



Post Retirement Medical Plan & Trust

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

DRAFT FEBRUARY 23, 2011 MINUTES

The meeting of the TMWA Post Retirement Medical Plan and Trust Trustees (Trust) was held on Wednesday, February 23, 2011 in the Truckee Meadows Water Authority Independence Room, 1355 Capital Blvd., Reno, Nevada.

Chairman Tissier called the meeting to order at 2:01 p.m.

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

A quorum was present.

Voting Members Present:

Steve Enos
Juan Esparza
Michael Nevarez
Jeff Tissier

Voting Members Absent:

None

Staff Members Present

Mary Bennett
Nanette Quitt
Gus Rossi, Legal Counsel

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

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

4. REVIEW RE-APPOINTMENT OF BOARD OF TRUSTEES MEMBERS

Ms. Quitt referred to Article 8 in the Plan document which states that trustees will serve a two-year term and two members will be appointed by the TMWA General Manager and two members will be appointed by the IBEW. Article 8 further states that although trustees will

serve a two-year term, they can be reappointed to serve additional terms. IBEW re-appointed Steve Enos and Michael Nevarez and Mark Foree, TMWA General Manager, re-appointed Juan Esparza and Jeff Tissier as the TMWA representatives.

5. DISCUSSION AND REQUEST TO ELECT CHAIRPERSON AND VICE-CHAIRPERSON

Ms. Quitt referred to Section 8.2 of the Plan document which reads, “the Trustees shall appoint a chairperson and a vice-chairperson to serve two-year terms. One of these positions shall be held by a member of the TMWA management and the other shall be held by the IBEW representative. The trustees intended for the chairperson position to rotate between the two groups every two years so that if a member of TMWA management was the chairperson during one term, an IBEW representative will be the chairperson during the next term. However, the group that is entitled to select a chairperson for the next two-year term may choose to relinquish the right and allow the other group to select the chairperson.” Mr. Nevarez stated that IBEW will relinquish its right to select a chairperson for the next term and moved to appoint Mr. Tissier as the chairperson and Mr. Enos as the vice-chairperson. Mr. Esparza seconded the motion.

Upon motion made and seconded, and carried by unanimous consent, the Trustees appointed Jeff Tissier as chairperson and Steve Enos as vice-chairperson for the two-year term from January 1, 2011 through December 31, 2012.

6. APPROVAL OF THE OCTOBER 15, 2010 MINUTES

Upon motion made and seconded, and carried by unanimous consent, the Trustees approved the October 15, 2010 minutes.

7. REVIEW AND APPROVAL OF THE FINANCIAL AUDIT FOR CALENDAR YEAR 2009

Mr. Tissier reviewed the financial statements. The statements reflect contributions to the Trust by TMWA and NV Energy, successor to Sierra Pacific Resources. The original contribution was nearly \$4.5 million and there has been significant appreciation to the fair value of the investments. Assets at the end of CY2009 were \$5,143,719, which is reflective of a well-funded plan to meet the future needs of TMWA retirees. The only administrative expense was for banking fees to transfer money to the current benefited investment fund.

Mr. Tissier introduced Kristen Burgess, Shareholder of Kafoury, Armstrong, and asked her to present Kafoury, Armstrong’s audit opinion and the Statement of Auditing Standard (SAS) 115 report. Ms. Burgess stated that Kafoury, Armstrong audited the statement of plan net assets and the statement of the changes in those assets as of December 31, 2009 and it is their unqualified opinion that those financial statements are free of material misstatement. She recommended trustees always read the footnotes to the financial statements in order to understand the Plan’s

significant accounting policies. Ms. Burgess called the Trustees' attention to a deficiency in the Plan's internal control, which has been remedied by management. The auditors recommended that management capture and record activity of the Plan through a working trial balance. The Trust implemented the use of QuickBooks accounting software in calendar year 2010 to account for the transactions of the Trust and use of this software will create a working trial balance for the Trust. Ms. Burgess reviewed the letter sent by Kafoury, Armstrong to the Trustees providing the following significant audit findings: The financial statements do include significant estimates in connection with the funded status and funded progress of the plan which is driven through actuarial evaluations. The auditors encountered no significant difficulties in performing the audit; there were no contentious items or issues with management. The financial statements required no journal entries or adjustments by the auditors. She invited the Trustees to contact the auditors at any time if they have any questions. Mr. Tissier called for a motion, stating that he would abstain from voting as he had prepared the financial statements.

Upon motion made and seconded, and carried with three votes and one abstention, the Trustees approved the audited financial statement for Calendar Year 2009.

8. DISCUSSION OF REVISED RECORD RETENTION SCHEDULE

Ms. Quitt stated the Nevada State Library and Archivists (NSLA), the body that governs record retention, updated the local government records management program manual (LRDA) and added a new series to the Trust schedule titled legal opinions. She distributed the new records retention schedule stating that all records are managed by TMWA's Finance, Human Resources and Administration staff in compliance with the LRDA schedule. Any Certificates of Destruction will come before the Trustees for approval.

9 DISCUSSION OF TENTATIVE BUDGET FOR SUBMISSION WITH THE TMWA BUDGET

Mr. Tissier stated projected expenses are based on the current retirees, legal fees for Mr. Rossi to attend meetings and handle some administrative matters, the audit fee for the calendar year and some miscellaneous expenses to provide for education of Trustees, if needed. He said the information is presented early so the budget can be discussed any issues resolved prior to submission of the final budget. The Trustees budget is required to be included in TMWA budget which is approved by the TMWA Board of Directors. Mr. Tissier called for a motion, stating that he would abstain from voting as he had created the budget.

Upon motion made and seconded, and carried with three votes and one abstention, the Trustees approved the tentative budget for Calendar Year 2011.

10. REVIEW OF RBIF INVESTMENT PERFORMANCE AS OF DECEMBER 31, 2010 ACCORDING TO PERS STATEMENTS

Mr. Tissier stated \$100,000 was transferred from the Trust to Retirement Benefits Investment Fund (RBIF) on December 26, 2010 and \$65,981 was transferred into the US Bank account to meet the expenses for 2011. There was approximately \$5.1 million in the Trust as of December 31, 2009 which has now grown to approximately \$5.8 million. This means the Trust is extremely well funded and the promises of benefits are backed up by real money. Washoe County School District and TMWA are the two investors in the RBIF. Washoe County has contributed over \$80,000 million to the RBIF so the investment mix more closely mirrors the investment mix of PERS as is their stated policy. Mr. Tissier said these are protected funds and as borne in statutes, the State of Nevada cannot touch these funds. The PRMPT document clearly states that TMWA cannot touch the funds.

11. DISCUSSION AND APPROVAL OF TRUSTEE ADMINISTRATIVE POLICY GOVERNING CONFLICT OF INTEREST AND DISCLOSURE

Mr. Tissier said while preparing the 990 tax returns, the need for a conflict of interest policy became apparent. Ms. Quitt and Mr. Tissier worked with Mr. Rossi to create the policy. Ms. Quitt reviewed the policy with the Trustees. The policy sets forth the procedures for a conflict of interest based on ownership or potential ownership interest, compensation arrangements, the voting procedure if a trustee comes forth with a conflict and use of an outside expert to interface any concerns or conduct an investigation.

Upon motion made and seconded, and carried by unanimous consent, the Trustees approved the Conflict of Interest Policy, as presented.

12. TMWA VOLUNTARY SEPARATION PROGRAM OVERVIEW

John Erwin, TMWA Director of Natural Resources, gave a brief overview of the TMWA Voluntary Separation Program (VSP) goals and objectives, and the criteria to participate. The VSP was rolled out on February 1 and applications must be received by March 4. There are approximately 12 applicants to date. Ms. Quitt will assist employees during this process. Mr. Tissier said that there might be some changes to the tentative budget due to the VSP. Mr. Nevarez asked if those who are approved will receive their post-retirement trust just as if they retired in a normal fashion. Ms. Quitt replied that if TMWA approves an employee to participate in the VSP they would still follow the established procedure of having the Board of Trustees approve their benefits prior to those benefit being enacted. She said that Mr. Erwin shared the VSP so the Trustees would be aware that the influx of members into the plan may affect the budget.

Mr. Nevarez asked about the time it takes to administer the benefits. Ms. Quitt replied she and Mary Bennett currently administer the plan, working closely with the City of Reno. Even with only seven members, administrating the plan is fairly labor intensive. As that number grows, the Trustees will be informed if it becomes apparent that administrative support is needed to administer the benefit.

13. DISCUSSION AND POSSIBLE BOARD DIRECTION REGARDING MEETING DATES FOR 2011

Ms. Quitt recommended that given the fact that the TMWA VSP will impact potential participants in the Trust, the Trustees calendar a monthly meeting between now and June 30, knowing that any scheduled meeting could be cancelled if there are no agenda items. She said it was important to ensure there was no delay in benefits to potential retirees. Coordination with Ms. Cassell to get meetings scheduled every month or 6 weeks appears to be appropriate beginning with the first meeting planned in April.

Upon motion made and seconded, and carried by unanimous consent, the Trustees approved meeting monthly if necessary to review retiree's benefit calculations.

14. TRUSTEE COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Mr. Nevarez requested that the PRMPT plan informational sessions with small groups of TMWA employees to explain the Plan and how it affects those employees. Ms. Quitt said she would work on putting together some presentations in the fall of 2011 and requested a Trustee accompany her to these meetings. The Trustees agreed this was a good idea and would provide visibility for the representatives of the Trust.

Ms. Quitt mentioned the following items for future agendas:

- 1) Review the draft changes made to clarify the language of the VEBA document and approve those changes. She said the changes would be beneficial to retirees.
- 2) Discuss and create a policy to deal with the payment of premiums by retirees to PERS. As the number of retirees grows, the need to have various means by which they pay premiums will be needed. This policy will need to be in place to avoid increasing the administrative process burden.
- 3) Discuss and create a process on how retirees can petition the Trust to be reimbursed for their expenses and possibly create a form for that process.
- 4) Discuss and develop an information packet detailing trigger points, milestones and employee responsibilities for the post retirement benefit.

15. ADJOURNMENT

With no further business to discuss, Chairman Tissier adjourned the meeting at 2: 51 p.m.

Minutes were approved by the Trustees in session on _____.

Respectfully Submitted,

Corinne Cassell, Recording Secretary

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