

Post Retirement Medical Plan & Trust
a single employer plan sponsored by
Truckee Meadows Water Authority



TO: Board of Trustees of the Post Retirement Medical Plan & Trust
FROM: Jeff Tissier, TMWA CFO and Trust Chairman
DATE: February 20, 2011
SUBJECT: **Approval of the tentative Calendar 2011 Post-Retirement Medical Plan & Trust budget for inclusion in the FY2012 TMWA budget**

Recommendation

The Board of Trustees approves the tentative budget to be filed with the Nevada Department of Taxation with TMWA's Tentative Budget as prescribed by Nevada Revised Statutes.

Suggested Motion

Move to approve the Calendar Year 2011 Tentative Budget for filing with the Nevada Department of Taxation.

Discussion

The Calendar Year 2011 Tentative Budget for the Post Retirement Medical Plan and Trust (PRMPT) is provided for the trustee's review in ***Attachment A***. The budget reflects current contributions/additions from the employer, the retiree's portion of health premiums as well as certain administrative expenses that are borne by the trust for legal and annual audit. No unrealized gain/loss in asset fair value is planned for this year.

The PRMPT expects to incur about \$56,180 in retiree health care premium expense for existing Plan participants and a modest amount of legal and audit fees. The legal expenses are anticipated at 25 hours throughout the calendar year which reflects legal representation at trustee meetings and limited administrative assignments. Total PRMPT assets are expected to be above \$5.8 million at this time.

The presented level of retiree premiums and contributions do not anticipate potential increases as a result of additional retirees entering the PRMPT.

**Truckee Meadows Water Authority
Post Retirement Trust
Budget for Calendar Year 2011**

Contributions/Additions

Contribution from Employer	\$ 182,251	
Retiree Contributions	11,660	
Investment Income	200	
Change in Value of Trust Assets	<u>-</u>	
Total Contributions/Additions	194,111	\$ 194,111

Expenses/Reductions

Retiree Premiums (Gross)	56,180	
Legal Fees	7,500	
Auditing Fees	12,500	
Miscellaneous Expenses	2,500	
Change in value of Trust Assets	<u>-</u>	
Total Expenses/Reductions	78,680	\$ 78,680
Net increase (decrease) in trust assets		<u>\$ 115,431</u>
Trust Assets as of December 31, 2010		<u>\$ 5,758,491</u>
Trust Assets as of June 30, 2011		<u><u>\$ 5,873,922</u></u>
Number of Eligible Retirees		<u><u>6</u></u>

Assumptions

- 1) Six eligible retirees excludes any VSP candidates as of 02/17/2011
- 2) 25 hours of legal support
- 3) Audit fee per quote and potential for limited additional work
- 4) Miscellaneous expenses primarily banking fees
- 5) 6% increase in health premiums consistent with actuarial assumptions
- 6) due to significant market movement no valuation changes are planned

ATTACHMENT A