

## **Post-Retirement Medical Plan & Trust**

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



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### **June 21, 2017 MINUTES**

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The meeting of the TMWA Post-Retirement Medical Plan and Trust (Trust) Trustees was held on Wednesday, June 21, 2017 in the Truckee Meadows Water Authority Independence Room, 1355 Capital Blvd., Reno, Nevada.

Michele Sullivan, Chairman, called the meeting to order at 2:03 p.m.

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

A quorum was present.

##### Voting Members Present:

Michele Sullivan  
Michael Nevarez  
Juan Esparza  
Steve Enos

##### Voting Members Absent

##### Members Present

Jessica Atkinson  
Rosalinda Rodriguez  
Gus Rossi

##### Members Absent:

Pat Waite

#### **2. PUBLIC COMMENT**

There was 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. DISCUSSION REGARDING TRUSTEE ACTION RELATING TO THE REVIEW AND APPROVAL/DENIAL OF REQUESTS FOR REIMBURSEMENT.**

Ms. Atkinson advised that currently the process for retiree's to request reimbursement from the trust requires them to submit a form and provide copies of proof of payment for premiums and proof of the coverage to Human Resources to be reviewed by Ms. Atkinson, HR Manager, which then is processed for payment from Finance. Ms. Tozi, Senior Accountant verifies there is credit available to process payments. In recent review of the VEBA document, it is Ms. Atkinson's understanding of the document that it does not substantiate that she approves the requests. Ms. Atkinson wanted to bring this to the Trustee's attention that the analysis and requests be brought to the trustees going forward. This item is more informational and to advise that going forward approval and denials will be made at the meetings, and then forwarded to the finance department.

5. REVIEW AND CONSIDERATION FOR APPROVAL OF REQUEST FOR REIMBURSEMENT OF PREMIUMS FOR PLAN OFFERED BY EMPLOYER OF A PARTICIPANT.

Ms. Atkinson reviewed a request submitted from a retiree along with back up documentation for justification of the request. This retiree enrolled in his spouse's medical plan and the retiree's medical premiums were paid by the retiree's spouse on a pre-tax basis through a cafeteria plan or 125 plan maintained by the spouse's employer. This specifically relates to recent questions related to allowable reimbursements, and that are being clarified in the TMWA VEBA document. Per the interpretation of Mr. Rossi, who has done research on this matter, while not specified in the TMWA VEBA document, the IRS' interpretation of the code and regulations states that these deductions should not be approved because they are paid with pre-tax income. Ms. Atkinson is looking for a formal action regarding the request, whether it should be approved based on previous action, or denied due to it jeopardizing the tax status of the trust.

Discussion ensued regarding approving or denying. Based on the information presented to the trustees at the meeting that the reimbursement of claims for premiums paid on a pre-tax basis could jeopardize the plan, that perhaps it would be best not to approve it. It was suggested that perhaps for this specific instance because the retiree has been receiving reimbursement since retiring, that the reimbursement be paid by TMWA instead of the Trust. That way the Trust isn't in jeopardy and the retiree isn't penalized as the document had not been clear in that he could not have submitted reimbursement for premiums paid through the spouse's plan on a pre-tax basis. Ms. Atkinson advised that this situation has been reviewed with the General Manager, and TMWA is willing to provide reimbursement during the period of time until the retiree is eligible to be on medicare. This individual is the only retiree with this situation and Ms. Tozi has verified this information through an audit.

**Upon motion made and approved unanimously, the trustees agreed to deny the request for reimbursement based on the insurance premium having been paid on a pre-tax basis.**

**8. DISCUSSION REGARDING COMMUNICATION PLAN TO NOTIFY CURRENT RETIREES OF POTENTIAL CHANGES TO THE VEBA DOCUMENT**

Per the Trustee's request this item was moved up.

Ms. Atkinson advised that the redline has been updated to include clarification for what is or isn't reimbursable under the plan. She recommends that a redline version be sent to all current retirees to have the opportunity to give feedback before the August meeting and can have sufficient time to give input before it is reviewed and voted on by Trustee's. A letter would also be sent explaining the situation.

There are less than 10 retiree's submitting reimbursement forms, and about 30 retirees on a TMWA health plan through the City of Reno.

Mr. Rossi advised that a VEBA is considered a contract, and you cannot contract around code or law. Mr. Rossi suggested that language be included that covers the situation where the code or other applicable law supersedes the VEBA document, and authorizes amendments to the VEBA to comply with any provisions of the Code or applicable law that supersedes the VEBA, if need be. Ms. Atkinson advised before sending out communication to retiree's she would have legal counsel review the letter and redline version.

**Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the changes recommended so far, and to continue with the revisions discussed for the VEBA document.**

**6. REVIEW AND CONSIDERATION FOR APPROVAL OF REQUESTS FOR REIMBURSEMENT OF PREMIUMS FOR PLAN OFFERED THROUGH UNITED HEALTH CARE INSURANCE COMPANY**

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

7. REVIEW AND CONSIDERATION FOR APPROVAL OF REQUESTS FOR REIMBURSEMENT OF PREMIUMS FOR PLAN OFFERED THROUGH AAARP | MEDICARE PLANS FROM UNITED HEALTH CARE INSURANCE COMPANY

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

9. DISCUSSION REGARDING PENDING VEBA CHANGES AND RECOVERY OF PAYMENTS MADE IN ERROR.

Ms. Atkinson advised that this relates to Agenda item # 5, per the retiree's request that it be put on record based on changes being made going forward, that Trustees will not be going back to the retiree to retrieve payments made in error to the individual. Motion was discussed that the Trust will not seek reimbursement from retiree based on the fact that reimbursements were processed from the plan before the Trustees were aware that it was not reimbursable insurance premium, but going forward Trustees will not approve reimbursement requests for premiums that were paid on a pre-tax basis.

**Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved not to seek reimbursement from the retiree for premiums that had been reimbursed in the past based on the Trustees knowledge at that time.**

10. TRUSTEE COMMENTS AND REQUEST FOR FUTURE AGENDA ITEMS\*

Redline document for the next meeting

11. PUBLIC COMMENT

There was no public comment.

12. ADJOURNMENT

With no further business to discuss, Chairman Sullivan adjourned the meeting at 1:36 p.m.

Minutes were approved by the Trustees in session on August 15, 2017.

Respectfully Submitted,

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Rosalinda Rodriguez, Recording Secretary