



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

DRAFT AUGUST 23, 2011 MINUTES

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

Chairman Tissier called the meeting to order at 1:04 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
Jessica Wiley
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 of the Trustees present, the Trustees approved the agenda.

4. APPROVAL OF THE JUNE 16, 2011 MINUTES

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the June 16, 2011 minutes.

Mike Nevarez arrived at 1:07 p.m.

5. REVIEW OF RBIF INVESTMENT PERFORMANCE AS OF JUNE 30, 2011
ACCORDING TO PERS STATEMENTS

Chairman Tissier reported that per the April investment report, the latest report available, the Trust balance is \$6,038,163.08. Trust assets are well in excess of actuarial-accrued liabilities. He invited the Trustees to call him at any time if they had any questions about the reports, which he sends as soon as he receives them from the RBIF.

6. PRESENTATION OF AUDITED FINANCIAL STATEMENTS FOR CALENDAR
YEAR 2010

Chairman Tissier acknowledged that he, as CFO of TMWA, prepared the statements and presented them for audit to Kafoury, Armstrong & Co. The audit reflects that as of December 31, 2010 the Trust is very healthy financially with sufficient assets to meet its obligations. Chairman Tissier introduced Kristen Burgess, Partner with Kafoury, Armstrong & Co. (Kafoury) and asked her to present the Independent Auditor's Report.

Chairman Tissier asked Ms. Burgess if Kafoury relied on the Bank of New Mellon's opinion as to the fair market value of the Trust's assets. Ms. Burgess replied that they do not because Retirement Benefits Investment Fund (RBIF) annual financial statements are prepared on a fiscal basis and the Trust's financial audit is prepared on a calendar basis. She added that if there were audited financial statements of the RBIF as of December 31, then Kafoury would place reliance on the Bank of New York Mellon's valuation.

Ms. Burgess stated that Kafoury audits the financial statements of plan net assets, the changes of plan net assets and the footnotes disclosures that accompany them. The financial statements are the responsibility of the Plan's management while Kafoury's responsibility is to express an opinion on these financial statements based on the audit. Kafoury conducted the audit in accordance with generally accepted accounting principles and used a process of materiality meaning not every single transaction is audited.

Ms. Burgess reviewed the letter sent by Kafoury to the Trustees providing the following findings: The auditors encountered no significant difficulties in performing the audit; there were no contentious items or issues with management; and there were no material weaknesses in the entity's internal controls. There was one minor adjustment to be posted in order to complete the financial statements. She pointed out that the financial statements include a rather large estimate in connection with the funded status and funding progress of the Trust but that is based on actuarial valuations made by the Trust's Actuarial.

Upon motion made and seconded, and carried by unanimous consent, the Trustees accepted the audited financial statement for CY2010.

7. REVIEW AND APPROVAL OF REVISIONS TO TRUSTEE ADMINISTRATIVE POLICY GOVERNING PREMIUM PAYMENTS

Chairman Tissier explained that in reviewing the premium payment policy to ensure that retirees make prompt payments to the Trust, it became apparent that the current policy did not address a process for retirees who secured health coverage from a source other than the City of Reno. These revisions will ensure that a policy is in place to cover that contingency. It was also important that the policy include language that covered not only medical but life benefits. Another change for clarity was to change the word “retiree” to “participant”.

Mr. Rossi asked if the Trust had any way to track the death of a retiree so there would be no lapse of coverage for a spouse. Ms. Wiley replied that she was not aware of any tracking method. The spouse needed to contact the Trust. Chairman Tissier said that as changes are communicated to the retirees and participants, the retirees and families are made aware of their responsibilities.

Ms. Wiley said that the amended VEBA document had recently been sent to all retirees. Chairman Tissier said that a process had been established to notify retirees about changes in the documents and that this change will be sent to all retirees with a cover letter asking them to explain the changes to their dependents and what the family’s responsibility is when a retiree dies. Mr. Rossi said this would be satisfactory.

Member Nevarez said that the Trustees had discussed the responsibilities of the Trust and the responsibilities of the retirees in past meetings. Chairman Tissier added that at the time of retirement, these responsibilities are explained in extensive detail.

Upon motion made and seconded, and carried by unanimous consent, the Trustees approved Premium Payment Policy as presented.

8. REVIEW AND APPROVAL OF REVISIONS TO VEBA PLAN DOCUMENT ARTICLE 4.1.4

Chairman Tissier presented this item. In reviewing the VEBA Plan Document, it became apparent that a minor change needed to be made to Article 4.1.4. The title currently reads “At least age 55 and under age 65 on retirement date” and then the second sentence reads “at least age 55 or under age 65 on the date that he or she request coverage under the plan”. That language is inconsistent. The intent of the previous amendment to the Trust document was that someone can leave their employment at TMWA, work somewhere else for either a public or non-public employer, and, if they’ve vested into the TMWA plan, can, at a later date, request benefits from the Trust. Chairman Tissier and Ms. Quitt had discussed this extensively with TMWA Actuarial, Bill Bush, to make sure that the actuarial valuation is calculated in a manner that reflects that all personnel are eligible to receive a benefit when they vest in the plan. So to

clarify the intent, the change consists of deleting the phrase “on Retirement Date” from both title line 4.1.4 (a) and 4.1.4 (b).

Ms. Wiley said she had a few other administrative changes to be made to the VEBA Plan document. She will present them at the next Trustee meeting.

Upon motion made and seconded, and carried by unanimous consent, the Trustees approved the revisions to the VEBA Plan document Articles 4.1.4 (a) and 4.1.4 (b).

Mr. Rossi asked if this change had been inserted into the VEBA Plan Document. Chairman Tissier said it will be inserted now that the Trustees have approved the change and it will be sent to the Trustees and to the retirees.

9. TRUSTEE COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Member Nevarez asked that staff stay on-track to present an “Information, Question and Answer” session with employees on the Post-Retirement Medical Plan and Trust during the upcoming fall months. Ms. Wiley said she would be working toward an “Employee Road Show” for the fall and then in the spring of 2012 a meeting for retirees about retiree roles and responsibilities. She will also create a benefits statement in the fall for the Trustee’s review and approval. Chairman reminded the Trustees that Ms. Wiley had only been a TMWA employee for a week and it was important that she has adequate time to be fully prepared prior to those meetings being scheduled.

10. PUBLIC COMMENT

There was no public comment.

11. ADJOURNMENT

With no further business to discuss, Chairman Tissier adjourned the meeting at 1:40 p.m.

Minutes were approved by the Trustees in session on _____.

Respectfully Submitted,

Corinne Cassell, Recording Secretary

*Mike Nevarez present for items 5 through 11 only.