



**TRUCKEE MEADOWS WATER AUTHORITY**  
**Section §115 Other Post-Employment Benefit Plan & Trust**  
**Trustee Meeting**  
**AGENDA**  
**Friday, January 18, 2019 at 10:30 a.m.**  
**Independence Room**  
**1355 Capital Boulevard, Reno, NV 89502**

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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 October 16, 2018 minutes. **(For Possible Action)**
5. Discussion and request to appoint TMWA section 115 Other Post-Employment Benefit Plan and Trust Trustee Chairperson and Vice Chairperson for two-year term beginning January 1, 2019 through December 31, 2020 **(For Possible Action)**
6. Discussion and action on signing §115 Other Post-Employment Benefit Plan and Trust Board of Trustees Annual Pledge of Personal Commitment/Disclosure Form—Jessica Atkinson **(For Possible Action)**
7. Review and approval of Other Post-Employment Benefits Trust calculations for TMWA Retiree Randy VanHoozer—Jessica Atkinson **(For Possible Action)**
8. Update on status of approval of Trust document amendments incorporated for Tier II beneficiaries to request reimbursement of premiums.\*
9. Presentation of the Budget for calendar year 2019 –Michele Sullivan **(For Possible Action)**
10. Review of Retirement Benefits Investment Fund (RBIF) performance review—Michele Sullivan\*
11. Trustee comments and requests for future agenda items\*
12. Public comment — limited to no more than three minutes per speaker\*
13. 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 Post-Retirement Medical Plan & Trust**

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

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**DRAFT October 16, 2018 MINUTES**

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The meeting of the TMWA Section 115 Post-Retirement Medical Plan and Trust (Trust) Trustees was held on Tuesday, October 16, 2018 in the Truckee Meadows Water Authority Independence Room, 1355 Capital Blvd., Reno, Nevada.

Michele Sullivan, Chairman, called the meeting to order at 12:29 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

Voting Members Absent:

George Gaynor

Members Present

Rosalinda Rodriguez  
Gus Rossi  
Jessica Atkinson

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. APPROVAL OF THE JULY 17, 2018 MINUTES

**Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the July 17, 2018 meeting minutes.**

5. DISCUSSION AND APPROVAL OF SUBSIDY RATES FOR TIER II RETIREES FOR FISCAL YEAR 2019

Ms. Atkinson, presented subsidy tables for FY19 and noted since the FY18 tables were approved by Trustees, the State of Nevada Public Employee Benefits Program (PEBS), has made a change to the types of plans available for non-state retirees. The most notable change is that the EPO and HMO plans have been combined in to one premium table instead of two different tables. As such, it is recommended that TMWA's subsidy table for Tier II retirees under the age of 65 be based off the combined EPO/HMO table. Tier II retirees over the age of 65 will receive the subsidy amounts indicated by PEBS as the FY2019 Exchange HRA contributions.

**Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved to adopt the Tier II subsidy tables for the fiscal year 2019.**

6. REVIEW AND APPROVAL OF OTHER POST-EMPLOYMENT BENEFITS TRUST CALCULATIONS FOR TMWA RETIREE JEFFREY TODD

Ms. Atkinson presented the benefits calculation for Jeffery Todd. Mr. Todd will retire on November 30, 2018 and is requesting trust benefits beginning December 1, 2018. Ms. Atkinson met with the retiree and confirmed the information on the benefit calculation form. He has elected to continue on TMWA's Vision coverage for Retiree only.

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

7. UPDATE ON AMENDMENTS TO THE TRUST DOCUMENT TO INCORPORATE THE ALLOWANCE OF REIMBURSEMENT REQUESTS FOR TIER II BENEFICIARIES

Mr. Rossi, provided a draft redline version of the amended trust document for the trustees to review with proposed changes allowing for Tier II retirees to request reimbursements from the Trust. Mr. Rossi pointed out the major changes to the amended trust document. In addition to these changes, updates were also made to include new definitions, to clarify areas related to statutory requirement and clean up formatting and language references. During review of the redline document, Ms. Tozi recommended minor edits to include spelling and formatting changes.

**Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the amended trusted document including Ms. Tozi's edits and approved for the final version to be to sent to the TMWA Board of Directors for review and approval.**

8. REVIEW OF RETIREMENT BENEFITS INVESTMENT FUND (RBIF) PERFORMANCE REVIEW

Ms. Sullivan advised that she only had the report dated June 30, 2018, which they show an assumption of a 6% return. Ms. Sullivan advised she would provide an update at the next meeting as there was nothing new to review as there is no current report available yet.

**For informational purposes only, no action required.**

9. UPDATE ON REPLACING TRUSTEE GEORGE GAYNOR

During the April meeting, there was discussion regarding the possible replacement(s) for Trustee George Gaynor who has submitted his written intent to retire. Action on this item was delayed pending further research by Mr. Rossi who was to verify whether the definition of "beneficiary" means that a retired employee must be one of the required trustees. Ms. Atkinson advised that she had reached out to retiree Doretta Umschied who had previously expressed interest in participating but as of the current date, had not responded to Ms. Atkinson. Ms. Atkinson also reached out to a current employee who intends to retire in 2019, Randy Van Hoozer who has expressed he would be interested in becoming a Trustee. Ms. Atkinson will make a final attempt to reach Ms. Umschied, if unsuccessful, she will contact Mr. VanHoozer and move on having him appointed and confirmed as a Trustee.

No action required.

10. DISCUSSION AND POSSIBLE TRUSTEE DIRECTION REGARDING MEETING TIMES AND DATES FOR 2019

Ms. Atkinson presented the proposed meeting dates and times for the calendar year 2019. This schedule follows the 2018 schedule with meeting scheduled on the 3<sup>rd</sup> Tuesday of the month on a quarterly basis.

**Upon motion made, and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the meeting dates and times.**

11. TRUSTEE COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

RBIF investment/return analysis next quarter.

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

There was no public comment.

13. ADJOURNMENT

With no further business to discuss, Chairperson Sullivan adjourned the meeting at 12:53 p.m.

Minutes were approved by the Trustees in session on \_\_\_\_\_.

Respectfully Submitted,

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Rosalinda Rodriguez, Recording Secretary



## STAFF REPORT

**TO:** Board of Trustees of the Other Post-Employment Benefit §115 Trust  
**FROM:** Jessica Atkinson, TMWA Human Resources Administrator  
**DATE:** 01/18/2019  
**SUBJECT:** **Discussion and request to appoint TMWA Other Post-Employment Benefit §115 Trust Trustee Chairperson and Trustee for two-year term beginning January 1, 2019 through December 31, 2020**

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### Recommendation

TMWA staff recommends that the Board of Trustees discuss and decide which Trustees will serve as Chairperson and Vice Chairperson for a two-year term beginning January 1, 2019 through December 31, 2020.

### Discussion

Move to appoint Trustee, \_\_\_\_\_ to serve a two year term as Chairperson of the TMWA Other Post-Employment Benefits §115 Trust Board of Trustees.

Move to appoint Trustee, \_\_\_\_\_ to serve a two year term as Vice Chairperson of the TMWA Other Post-Employment Benefit §115 Board of Trustees.

### Background

During their meeting on January 16, 2019, The TMWA Board confirmed §115 Trustee appointments of Michele Sullivan, Chief Financial Officer, Sandra Tozi, Sr. Accountant, Chuck Atkinson, Distribution Supervisor (Tier II Beneficiary), and Randy VanHoozer (Tier II Beneficiary) for the two year term beginning on January 1, 2019 and ending on December 31, 2020.

Trustee Sullivan has been serving as Chairperson of the TMWA Other Post-Employment Benefits §115 Trust since 2016.

Trustee Atkinson has been serving Vice Chairperson of the TMWA Other Post-Employment Benefits §115 Trust since January 1, 2015.

<b>Truckee Meadows Water Authority Standard Operating Procedure (SOP)</b>			
<b>Subject:</b> Conflict of Interest and Disclosure Policy			<b>Source:</b> OPEB Plan Document
<b>Department:</b> §115 OPEB Trust Fund			<b>Supersedes:</b> N/A
<b>Effective Date:</b> 02/01/2017	<b>Revision Date:</b>	<b>Reviewed Date:</b> 02/21/2017	<b>Page</b> 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 Benefits Trust  
**THRU:** Jessica Atkinson, TMWA Human Resources Manager  
**DATE:** January 18, 2019  
**SUBJECT:** **Review and approval of Post-Retirement Medical Trust benefit calculations for TMWA Retiree Randy VanHoozer**

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### **Recommendation**

TMWA staff recommends the Other Post-Employment Benefits (OPEB) Trust approve the retirement health insurance benefit calculation for the following TMWA retiree:

CY2019: Randy VanHoozer

### **Summary**

Trustees move to approve the benefit calculation, as presented.

### **Background**

Based on the OPEB plan document, TMWA Human Resources has completed the benefit calculation for the declared retiree. Please refer to the attached benefit calculation worksheet for specific details.

TMWA Human Resources has met to discuss this calculation with the retiree and provided a copy of the OPEB Plan Document and applicable OPEB Policies. The retiree is aware that this calculation is based on current plan year (CY19) premium costs. These costs are subject to change (increase or decrease) in accordance with annual open enrollment periods.

Retiree have been made aware that in order to qualify for the Post-Retirement Medical Benefits, when eligible, they must enroll in and pay the cost of Medicare A and Medicare Part “B” or Medicare Part “C.”

**TRUST AGREEMENT  
FOR  
TRUCKEE MEADOWS WATER AUTHORITY  
OPEB TRUST FUND  
RESTATED JANUARY 16, 2019**

## **ARTICLE I**

### **Purpose of the Trust**

The Truckee Meadows Water Authority OPEB Trust Fund was originally established January 1, 2015. The Trust is now being amended and restated to make certain changes thereto. This Trust is intended to provide the means to fund all or a portion of the post-retirement benefits to be provided to those former employees of Washoe County, Nevada who became employees of Truckee Meadows Water Authority as a result of the merger of water utility services between Washoe County, Nevada and Truckee Meadows Water Authority which became effective on January 1, 2015. The Trust is intended to qualify as a governmental trust established to provide an essential governmental function under Section 115 of the Internal Revenue Code of 1986, as amended, and is created pursuant to Nevada Revised Statutes § 287.017. The name of this Trust shall be the Truckee Meadows Water Authority OPEB Trust Fund.

## **ARTICLE II**

### **Definitions**

When used in this Trust, the following words shall have the following meanings, unless the context clearly indicates otherwise:

2.1 “Benefit Plans” mean the following:

(i) For those Participants classified as Tier I Retirees, the term “Benefit Plans” are to include and be limited to those benefit plans described in Exhibit A-1 attached hereto; and

(ii) For those Participants classified as Tier II Retirees, the term “Benefit Plans” are to include and be limited to those benefit plans described in Exhibit A-2 attached hereto.

The Benefit Plans described in Exhibits A-1 and A-2 may be amended from time to time pursuant to the terms of this Trust.

2.2 “Benefits” mean the following:

(i) For those Participants classified as Tier I Retirees, the term “Benefits” mean those premiums described in Exhibit D-1 attached hereto that are required to be paid or reimbursed by TMWA on behalf of Tier I Retirees to provide such Tier I Retirees with coverage under one or more of the Benefit Plans described in Exhibit A-1; and

(ii) For those Participants classified as Tier II Retirees, the term “Benefits” mean those premiums described in Exhibit D-2 attached hereto that are required to be paid or reimbursed by TMWA on behalf of Tier II Retirees to provide such Tier II Retirees with coverage under one or more of the Benefit Plans described in Exhibit A-2.



2.3 “CBA” means the current collective bargaining agreement entered into between TMWA and the bargaining unit referred to as Local #1245 of the International Brotherhood of Electrical Workers (IBEW), together with any future amendments and successor agreements thereto.

2.4 “Code” means the Internal Revenue Code of 1986, as amended.

2.5 “Effective Date” means the Effective Date of this Trust, which is January 1, 2015.

2.6 “Investment Plan” means an investment plan developed by the Trustees pursuant to NRS 287.017(2)(g) and NAC 287.788(2).

2.7 “NAC” means the Nevada Administrative Code, as amended from time to time.

2.8 “NRS” means the Nevada Revised Statutes, as amended from time to time.

2.9 “Participant” means a Retiree who is entitled to receive Benefits from this Trust pursuant to Section 3.1. and elects to receive such Benefits in accordance with the procedures adopted by the Trustees from time to time. A Participant shall not include any spouse and/or dependents of a Retiree, even if such spouse and/or dependents are covered under one or more of the Benefit Plans.

2.10 “Plan Year” means the calendar year.

2.11 “Retiree” means a Tier I Retiree or Tier II Retiree who separates from service or retires from TMWA, and under the terms of this Trust, and the CBA or resolutions adopted by TMWA, is eligible to receive Benefits from this Trust.

2.12 “TMWA” means the Truckee Meadows Water Authority, a local government agency within the meaning of NRS 354.474, and an entity the income of which is excluded from gross income under Code Section 115.

2.13 “Tier I Retirees” and “Tier II Retirees” mean the following:

(i) “Tier I Retirees” mean those Retirees who were former employees of Washoe County, who were hired by Washoe County on or before September 16, 1997, and who became employees of TMWA as a result of the merger of water utility services between Washoe County and TMWA which became effective on January 1, 2015; and

(ii) “Tier II Retirees” means those Retirees who were former Employees of Washoe County, who were hired by Washoe County after September 16, 1997 and before July 1, 2010, and who became employees of TMWA as a result of the merger of water utility services between Washoe County and TMWA which became effective on January 1, 2015.

2.14 “Trust” and “Trust Fund” means the Trust established and administered under this Trust Agreement, together with all subsequent amendments thereto.

2.15 “Trust Year” means the year beginning on January 1 of each calendar year and ending on December 31 of the same calendar year.

2.16 “Trustees” collectively mean the persons appointed under Article VII who have accepted the position as Trustees, and any duly appointed and qualified successor Trustees. “Trustee” means any one of the Trustees. The Trustees shall constitute the “board of trustees” as that term is used in NRS 287.017(2)(e).

2.17 “Washoe County” means Washoe County, Nevada, a political subdivision of the State of Nevada.

2.18 Words used in the singular shall include the plural, words used in the plural shall include the singular, and words of one gender shall include other genders when the context so requires.

### **ARTICLE III.**

#### **Eligibility and Participation**

3.1 Eligibility and Commencement of Coverage. Each Tier I Retiree entitled to coverage under a Benefit Plan described in Exhibit A-1 and each Tier II Retiree entitled to coverage under a Benefit Plan described in Exhibit A-2 who satisfies the eligibility requirements set forth in Exhibit “B” attached hereto shall be entitled to receive Benefits from this Trust.

3.2 Termination of Participation. A Participant’s right to receive Benefits under this Trust is to terminate upon the occurrence of the earliest event described in Exhibit “C” attached hereto.

### **ARTICLE IV.**

#### **Benefits Payable by the Trust**

The Benefits to be paid and/or reimbursed by this Trust on behalf of a Participant are to include and be limited to (i) the actual share of the total premiums attributable to Benefits required to be paid and/or reimbursed by the Trust on behalf of a Participant classified as a Tier I Retiree as set forth in Exhibit “D-1” attached hereto, and (ii) the actual share of the total premiums attributable to Benefits required to be paid and/or reimbursed by the Trust on behalf of a Participant classified as a Tier II Retiree as set forth in Exhibit “D-2” attached hereto. If the amount of the Benefits required to be paid and/or reimbursed by the Trust is modified by the CBA or resolutions adopted by TMWA, then Exhibits “D-1” and “D-2” are to be amended to reflect such changes. All Benefits required to be paid by this Trust for coverage of a Participant under a Benefit Plan will be paid (i) to the company or institution that issues or administers the Benefit Plan, or (ii) to the Participant to reimburse the Participant for his or her payment of the Benefits required to be paid by the Trust. The Trustees of this Trust may fund additional Benefits through this Trust, after amending the Trust, but only if such Benefits are authorized under the CBA and/or resolutions

adopted by TMWA, and are Benefits which may be funded by a trust described in NRS Section 287.017.

## ARTICLE V

### Contributions

#### 5.1 Determination of Contribution:

(a) This Trust shall be funded with contributions by Participants and/or TMWA, and all such contributions to the Trust, and any earnings on such contributions, shall be irrevocable and shall become and remain the property of the Trust.

(b) Contributions to this Trust shall be made in accordance with, and in amounts prescribed by, the Benefit Plans and this Trust.

(c) TMWA shall annually commission actuarial studies that estimate its obligations and liabilities to provide Benefits under the Benefit Plans in accordance with applicable law and with generally accepted accounting principles. TMWA shall annually notify the Trustees of the level of funding it expects to contribute to the Trust Fund.

5.2 Funding Policy: The policy of TMWA is that this Trust shall be funded by Participants' and/or TMWA's contributions. Such funding shall be determined pursuant to NAC 287.786(1) in a manner consistent with the Code and any other applicable laws and regulations, in accordance with generally accepted accounting principles, and on a sound actuarial basis.

5.3 To Whom Contributions are to be Paid: Contributions shall be paid to the Trustees and shall become a part of the Trust Fund. All contributions to the Trust Fund and any earnings thereon shall be used only to:

(a) Provide Benefits to Participants in accordance with the terms of the CBA, resolutions adopted by TMWA, this Trust, and the Benefit Plans; and

(b) Pay the reasonable administrative expenses incident to the provision of those Benefits and expenses incurred in the administration of the Trust.

5.4 Corpus of Trust: The Trust shall consist of contributions made to the Trust, together with investments and reinvestments of the proceeds thereof, and all earnings and profits thereon, if any, less any losses, and less any expenses charged and distributions made pursuant to the terms of the Trust.

#### 5.5 Investment of Trust:

(a) In accordance with the purpose of the Trust Fund stated in NRS 287.017(2)(a), the Trust Fund shall invest monies for the purpose of funding all or a portion of the unfunded actuarial accrued liabilities associated with providing future Benefits for Participants covered by the Benefit

Plans. The Trust Fund may also be used to pay Benefits to current Participants under the Benefit Plans.

(b) The investment of the assets of the Trust Fund shall be limited to the Retirement Benefits Investment Fund established pursuant to NRS 355.220 and authorized pursuant to NRS 287.017(2)(g)(1); provided however, that the Trustees may direct that the assets of the Trust Fund be invested on a short-term basis in any investment described in NRS 355.170 and authorized pursuant to NRS 287.017(2)(g)(2).

(c) All interest, earnings, dividends and distributions with respect to the investment of the Trust Fund, less any expenses charged with respect to such investments, must be deposited in the Trust Fund.

(d) The Trust Fund shall be maintained as a separate account and no other funds shall be co-mingled with the funds in the Trust Fund, except to the extent otherwise permitted by NRS 287.017(2)(h) and NAC 287.790(5).

(e) Trust Fund monies and assets shall not be used to finance the debt of TMWA and shall not be available for loans to other funds of TMWA.

## **ARTICLE VI**

### Payments From Trust

6.1 Payments Directed by TMWA: The Trustees must transfer funds from the Trust Fund to the account designated by TMWA upon the request of TMWA's governing body in accordance with the requirements of the Retiree Benefits Investment Board pursuant to NRS 355.220. The request must include:

(a) An explanation of how the proposed transfer will be used to fulfill the requirements of the Benefit Plans;

(b) A copy of TMWA's approved budget reflecting the authorization of retirement Benefits;

(c) Minutes of the meeting of TMWA's governing body during which the transfer was proposed; and

(d) The signature of the chairperson of the TMWA's governing body.

If the request and supporting documentation do not meet the criteria of this Section 6.1, the Trustees may delay transfer until TMWA's governing body corrects the request. Payments from the Trust may be made only to the extent that the Benefits for which such payment is made are benefits permitted under the NRS.

6.2 Trust for Exclusive Benefit of Participants; Reversion Prohibited: This Trust has been established for the exclusive benefit of those Retirees who are entitled to receive Benefits from this Trust pursuant to Article III. Under no circumstances shall any funds contributed to or held by the Trustees at any time revert to the benefit of TMWA, except upon termination of the Trust as provided in Article IX.

6.3 Transfer of Trust Assets Permitted: Notwithstanding Section 6.2 above, TMWA's governing body may amend the Benefit Plans to reserve the classification of Participants eligible for Benefits under the Trust, and terminate such Participants' participation in the Trust or transfer their coverage to another trust complying with the provisions of NRS 287.017, but only to the extent permitted under the CBA, or resolutions adopted by TMWA, and Code Section 115. In the event a classification of Participants is transferred to another such trust, the Trustees may determine the allocable portion of assets held by the Trust attributable to such transferred Participants and authorize such portion of Trust assets to be transferred to the new trust. Any such transferred Trust assets shall be used exclusively for the purpose of providing Benefits to the Participants so transferred and similarly situated Participants. Upon the transfer of such Participants, any and all rights of such Participants under this Trust shall terminate, except as provided in the Benefit Plans, to the extent not inconsistent with the terms of this Trust, and except as otherwise required by law.

## **ARTICLE VII.**

### Trustees - Appointment, Resignation, and Removal

7.1 Appointment Of Trustees: The Trust shall be administered by at least three, but not more than five, Trustees who shall be selected by the General Manager of TMWA and confirmed and approved by TMWA's governing board, and such Trustees are to act in a fiduciary capacity for the beneficiaries of the Trust pursuant to NRS 287.017(2)(e) and NAC 287.778(1)(a). No member of TMWA's governing body may be appointed as a Trustee. By signing this Trust, each Trustee hereby accepts his or her trusteeship and agrees to receive and hold the Trust solely for the uses and purposes set forth herein and solely in accordance with the terms hereof.

(a) Pursuant to Section 5.5(b), assets of the Trust Fund shall be invested in the Retirement Benefits Investment Fund established pursuant to NRS 355.220; provided, however, that the Trustees may direct that the assets of the Trust Fund be invested in investments established pursuant to NRS 355.170. As a result, TMWA's governing body shall appoint at least three but no more than five Trustees who must include:

- (i) At least one member who has a combination of education and experience of at least 5 (five) years in finance or economics;
- (ii) A public officer or employee of TMWA who manages its fiscal affairs; and
- (iii) A beneficiary of the Trust.

(b) A person appointed as a Trustee shall not have a substantial financial interest in the ownership or negotiation of securities or other financial instruments in which monies in the Trust Fund are invested.

(c) Each Trustee shall be appointed for a term of at least two years but not to exceed four years. However, TMWA's governing body may renew the term of any Trustee.

#### 7.2 Resignation, Removal and Substitution of Trustees:

(a) **Resignation and Removal:** Any Trustee may resign at any time upon thirty days' written notice to TMWA's governing body. Any Trustee may be removed with or without cause at any time by TMWA's governing body upon thirty days' written notice to such Trustee. TMWA's governing body may remove a Trustee if the Trustee fails to attend two consecutive meetings or three meetings during a calendar year. Upon resignation or removal of any Trustee, TMWA's governing body shall appoint a successor Trustee who shall have the same powers and duties as are conferred upon the Trustees appointed under this Trust. TMWA's governing body may reappoint a Trustee and may alter the composition of the Trustees if required pursuant to Section 7.1.

(b) **Successors' Liability:** No successor Trustee shall be liable or responsible for any acts or defaults of his or her predecessor or any predecessor co-Trustees, or for any losses or expenses resulting from or occasioned by anything done or neglected to be done in the administration of the Trust prior to his or her appointment as Trustee, nor shall a successor Trustee be required to inquire into or take any notice of the prior administration of the Trust.

#### 7.3 Organization and Operation of Offices of Trustees:

(a) The Trustees may adopt such procedures and regulations as they deem desirable for the conduct of their affairs.

(b) The Trustees shall select a Chairman and Vice Chairman from among their membership.

(c) The Chairman shall preside at all meetings of the Trustees. In case of the absence of the Chairman from any meeting of the Trustees or in case of the inability of the Chairman to act, the Vice Chairman shall perform the duties and acts authorized or required by the Chairman to be performed, as long as the inability of the Chairman to act may continue.

(d) TMWA's governing body shall provide the staff necessary to organize and notice meetings of the Trustees, take the minutes of the meetings, receive and disseminate financial reports of financial managers to the Trustees, and prepare financial reports and budgets for the Trustees.

(e) The Trustees shall meet quarterly or at the call of the Chairman whenever business is presented.

- (f) A majority of the Trustees shall constitute a quorum of the Trustees for all purposes.
- (g) All action by the Trustees at a meeting (and such meeting may be in person or a telephonic meeting) at which a quorum is present shall be by a majority of those present.
- (h) Any action to be taken without a meeting (either in person or telephonically) of the Trustees must be approved in writing by all of the Trustees.
- (i) Any action of the Trustees must be in writing.
- (j) No item of business shall be considered at a meeting of the Trustees unless it shall first have been entered upon the agenda for that meeting, provided, however, that items not appearing on the agenda may be taken up with the approval of a majority of the Trustees present when it has been determined that the matter is an emergency as permitted under NRS Chapter 241.
- (k) No member of the Trustees can bind the Trustees by word or action unless the Trustees have designated such member as the Trustees' agent for some specific purpose and for that purpose only.
- (l) In the event of a deadlock in any vote of the Trustees with respect to the operation or administration of the Trust, then the matter at issue shall remain in status quo until the next meeting of the Trustees. If the Trustees do not resolve such deadlock among themselves prior to the next meeting of Trustees, the question or matter shall again be presented at such next meeting. If at such next meeting the Trustees shall still be deadlocked and remain so until such meeting is adjourned, then, upon written notice of any Trustee to the other Trustees, the Trustees shall, within thirty days after receipt of such notice by the Trustees, appoint an independent fiduciary solely for the purpose of deciding upon the deadlocked matter. Such independent fiduciary shall render its decision on the matter, which decision shall be implemented as if decided at a meeting of the Trustees.
- (m) Any member of the Trustees may request a roll call vote of the Trustees, which shall be recorded in the minutes of the meeting.

## **ARTICLE VIII.**

### Trustees – Duties and Powers

8.1 Duties and Powers of Trustees--In General: Subject to the requirements imposed by law, the Trustees shall be fiduciaries who shall have all powers necessary or advisable to carry out the provisions of this Trust and all inherent, implied, and statutory powers now or subsequently provided by law and shall be subject to the duties imposed on fiduciaries under applicable law. The Trustees shall be responsible for the management and control of the Trust Fund. The Trustees shall formulate and execute appropriate investment policies to govern the Investment Plan of the Trust Fund consistent with the requirements of NRS 287.017 and Section 5.5 of this Trust. The Trustees shall decide all questions arising in the administration, interpretation, and application of the Trust, except as may be reserved under this Trust to TMWA. In addition:

(a) As required by NRS 287.017(2)(e)(1), the Trust shall be administered in accordance with generally accepted accounting principles and actuarial studies applicable to the future provision of Benefits to Participants;

(b) To the extent required by NRS 287.017(2)(f)(3) or any similar applicable regulation, the Trustees shall cause the Trust to be audited each Trust Year by an independent certified public accountant, and the results of such audit shall be reported to TMWA's governing body;

(c) As permitted by NRS 287.017, the Trust Fund assets may be pooled for the purposes of investment with the assets of any other employer and of any other trust fund established pursuant to NRS 287.017; provided, however, that each employer's interest in such pooled assets (1) is to be accounted for separately from the interest of any other employer, (2) is to be used to provide benefits only to the participants covered by the plan or plans of such employer; and (3) is not to be subject to the liabilities of any other employer.

(d) In accordance with NRS 287.017 and NAC 287.786(2), the Trustees shall annually submit a tentative budget to TMWA's governing body for its consideration, approval and inclusion in the tentative and final budgets of the TMWA's governing body. The tentative budget submitted by the Trustees must incorporate the amount of contributions to the Trust determined pursuant to NAC 287.786(1). TMWA's governing body may modify the Trustees' tentative budget at its discretion.

8.2 Duties and Powers of Trustees--Investment: To the extent permitted under NRS 287.017, the Trustees shall have the power to invest and/or reinvest any and all money or property of any description at any time held by them and constituting a part of the Trust, without previous application to, or subsequent ratification of, any court, tribunal, or commission, or any federal or state governmental agency, in such investments as are permitted under the express terms of this Trust.

None of the earnings of the Fund shall inure to the benefit of any Trustee or any private person, except that a Trustee or other individual may be a beneficiary of the Trust through participation in a Benefit Plan. A Trustee shall not be interested, directly or indirectly, as principal, partner, agent or otherwise, in any contract or expenditure created by the Trustees, or in the profits or results thereof.

In addition, to the extent permitted under NRS 287.017 and as provided in NAC 287.790(1)(a), the Trustees shall have the following specific powers:

(a) To invest Trust assets in the "Retirement Benefits Investment Fund" established pursuant to NRS 355.220 and authorized pursuant to NRS 287.017(2)(g)(1) and Section 5.5(b); provided, however, that the Trustees may direct that the Trust assets be invested in investments established pursuant to NRS 355.170 and authorized pursuant to NRS 287.017(2)(g)(2) and Section 5.5(b).



(b) To collect and receive any and all money and other property of whatsoever kind or nature due or owing or belonging to the Trust Fund.

(c) To cause any securities or other property to be registered in, or transferred to, the individual names of the Trustees or in the name of one or more of their nominees, or to retain them in unregistered form, but the books and records of the Trust shall at all times show that all such investments are a part of the Trust Fund.

(d) To settle, compromise or submit to arbitration any claims, debts or damages due or owing to or from the Trust; to commence or defend suits or legal proceedings whenever, in its judgment, any interest of the Trust requires it; and to represent the Trust in all suits or legal proceedings in any court of law or equity or before any other body or tribunal, insofar as such suits or proceedings relate to any property forming part of the Trust Fund or to the administration of the Trust Fund.

(e) Generally, to do all acts, whether or not expressly authorized, which the Trustees deem necessary, but acting at all times according to the provisions of Nevada law to the extent permitted under NRS 287.017(2)(e), which provides the Trustees with all powers and duties that may be exercised by a nonprofit corporation under Nevada laws, but prohibits the Trust from borrowing money.

(f) To file any tax returns required of the Trust.

Notwithstanding the above, the Trustees may not deposit the assets of the Trust Fund in the Retirement Benefits Investment Fund established pursuant to NRS 355.220, unless the Trustees obtain an opinion from TMWA's legal counsel that the investment of those Trust assets will not violate the provisions of Section 10 of Article 8 of the Constitution of the State of Nevada. Fiduciary responsibility for assets of the Trust Fund invested in the Retirement Benefits Investment Fund remains with the Trustees and not with the Retirement Benefits Investment Board. In addition, the Trustees have no authority to negotiate or otherwise determine the Benefits afforded the Participants of the Trust Fund pursuant to the Benefit Plans.

8.3 Valuation of Trust Fund: As of the last day of each Trust Year, the Trustees shall determine the fair market value of all assets of the Trust Fund.

8.4 Advice and Assistance to Trustees: The Trustees may employ such staff and may contract for the provision of such management, investment and other services, including without limitation, the services of accountants, actuaries and investment managers, as the Trustees determine necessary for the administration of the Trust. In addition, the Trustees may retain and consult with legal counsel, who may be counsel for TMWA or the Trustees' own counsel with respect to the meaning or construction of the Trust or the Trustees' obligations or duties. The Trustees shall be protected from any responsibility with respect to any action taken or omitted by them in good faith pursuant to the advice of such counsel, to the extent permitted by law.

8.5 Records and Accounts of the Trustees: The Trustees shall keep a record of all the Trustees' proceedings and shall keep all such books of account records, and other data as may be

necessary in the administration and conduct of this Trust, including records to reflect the affairs of this Trust, to determine the amount of the respective Participants' interests in the Trust Fund, and to determine the amount of all Benefits payable under this Trust. Subject to the requirements of law, any person dealing with the Trustees may rely on, and shall incur no liability in relying on, a certificate or memorandum in writing signed by the Trustees as evidence of any action taken or resolution adopted by the Trustees. The Trustees' records and accounts shall be open to inspection by TMWA's governing body at all reasonable times during business hours. The books and records of the Trust shall be kept in accordance with generally accepted accounting principles and the end of the fiscal year of the Trust shall be the Trust Year. After the close of each year of the Trust, the Trustees shall render a statement of assets and liabilities of the Trust Fund for such year.

8.6 Fees and Expenses: The Trustees may be paid such reasonable compensation as provided pursuant to NAC 287.784. In addition, the Trustees shall be reimbursed for any necessary and reasonable expenses, including reasonable counsel and accounting fees, as well as the expense of the audit required pursuant to NRS 287.017 and Section 8.1(b) of this Trust, incurred by the Trustees in the administration of the Trust Fund. Such compensation and expenses may be paid from the Trust Fund. All taxes of any kind that may be levied or assessed under existing or future laws upon, or in respect of, the Trust Fund or the income thereof shall be paid by the Trustees from the Trust Fund.

## **ARTICLE IX.**

### Continuance, Termination, and Amendment of Trust

9.1 Termination of Trust: This Trust shall continue in full force and effect for such time as may be necessary to accomplish the purposes for which it is created. The expectation of TMWA is to continue this Trust indefinitely, but the continuance of the Trust is not assumed as a contractual obligation by TMWA. TMWA's governing body reserves the right to terminate this Trust in whole or in part at any time, including the termination of its participation in this Trust.

9.2 Disposition of Trust Upon Termination: Upon the termination of the Trust, to the extent that the Trust assets are not transferred to a successor trust pursuant to Section 6.3, the Trustees shall hold the Trust Fund until it is completely exhausted by paying those Benefits provided under the Benefit Plans and paying the reasonable expenses of the Trust, including expenses incurred in the termination and liquidation of the Trust; provided, however, that upon the complete satisfaction of all obligations under the Benefit Plans and the satisfaction of all liabilities of the Trust, any remaining Trust Fund assets may be transferred to TMWA as determined by the Trustees and to the extent permitted by applicable law.

9.3 Amendments to Trust: Subject to the provisions of NRS 287.017, NAC 287.760 through NAC 287.792, inclusive, and other laws applicable to this Trust, TMWA's governing body may amend this Trust for any purpose by delivering to the Trustees signed copies of such amendment. Such amendment shall be effective as of the date specified by TMWA's governing body, or if no date is specified, then on the first day of the next succeeding Trust Year.

## **ARTICLE X.**

### Miscellaneous

10.1 Trust Not Subject to Creditors' Claims: No assignment of any Benefits under the Trust will be recognized or permitted; nor shall any such Benefits or any assets of the Trust Fund be subject to attachment, garnishment or the claims of any creditors of TMWA or any Participant or beneficiary of the Trust.

10.2 Text to Control: The headings of articles and sections are included solely for convenience of reference. If any conflict between any heading and the text of this Trust exists, the text shall control.

10.3 Severability: If any provision of this Trust is illegal, invalid or unenforceable for any reason, such illegality, invalidity or unenforceability shall not affect the remaining provisions. On the contrary, such remaining provisions shall be fully severable, and this Trust shall be construed and enforced as if such illegal, invalid or unenforceable provisions never had been inserted in the agreement.

10.4 Applicable Law: All questions, disputes or other issues relating to the Trust including but not limited to the interpretation, administration, operation and/or application of the Trust or its provisions shall be governed by the laws of the State of Nevada.

10.5 Changes in Governing Law: To the extent any provision in this Trust is included in compliance with the requirements of the NRS or the NAC, if any change to such requirement is made in the NRS or the NAC, this Trust Agreement shall be deemed to be amended to the extent required to reflect the corresponding change in the NRS or the NAC, provided that such deemed amendment does not cause the Trust to violate Code Section 115.

10.6 Execution in Counterparts. This Trust may be executed in two or more counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same agreement (and all signatures need not appear on any one counterpart), and this Trust will become effective when one or more counterparts has been signed by each party and delivered to the other party.

This Trust has been executed this \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

**TRUCKEE MEADOWS WATER AUTHORITY**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**TRUSTEES**

Printed Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

## EXHIBIT A-1

### BENEFIT PLANS FUNDED THROUGH TRUST FOR TIER I RETIREES

The Benefit Plans that Tier I Retirees may elect to participate in under the Trust are to include and be limited to the following:

1. Those group health/medical policies or plans (other than dental policies or plans) offered to active employees of TMWA from time to time.
2. Those group prescription drug policies or plans offered to active employees of TMWA from time to time.
3. Those group visions policies or plans offered to active employees of TMWA from time to time.
4. Those group life insurance policies or plans offered to Tier I Retirees from time to time who enroll in a group health/medical plan described in paragraph 1. above. The amount of life insurance coverage currently available to a Tier I Retiree varies according to the Tier I Retiree's age as indicated below:

For Tier I Retirees –

Under age 70 – the maximum life insurance benefits available to a Tier I Retiree is equal to 1 times the Tier I Retiree's "Basic Annual Earnings" at the time of his or her retirement (as defined in the life insurance plan rounded to the next highest \$1,000), if not already a multiple of \$1,000, with a maximum benefit of \$175,000.

Ages 70 to 74 – the maximum life insurance benefits available to a Tier I Retiree is equal to 50% of the Tier I Retiree's Basic Annual Earnings at the time of his or her retirement (as defined in the life insurance plan rounded to the next highest \$1,000), if not already a multiple of \$1,000.

Ages 75 or older – the maximum life insurance benefits available to a Tier I Retiree is equal to \$2,000.

Although a Tier I Retiree may elect coverage for himself or herself, the spouse and/or other qualified dependents of a Tier I Retiree under TMWA's group dental policies and plan(s), and may also elect coverage for his or her spouse and/or other qualified dependents under TMWA's group health/medical policies or plans, group prescription policies or plans, group vision policies or plans, and group life insurance policies or plans described above, the Tier I Retiree is to be responsible for 100% of the premiums attributable to such coverages. Accordingly, the Trust does not fund any portion of the premiums attributable to the coverages described in this paragraph.

## EXHIBIT A-2

### BENEFIT PLANS FUNDED THROUGH TRUST FOR TIER II RETIREES

The Benefit Plans that Tier II Retirees may elect to participate in under the Trust are to include and be limited to the following:

1. The health/medical, prescription, and/or vision Benefit Plans offered to Tier II Retirees will vary depending upon whether a Tier II Retiree has attained Medicare Eligibility Age (currently age 65) as discussed below:

a. Health/medical, prescription, and/or vision Benefit Plans Available to Tier II Retirees who have not Attained Medicare Eligibility Age (currently age 65). The following health/medical, prescription, and/or vision Benefit Plans are available to Tier II Retirees who have not attained Medicare Eligibility Age (currently age 65): (i) those group health/medical policies or plans (other than dental policies or plans), group prescription drug policies or plans, and/or group vision policies or plans offered to active employees of TMWA from time to time, (ii) those individual policies or plans that are procured by a Tier II Retiree that provide medical, dental, prescription, and/or vision coverage to a Tier II Retiree, and (iii) those group policies or plans offered by an employer of a Tier II Retiree or an employer of a spouse of a Tier II Retiree (other than TMWA) that provide medical, dental, prescription, and/or vision coverage to a Tier II Retiree. Tier II Retirees who have not attained Medicare Eligibility Age (currently age 65) may elect coverage under any of the plans described in this paragraph 1.a. Notwithstanding anything contained in this subparagraph 1.a. to the contrary, the term “Benefit Plans” shall not include a policy or plan offered by the employer of a Tier II Retiree or an employer of a spouse of a Tier II Retiree to the extent that the premiums are paid by such employer on a “pre-tax” basis, including, without limitation, a policy or plan offered by an employer under a Code Section 125 plan (commonly referred to as a “Cafeteria Plan”).

At the time a Tier II Retiree attains Medicare Eligibility Age (currently age 65), and assuming that the Tier II Retiree continues to be eligible to receive Benefits under this Trust, the Tier II Retiree will then be eligible to participate in the Benefit Plans described in subparagraph 1.b. below. If the Medicare Eligibility Age is revised, the revised age is to be substituted for the current Medicare Eligibility Age of 65.

b. Health/medical, prescription, and/or vision Benefit Plans Available to Tier II Retirees who have Attained Medicare Eligibility Age (currently age 65). The following health/medical, prescription, and/or vision Benefit Plans are available to Tier II Retirees who have attained Medicare Eligibility Age (currently age 65): (i) those group health/medical policies or plans (other than dental plans), group prescription policies or plans, and/or group vision policies or plans offered to active employees of TMWA from time to time, (ii) those individual policies or plans that are procured by a Tier II Retiree that provide health/medical, dental, prescription, and/or vision coverage to a Tier II Retiree, (iii) those Medicare Plans Part B and Part D, Medicare Supplemental Plans, Medicare Advantage Plans, and/or Medicare Gap Plans that provide health/medical, dental, prescription and/or vision coverage for a Tier II Retiree, together with any current and future plans available to individuals eligible for Medicare coverage that are approved

and authorized by the United States Department of Health and Human Services or its successor, and (iv) those group policies or plans offered by an employer of a Tier II Retiree or an employer of a spouse of a Tier II Retiree (other than TMWA) that provide health/medical, dental, prescription, and/or vision coverage to a Tier II Retiree. Tier II Retirees who have attained Medicare Eligibility Age (currently age 65) may elect coverage under any of the plans described in this subparagraph 1.b. Notwithstanding anything contained in this subparagraph 1.b. to the contrary, the term “Benefit Plans” shall not include a policy or plan offered by the employer of a Tier II Retiree or an employer of a spouse of a Tier II Retiree to the extent that the premiums are paid by such employer on a “pre-tax” basis, including, without limitation, a policy or plan offered by an employer under a Code Section 125 plan (commonly referred to as a “Cafeteria Plan”). If the Medicare Eligibility Age is revised, the revised age is to be substituted for the current Medicare Eligibility Age of 65.

2. The group life insurance policies or plans offered to Tier II Retirees from time to time who enroll in a group health/medical plan offered by TMWA described in clause (i) of subparagraph 1.a or 1.b. above, as the case may be. The amount of life insurance coverage available to a Tier II Retiree varies according to the Tier II Retiree’s age as indicated below:

For Tier II Retirees –

Under age 70 – the maximum life insurance benefits available to a Tier II Retiree is equal to 1 times the Tier II Retiree’s “Basic Annual Earnings” at the time of his or her retirement (as defined in the life insurance plan rounded to the next highest \$1,000), if not already a multiple of \$1,000, with a maximum benefit of \$175,000.

Ages 70 to 74 – the maximum life insurance benefits available to a Tier II Retiree is equal to 50% of the retiree’s Basic Annual Earnings at the time of his or her retirement (as defined in the life insurance plan rounded to the next highest \$1,000), if not already a multiple of \$1,000.

Ages 75 or older – the maximum life insurance benefits available to a Tier II Retiree is equal to \$2,000.

Although a Tier II Retiree may elect coverage for his or her spouse and/or other qualified dependents under the Benefit Plans described in this Exhibit A-2, the Tier II Retiree is responsible for 100% of the premiums attributable to coverages elected for a spouse and/or a qualified dependent of a Tier II Retiree. Accordingly, the Trust does not fund any portion of the premiums attributable to coverage for any spouse and/or qualified dependent of a Tier II Retiree.

## EXHIBIT B

### ELIGIBILITY REQUIREMENTS FOR RETIREE TO RECEIVE BENEFITS

To be eligible to become a Participant and receive Benefits from the Trust, a Retiree must meet all the following requirements:

1. The Retiree must be a Tier I Retiree or Tier II Retiree (as defined in Section 2.13 of Article II of the Trust),
2. The Retiree must receive monthly retirement payments under the Public Employees Retirement System (“PERS”) of Nevada, and
3. The Retiree must complete such forms to enroll for Benefits from the Trust as the Trustees may require from time to time.

In addition, a Retiree who separates from service from TMWA prior to his or her retirement may receive Benefits from the Trust if TMWA was the Retiree’s last public employer, the Retiree satisfies the requirements described in paragraphs 1. through 3. above, and the Retiree meets any requirements of NRS Section 287.045, but only to the extent that NRS Section 287.045 is applicable to Benefits provided by the Trust.



## EXHIBIT C

### EVENTS CAUSING TERMINATION OF BENEFITS

A Participant's Benefits received from the Trust shall cease upon the occurrence of the earliest of the following events:

1. The death of the Participant,
2. The date the Participant's coverage under the Benefit Plans is cancelled for any reason whatsoever, including, without limitation, the failure of the Participant to pay his or her share of the premiums for coverage under the Benefit Plans, or the execution of an instrument permanently waiving coverage under the Benefit Plans and/or the Benefits from the Trust, or
3. The date this Trust is terminated.

In addition to the events causing termination of Benefits described above, for "Tier II Retirees" only (as defined in Section 2.13 of this Trust), Benefits under this Trust will be terminated if the Tier II Retiree becomes employed by another public employer in the State of Nevada.

## EXHIBIT D-1

### BENEFITS TO BE PAID TO PARTICIPANTS CLASSIFIED AS TIER I RETIREES

The Benefits to be paid by the Trust to or on behalf of Participants classified as Tier I Retirees shall be as follows:

1. For a Tier I Retiree with at least ten (10) years of combined full-time employment with Washoe County and/or TMWA, but less than fifteen (15) years of combined full-time employment with Washoe County and/or TMWA, the maximum Benefits payable by the Trust will be 50% of the premiums attributable to the coverage elected by such Tier I Retiree under the Benefit Plans described in Exhibit A-1.

2. For a Tier I Retiree with at least fifteen (15) years of combined full-time employment with Washoe County and/or TMWA, but less than twenty (20) years of combined full-time employment with Washoe County and/or TMWA, the maximum Benefits payable by the Trust will be 75% of the premiums attributable to the coverage elected by such Tier I Retiree under the Benefit Plans described in Exhibit A-1.

3. For a Tier I Retirees with twenty (20) or more years of combined full-time employment with Washoe County and/or TMWA, the maximum Benefits payable by the Trust will be 100% of the premiums attributable to the coverage elected by such Tier I Retiree under the Benefit Plans described in Exhibit A-1.

The foregoing Benefits will be provided to a Tier I Retiree in accordance with and are subject to all applicable laws in effect at the time of the retirement of the Tier I Retiree.

NOTE:---For those Tier I Retirees who were hired by Washoe County on or after January 13, 1981, in order to receive the Benefits described in this Exhibit A-1, the Tier I Retiree must have been an employee of TMWA immediately prior to receiving Benefits from the Trust.

NOTE----In order for Tier I Retirees to be eligible to receive the Benefits listed in this Exhibit A-1, Tier I Retirees who have attained Medicare Eligibility Age (currently age 65) during a Trust's Plan Year must enroll in and pay the cost of Medicare Part "A" and Medicare Part "B," or Medicare Part "C" coverage, and the TMWA plans will become the secondary payer regardless of whether the Tier I Retiree enrolls in the Medicare program or not. If the Medicare Eligibility Age is revised, the revised age is to be substituted for the current Medicare Eligibility Age of 65.

## EXHIBIT D-2

### BENEFITS TO BE PAID TO PARTICIPANTS CLASSIFIED AS TIER II RETIREES

The Benefits to be paid by the Trust to or on behalf of Participants classified as Tier II Retirees shall be as follows:

1. Benefits for Tier II Retirees who have not Attained Medicare Eligibility Age. The maximum Benefits to be paid by the Trust to a Tier II Retiree who has not attained Medicare Eligibility Age (currently age 65) is to be the same amount as the premium paid for group health coverage by an employer for coverage of non-state employees under the Nevada State Public Employee Benefit Plan (“PEBP”) Retiree Health Insurance Plan. If the Medicare Eligibility Age is revised, the revised age is to be substituted for the current Medicare Eligibility Age of 65.

By way of background, the 2003 Nevada Legislature passed legislation (AB286) that afforded public employees of Nevada political subdivisions the opportunity to enroll, upon their retirement, in the PEBP Retiree Health Insurance Plan. The 2003 legislation also obligated public employers of said retirees who enrolled in the plan to pay a portion of the medical premium on the retiree’s behalf (the “Subsidy”). Tier II Retirees are entitled to receive this same Subsidy from the Trust towards their coverage under the Benefit Plans described in Exhibit A-2 rather than the PEBP Retiree Health Insurance Plan.

2. Benefits for Tier II Retirees who have Attained Medicare Eligibility Age. Tier II Retirees who have attained the Medicare Eligibility Age (currently age 65) or older will instead receive Benefits equal to the equivalent of the State of Nevada’s Medicare Exchange Retiree HRA Contribution Subsidy based upon the combined number of years of service with Washoe County and/or TMWA and must elect Medicare. If the Medicare Eligibility Age is revised, the revised age is to be substituted for the current Medicare Eligibility Age of 65. In order to receive the Benefits described in this paragraph 2., the Tier II Retiree must be an employee of TMWA immediately prior to receiving his or her Benefits under the Trust.

NOTE: The PEBP non-State retiree Subsidy described in paragraph 1. above and the Medicare Exchange Retiree HRA Contribution Subsidy described in paragraph 2. above are revised annually by the State of Nevada. In the event that either or both of these Subsidies are discontinued by the State of Nevada, then a Tier II Retiree shall continue to receive a Benefit under this Trust equal to the Subsidy that he or she was entitled to receive during the last year that such Subsidy remained in effect.

**§115 Post- Retirement Medical Plan & Trust**

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



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**TO:** Board of Trustees of the TMWA §115 Post-Retirement Medical Plan & Trust  
**FROM:** Michele Sullivan, TMWA CFO and Trust Chairperson  
**DATE:** January 18, 2019  
**SUBJECT:** **Presentation of the Budget for Calendar Year 2019**

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**Recommendation**

The Board of Trustees approves the calendar year 2019 budget.

**Suggested Motion**

**Discussion**

The Calendar Year 2019 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 Actuarially Determined Contribution (ADC) to be deposited with the Trust from TMWA is expected to be approximately \$107,623 in the calendar year. TMWA conducts an actuarial analysis every two years to make sure funding levels are adequate.

The OPEB expects to incur about \$67,500 in gross retiree health care and life premium expenses. The Trust now provides benefits for five beneficiaries. The budget was based on one additional requests or indication of retirees expecting to enroll in this calendar year.

Total OPEB assets are expected to be around \$1.0 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 72% equities and 28% 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 2019**

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**Additions**

Contributions		
Employer	\$	107,623
Plan Members		20,500
		<hr/>
<b>Total Contributions</b>		<b>128,123</b>
		<hr/>
Investment Income		
Net appreciation (depreciation) in fair value of investment		-
Investment income		18,500
Less investment expenses		(200)
		<hr/>
<b>Net investment income</b>		<b>18,300</b>
		<hr/>
<b>Total Additions</b>		<b>146,423</b>
		<hr/>

**Deductions**

Benefits paid		67,500
Administrative expenses		21,000
		<hr/>
<b>Total Deductions</b>		<b>88,500</b>
		<hr/>
<b>Net Increase (Decrease)</b>	<b>\$</b>	<b>57,923</b>
		<hr/>

**Attachment A**

## Retirement Benefits Investment Fund

September 30, 2018

Performance

Asset Class	Market Value	Target Allocation	Actual Allocation	FYTD Return	One Year	3 Years	5 Years	10 Years	Since Inception (2008)
U.S. Stocks- S&P 500 Index	\$ 250,506,285	50.5%	52.0%	7.7%	17.9%	17.2%	13.9%	12.0%	9.6%
<b>Market Return</b>				<b>7.7%</b>	<b>17.9%</b>	<b>17.3%</b>	<b>14.0%</b>	<b>12.0%</b>	<b>9.6%</b>
Int'l Stocks- MSCI World x US Index	\$ 97,582,852	21.5%	20.3%	1.3%	2.9%	9.4%	4.6%	5.4%	2.8%
<b>Market Return</b>				<b>1.3%</b>	<b>2.7%</b>	<b>9.2%</b>	<b>4.4%</b>	<b>5.4%</b>	<b>2.6%</b>
U.S. Bonds- U.S. Bond Index	\$ 129,343,157	28.0%	26.9%	-0.6%	-1.6%	0.2%	1.6%	3.3%	2.9%
<b>Market Return</b>				<b>-0.6%</b>	<b>-1.6%</b>	<b>0.2%</b>	<b>1.3%</b>	<b>2.7%</b>	<b>2.7%</b>
	\$ 4,249,738	0.0%	0.9%						
<b>Total RBIF Fund</b>	<b>\$ 481,682,032</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4.0%</b>	<b>8.9%</b>	<b>10.6%</b>	<b>8.4%</b>	<b>8.2%</b>	<b>6.6%</b>
<b>Market Return</b>				<b>3.9%</b>	<b>8.7%</b>	<b>10.4%</b>	<b>8.3%</b>	<b>8.3%</b>	<b>6.7%</b>