB 45 as of July 1, 2016
Expense Development for Fiscal Year Ending
June 30, 2017
Truckee Meadows Water Authority Section 115
Trust Covering Washoe County Transferees

**Prepared by William Bush,
FSA**

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Report Highlights

This report has been prepared for the Truckee Meadows Water Authority ("TMWA") to:

- Present results of the valuation of TMWA's retiree medical (health) and life insurance plans as of July 1, 2016 for obligations attributable to employees who transferred employment from Washoe County on December 31,
- Provide annual required contribution amounts under GASB Statement No. 45 for the fiscal year ending June 30, 2017
- Provide reporting information for financial statements, government agencies and other interested parties pursuant to GASB requirements

Summary of GASB Statement No. 45

In June, 2004 the Governmental Accounting Standards Board (GASB) issued Statement No. 45: *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes new accounting standards for Postretirement Benefits Other Than Pensions (OPEB).

The requirements apply to any state or local government employer that provides OPEB. The primary type of OPEB covered by the statement will be postretirement health benefits. OPEB may also include life insurance, legal benefits, and other benefits.

The new standard requires accrual accounting. In general, GASB followed the standards already in place for governmental pension plans in Statement No. 27.

The standard does not require funding of OPEB expense, but any differences between the annual expense and the amount funded in a year are recorded in the employer's financial statement as an increase (or decrease) in the net OPEB obligation. The funded status of the actuarial accrued liability is shown as part of Required Supplementary Information.

Reasons for Updated Valuation as of July 1, 2016

The normal valuation cycle is once every two years under GASB 45. The valuation helps to guide Trustees in considering funding and investment policies by comparing the values of actuarial obligations to Trust assets.

Retiree Premium Rates and Implicit Subsidy

TMWA pays a portion of the rates set by the City of Reno Health Plan Trust. The GASB 45 implementation guide related to implicit subsidy indicates the following:

- **HHP- HMO:** Is fully insured and community rated, with blended active and pre-65 retiree rates. Actuary believes that HHP would offer the same premium rate to TMWA, even if only non-Medicare eligible retirees were covered because the average age of actives is 51.5. HHP covers a much larger enrollment. This conclusion is based on Q/A 66 and 67 of Implementation Guide to GASB 45.

Report Highlights

- **Reno Health Plan PPO:** Is self-funded, community rated for all three participating employers. Active and pre-65 rates are blended. QA 68 of the Implementation Guide indicates that the decision to value implicit subsidy is a judgment call. The example in QA 68 implies that an employer, such as TMWA, who has 8% or more of the total enrollment in agent multiple-employer plan would need to value the implicit subsidy. An analysis of active vs. pre-65 retiree claims over a recent 3-year period indicates that pre-65 PPO claims are about 30% higher than the blended City of Reno PPO rates.

- **Enrollment:** There are no retirees yet, so assumed elections as to future spouse coverage and selection of PPO vs HMO is based on TMWA retiree enrollment.

There is no implicit subsidy for those who enroll in the HMO or another plan, only for those in the PPO under age 65. There is no mechanism, at this point, for the Trust to pay the implicit subsidy to the Reno Health Plan PPO. Accordingly, it is likely that the reserves held for the implicit subsidy will never be debited. There is a similar issue related to retiree life insurance, where a blended rate is charged for both actives and retirees. This valuation conforms to the GASB 45 approach of valuing the life insurance obligation based on age specific term insurance rates. However, if the obligation is relieved by paying the materially lower "blended rate" for life insurance, then the obligation is being measured at a much higher cost than will be relieved by payment of blended rate premiums.

Funding Methods

Calculations have been performed under the Projected Unit Credit (PUC) method. The PUC actuarial method determines a Normal (or current service) cost, which represents the cost of benefits earned in the current year, and an actuarial accrued liability, which represents the cost of benefits earned in prior years. It is the method mandated by FASB for determining the cost of pension and postretirement benefits by private sector companies. It is the method used by TMWA prior to GASB 45 and is one of six permissible cost allocation methods under GASB 45.

The unfunded actuarial accrued liability is amortized over a remaining period of 28 years as a level dollar amount.

Discount Rate and Other Assumptions

The investment return assumption (or discount rate) is selected as the estimated long-term investment return on the investments that are expected to be used to finance the payment of benefits. For a funded plan, the considerations in selecting this rate are like selecting the funding interest rate for a pension plan. For an unfunded plan, the discount rate should be determined with reference to the expected return on TMWA's general assets, which are assumed to be invested as a mixture of cash and very short-term fixed interest instruments, such as money market funds. If the plan is partially funded, a blended discount rate is used. Because the Plan is virtually fully funded and will be fully funded over the long term by contributing ARC, we use an expected rate based on the

Report Highlights

Trust portfolio, which has a high equity allocation. The 6% assumption used in the first valuation (as of the January 1, 2015 transfer date) has been maintained for the 2016 valuation.

There are no changes to demographic assumptions from those used in the prior valuation.

The assumed growth in health care costs is also key. We continued to assume 5% growth in health plan costs. There was a 20% increase in every health plan rate effective January 1, 2016, which is believed to have been a one time "catch up" aberration given that rates had been kept essentially flat over several years prior to 2016. There was a 5% increase in medical premiums on January 1, 2017, with no change to dental or vision rates, which increases have been reflected in this valuation.

The unexpected 20% rate increase primarily affected the Tier 1 benefits, as Tier 2 Plan obligations are defined in dollars, not health plan benefits (except for the relatively small pre-65 PPO implicit subsidy). Assumptions and plan provisions are summarized at the end of the report.

Asset Values

As of July 1, 2016, the asset market value was \$695,940 compared to \$546,873 in the prior valuation as of January 1, 2015, producing a funded status of 48%.

Expense/Contribution Calculation

The annual expense recognized under GASB 45 is called the "annual required contribution" or ARC, even though there is no requirement to fund this amount. The ARC depends on the actuarial cost method selected and typically consists of the normal cost plus amortization of the unfunded actuarial accrued liability (UAAL). The half year ARC for 2015 of \$75,589 grew to a full year cost of \$103,441 for 2016. The reasons for this improvement are summarized on the bottom of page 6.

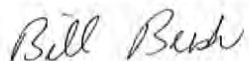
Certification

We have prepared this valuation of the TMWA's postretirement medical program as of July 1, 2016, to enable the Truckee Meadows Water Authority to comply with the accounting requirements under Statement of Governmental Accounting Standards No. 45 and to compute ARC for the year ending June 30, 2017.

The valuation is based on participant and cost data provided by the TMWA and summarized in this report without further audit. This data was not verified by the actuary. We have reviewed the data for internal consistency, reasonableness and reconciliation to the prior census. Based on that review, we have no reason to doubt its substantial accuracy. The valuation is also based on the substantive plan as described by TMWA as set forth in the Plan document, and as summarized in this report. TMWA is solely responsible for the validity and completeness of this information.

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions selected by the TMWA based upon our recommendations are a reasonable estimate of the future experience of the plan. To the extent that actual experience differs from the assumptions, or to the extent that plan provisions as actually administered are different than those summarized herein, the results presented in this report will differ. The projections included in this report are based on the data, methods and assumptions described in this report. Actual experience could differ from these assumptions and may produce results that differ materially from the projections shown in this report.

The calculations reported herein are based on our understanding of the provisions of GASB No. 45. Actuarial computations under Statements of Governmental Accounting Standards are for purposes of fulfilling governmental employer accounting requirements. Computations for other purposes may differ from the results shown in this report. I am available to answer questions, or provide explanations or further detail, as needed. The undersigned credentialed actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.



William D. Bush, FSA

February 6, 2017

Date

William D. Bush, FSA
74-4910 Hao Kuni Place, #5
Kailua Kona HI 96740
925 785-2950
E-mail: billdbush@sbcglobal.net

Valuation Results

Calculation of Annual Required Contribution (ARC) and Annual Expense under the Project Unit Credit (PUC) Method

	Half Year ARC <u>January 1, 2015</u>	Full Year ARC <u>July 1, 2016</u>
1. Actuarial Accrued Liability	\$1,357,972	\$1,453,919
2. Actuarial Value of assets	<u>546,873</u>	<u>695,940</u>
3. Unfunded Actuarial Accrued Liability	\$811,099	\$757,979
4. Funded Percentage of Actuarial Liability	40%	48%
5. Normal Cost	\$45,592	\$73,759
6. Actuarial Required Contribution		
a. Amortization factor based on 30 years	6.85%	7.037%
b. Amortization-Unfunded Actuarial Liability	\$27,795	\$26,670
c. Normal Cost	\$45,592	\$73,759
d. Provisions for Annual Trust Expenses	\$0	\$0
e. Interest on amortization and normal cost	<u>\$2,202</u>	<u>\$3,013</u>
f. Annual Required Contribution	\$75,589	\$103,441
7. Reasons for improvement		
a. Number of actives decreased	25	22
b. Reduced assumed pre 65 PPO implicit subsidy	60%	30%
c. Net effect of 20% premium bump, compared to much lower than assumed Tier 2 subsidy growth		

Participant Data

Distribution of Active Participants – July 1, 2016

<u>Benefits</u>	<u>Number</u>	<u>Average Age</u>	<u>Average Service</u>
Tier 1	5	54.2	21.7
Tier 2	<u>17</u>	<u>50.6</u>	<u>14.3</u>
All	22	51.5	16.0

There are no retirees.

Actuarial Basis

Valuation Procedures

Actuarial cost method: Liabilities shown in this report are computed using the projected unit credit method. The Normal Cost represents the present value of accruals allocated to the current fiscal year, while the Actuarial Accrued Liability represents the value of accruals attributable to prior years of service (both TMWA and WC service).

Financial and census data: We have used financial data and participant data as supplied by the plan sponsor. This information would not customarily be verified by a plan's actuary. We have reviewed the information for internal consistency and for consistency with prior census information. We have no reason to doubt its accuracy.

Participants included: This closed group of TMWA employees were former WC employees, for whom assets were transferred from a WC trust to a Section 115 trust sponsored by TMWA dedicated to funding retiree medical and life insurance.

Funding policy: The Truckee Meadows Water Authority is expected to fund the ARC in future years, but there is no absolute commitment to do so.

Discount rate: GASB requires that the discount rate be the long-term expected-yield rate on current and expected future plan/trust assets. Plans pre-funded on a full actuarial basis are generally expected to have a higher long term yield due to presumed exposure to equity investments. Pay as you go plans are to be discounted based on the yields at which the entity's surplus cash is invested, generally at a very low rate. Partially funded plans are discounted at a blended rate. GASB has created a strong accounting incentive to fully prefund to enable use of a larger discount rate and TMWA has indicated their intent to prefund the ARC. We used 6%.

Actuarial Value of Assets: GASB requires the use of a market-related asset value. This valuation measures assets at fair market value.

Actuarial Basis *(continued)*

Actuarial Assumptions

The following assumptions were used in valuing the liabilities and benefits under the plan.

Discount rate	6.0% per annum appropriate for a funded plan		
Health care cost trend rates	Years	Pre-65 Annual Rates of Increase	Post 65 Annual Rates of Increase
	All Years starting 1-1-2018	5.0%	5.0%
Monthly per capita claims cost (premium for Med, Dental, Vision)	1-1-2017 Rates		
	Family Tier	The Reno PPO	HHP- HMO
Pre-Medicare	Retiree Only	\$ 800.12	\$ 831.56
	Retiree and Spouse	1,394.56	1,448.45
	Retiree and Child (ren)	1,322.87	1,374.25
	Retiree and Family	1,776.99	1,816.09
Post-Medicare	Retiree Only	629.37	608.99
	Retiree & Spouse (1 Medicare)	1,282.04	1,411.40
	Retiree & Spouse (2 Medicare)	1,106.29	1,058.99
Retiree elections	Retirees: Current Tier and Plan Actives: Assume 75% elect coverage in PPO, 25% in HHP - prior to 65, assume 75% elect retiree and spouse coverage, 25% elect retiree only - after 65, assume 60% elect retiree and spouse coverage, 40% elect retiree only.		
Retiree contributions	Tier 1 retirees cost sharing is based on service. Even an employee with 20 years must pay full cost for dependent coverage, as well as the vision and dental components The explicit TMWA subsidy for Tier 2 retirees are defined dollar amounts based on service and whether Medicare eligible. Retirees pay the balance of cost.		
Retiree contribution increases and increases in Tier 2 subsidies	Retiree contributions are assumed to increase in line with health care cost trend rates for both Tier 1 and Tier 2, even though Tier 2 promises dollars. This is a carryover from WC actuarial valuation where there has been some history for increasing Tier 2 subsidies to mitigate otherwise large increases in retiree contributions. The WC actuary assumed the Tier 2 subsidies would grow with trend. This differs from the fact pattern and assumption in the TMWA valuation of no growth in fixed dollar subsidies. That said, this Tier 2 subsidy growth assumption may be overly conservative based on current actuary's review of recent changes.		
Aging/Implicit Subsidy	None assumed for HHP as it is a fully insured HMO. Reno PPO rates post 65 retirees separately from pre-65. Pre-65 PPO premiums are blended with actives; costs are assumed to be 30% higher than PPO premiums for pre-65 retirees.		
Post Retirement Mortality	RP-2014 Mortality Table recently released by SOA, healthy annuitants blended 50/50 unisex. Life expectancy at age 65 is 21.0 years.		
	Age	Male	Female
Sample probability of Death in next year	50	0.34%	0.34%
	60	0.65%	0.65%
	70	1.48%	1.48%

Actuarial Basis *(continued)***Actuarial Assumptions** *(continued)*

	80	3.98%	3.98%
	90	12.15%	12.15%
Turnover Prior to Age 55	Probability of leaving TMWA is 5% per year of employment. None assumed after age 55 until assumed retirement age.		
Assumed Retirement Age	Algorithm assumes employee will retire after 20 years of service: - but no earlier than age 60 - but no later than age 66, This assumption is designed to assume everyone will wait to retire with some benefit (10 years) and will generally wait to have at least 20 years to maximize the health plan contribution. Average assumed retirement ages in current valuation are:		
		Tier 1	Tier 2
	Assumed average retirement age	60.2	61.5
Administrative expenses	Assumed to be fully included in medical premium rates. Carrier retention is assumed to be 10% of life insurance death benefits.		
Medicare	100% of retirees are assumed to elect Medicare on attaining age 65.		
Salary growth rate	3.0% per annum used to project life insurance coverage at retirement		

Per Capita Healthcare Costs/Premiums and Implicit Subsidy

TWMA retirees are eligible to elect the Reno PPO or the HHP insured HMO. The HHP rates retirees separately from actives and charge fully insured premiums accordingly. The PPO rates post 65 retirees separately. A claim analysis study performed several years ago, based on 3 years of data, indicates that pre-65 retirees incur claims that are about 30% higher than the blended premiums charged to TMWA by the City of Reno PPO. This compares favorably to the approximately 60% assumed implicit subsidy in the WC actuarial valuation.

Healthcare Cost Trend Rates

The assumed trend is based on macroeconomic principles, reflecting nominal gross domestic product growth rates, and the excess of national health expenditures over other goods and services, and an adjustment for an assumed impact of population growth. Trend impacts:

Tier 1 medical only benefit for single coverage, and

Tier 2 dollar subsidies as they are assumed to grow with trend.

There is also a minor effect on the pre-65 implicit subsidy in the PPO because it is assumed that this subsidy will also grow with trend.

Actuarial Basis *(continued)***Summary of Plan Provisions – Medical (Health)**

Eligibility	Closed group of Employees who transferred from Washoe County (WC), who retire after age 55 with at least 10 years of service. General TMWA policy is to provide TMWA health plans and premiums, but apply the employer subsidies provided by WC
Service	TMWA service plus Predecessor WC service
Tier 1	<u>Benefit tied to service if fewer than 20 years, but all 5 will surpass 20 years</u>
Hired pre 7-1-1997	Eligible retirees can elect to participate in Health Plans offered by TMWA to actives. TMWA will pay for single medical coverage, while the retiree must pay for dental and vision as well as for dependent coverage
Tier 2	<u>Benefit pro rata to service if < 20 years, but 15 of 17 are projected to surpass 20</u>
Hired after 6-30-1997, before 2010	<p><u>Prior to Age 65: Recent history of maximum WC monthly subsidy for 20 years:</u></p> <p>1/18 to 12/18: \$615.15 7/16 to 12/17: \$595.15 7/15 to 06/17: \$585.15 7/14 to 06/15: \$635.53 7/11 to 06/12: \$575.13</p> <p><u>On or After 65: Recent history of maximum WC monthly subsidy for 20 years:</u></p> <p>1/18 to 12/18: \$250 7/16 to 12/17: \$230 7/15 to 06/17: \$220 7/14 to 06/15: \$220 7/11 to 06/12: \$200</p> <p>As compared to the prior valuation which used the 7/14 to 6/15 subsidies, the pre 65 subsidy decreased compared to assumed 5% increases, while the post 65 subsidy increased in line with the 5% assumed annual growth</p>
Death	No Spouse: No continuation beyond COBRA rights
Benefits	Surviving spouse: No continuation beyond COBRA rights

Summary of Plan Provisions – Life Insurance

Eligibility	MPAT and IBEW employees who "retire" under the Nevada PERS retirement system
Death Benefit	<p>Employee coverage is 1 x annual salary at no cost to the employee.</p> <ul style="list-style-type: none"> Retiree coverage amount is same as employee coverage on retirement date Retiree coverage reduced by 50% at age 70 Reduced to \$2,000 at age 75

Glossary

Actuarial Accrued Liability. The portion of the present value of prospective benefits allocated to service before the valuation date in accordance with the actuarial cost method.

Actuarial Cost Method. Sometimes called "funding method," a technique used by actuaries to establish the amount and incidence of the annual actuarial cost of pension plan benefits, or normal cost, and the related unfunded actuarial accrued liability. Ordinarily, the annual contribution to the plan comprises the normal cost and an amount for amortization of the unfunded actuarial accrued liability.

Annual OPEB Cost. An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB Plan

Annual Required Contribution. The Normal Cost plus amortization of the Unfunded Actuarial Accrued Liability.

Net OPEB Obligation. The cumulative difference since the effective date of GASB 45, between annual OPEB cost and the employer's contributions to the plan.

Normal Cost. The annual cost assigned to the current year, under the actuarial cost method in use.

OPEB liabilities. The amount recognized by an employer for contributions to an OPEB plan less then OPEB expense/expenditures.

Unfunded Actuarial Accrued Liability. The excess of the present value of prospective benefits, as of the date of a valuation, over the sum of (1) the value of the assets and (2) the present value of future normal costs determined by any actuarial cost methods. For methods that define an accrued liability, this amount equals the excess of the accrued liability over assets.

§115 Post- Retirement Medical Plan & Trust

*a single employer plan sponsored by
Truckee Meadows Water Authority*



TO: Board of Trustees of the TMWA §115 Post-Retirement Medical Plan & Trust
FROM: Michele Sullivan, TMWA CFO and Trust Chairperson
DATE: February 21, 2017
SUBJECT: **Presentation of the Budget for Calendar Year 2017**

Recommendation

The Board of Trustees approves the calendar year 2017 budget.

Suggested Motion

Discussion

The Calendar Year 2017 Budget for the §115 Post-Retirement Medical Plan and Trust (OPEB) is provided for the Trustee's review in **Attachment A**. In addition to retiree health and life insurance premiums, the budget reflects contributions/additions from the employer, the retiree's portion of premiums and certain administrative expenses primarily for legal services and the annual audit. No unrealized gain/loss in asset fair value is planned for this year as this is difficult to accurately predict. The Annual Required Contribution (ARC) to be deposited with the Trust from TMWA is expected to be approximately \$103,000 per year for the next two years. TMWA conducts an actuarial analysis every two years to make sure funding levels are adequate.

The OPEB expects to incur about \$10,300 in gross retiree health care and life premium expenses. The Trust now provides benefits for one beneficiary. The budget was based on no additional requests or indication of retirees expecting to enroll in this calendar year.

Total OPEB assets are expected to be around \$0.6 million throughout the calendar year and are reflective of a very healthy funding level to meet future Plan participant requirements. The RBIF assets allocation is approximately 70% equities and 30% fixed rate securities so volatility in the equity markets will translate to RBIF investment performance.

**Truckee Meadows Water Authority
Section 115 Post-Retirement Medical Plan & Trust
Budget for Calendar Year 2017**

Additions

Contributions	
Employer	\$ 103,400
Plan Members	1,000
Total Contributions	104,400
Investment Income	
Net appreciation (depreciation) in fair value of investment	-
Investment income	13,500
Less investment expenses	(350)
Net investment income	13,150
Total Additions	117,550

Deductions

Benefits paid	10,300
Administrative expenses	10,750
Total Deductions	21,050
Net Increase (Decrease)	\$ 96,500

Attachment A



STAFF REPORT

TO: Board of Trustees of the Other Post-Employment Benefit §115 Trust
FROM: Michele Sullivan, TMWA CFO and Trust Chairperson
DATE: February 21, 2016
SUBJECT: **Discussion and possible action on Retirement Benefits Investment Fund (RBIF) Performance and Status**

Recommendation/Suggested Motion

The Board of Trustees accepts the RBIF Performance Report and authorizes the TMWA Chief Financial Officer to continue using the RBIF for investment of funds.

Discussion

Attached are/is the following statement(s):

- Asset Detail

Retirement Benefits Investment Fund

December 31, 2016

All Returns Net of Fees

Asset Class	Market Value	Target Allocation	Actual Allocation	FYTD Return	One Year	3 Years	5 Years	Since Inception (2008)
U.S. Stocks- S&P 500 Index	\$ 199,806,167	49.0%	52.6%	7.8%	11.8%	8.8%	14.6%	8.0%
Market Return				7.8%	12.0%	8.9%	14.7%	7.9%
Intl Stocks- MSCI EAFE Index	\$ 74,451,673	21.0%	19.6%	5.6%	1.2%	-1.4%	6.8%	0.9%
Market Return				5.7%	1.0%	-1.6%	6.5%	0.7%
U.S. Bonds- U.S. Bond Index	\$ 102,605,320	30.0%	27.0%	-4.1%	1.1%	2.5%	1.9%	3.4%
Market Return				-4.1%	1.0%	2.3%	1.2%	3.2%
Total RBIF Fund	\$ 380,003,604	100.0%	100.0%	3.8%	6.5%	4.9%	8.9%	5.6%
Market Return				3.7%	6.5%	4.9%	9.0%	5.7%