
March 19, 2013 MINUTES

The meeting of the TMWA Post-Retirement Medical Plan and Trust (Trust) Trustees was held on Tuesday, March 19, 2013 in the Truckee Meadows Water Authority Independence Room, 1355 Capital Blvd., Reno, Nevada.

Chairman Tissier called the meeting to order at 1:31 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 APRIL 17, 2012 MINUTES

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the April 17, 2012 minutes.

5. PRESENTATION AND APPROVAL OF POST-RETIERMENT MEDICAL TRUST
BENEFIT CALCULATIONS FOR TMWA RETIREE(S)

Ms. Wiley presented the benefit calculations for Dennis Romeo. Mr. Romeo was present at the meeting. Mr. Romeo's retire date is March 29, 2013 and he is requesting trust benefits beginning April 1, 2013. Ms. Wiley met with the retiree and confirmed the information on the benefit calculation form and Mr. Romeo signed all paperwork. As Mr. Romeo is not under the age of 62, there is no penalty deduction, and he has 26.1 years of uninterrupted employment, so he also meets the 20 year employment requirement. He has elected coverage on an outside insurance plan and will request reimbursement from the Trust. He has elected Life Insurance coverage for himself and his spouse.

A motion was made and seconded, and by unanimous consent of the members present, the Trustees approved the benefit calculations for Mr. Romeo.

6. REVIEW OF RETIREMENT BENEFITS INVESTMENT FUND (RBIF)
PERFORMANCE AS OF DECEMBER 31, 2012

Chairman Tissier gave an update on the Retirement Benefits Investment Fund. Mr. Tissier stated that as the markets have increased over the years, the trust has done extremely well. He said he reviews the full investment packet quarterly looking for geographic, industry, and asset mix diversification. He also looks at areas where it is performing well and not performing well. The fund uses currency hedges to protect against significant swings in foreign currency values since many of the assets are purchased through offshore exchanges and are denominated in foreign currency. Although there are some areas of the world where the fund investments have not done well; North American investments have done extremely well and overshadowed losses in other areas. The fund tries to mirror the Public Employees Retirement System (PERS) fund; however, due to the plan size, there are some differences in the portfolio composition... As of December 31, 2012, the fund had \$6.4 million dollars with a current balance of \$ 6.8 million, more than enough to meet all the obligations to the employees based on the most recent actuarial report. Mr. Tissier said he will continue to keep a close eye on the fund and if there are any significant changes he will look into it more closely and will notify the Trustees.

7. PRESENTATION AND APPROVAL OF CALENDAR YEAR 2013 BUDGET

Mr. Tissier presented the Calendar Year 2013 Budget. He stated that he waited to prepare the budget as to incorporate the cost of the latest retiree (s) into the budget. There are also other employees approaching retirement and so he also made adjustments reflecting that potential cost. Based on the newest actuarial analysis report, the Annual Retirement Contribution (ARC) has increased to \$218,000 from \$185,000 in 2011. Contributions from plan members will also increase accordingly. On a net basis there has been an increase in trust assets of \$38,000, which allows the Trust to meet all obligations without having to touch the RBIF fund. However, if, as the years progress and more employees retire, RBIF funds may be needed.

Upon motion made and seconded, and carried by unanimous consent, the Trustees approved the Calendar Year 2013 budget.

8. REVIEW OF THE ACTUARIAL REPORT THAT DETAILS TMWA'S FY2013 AND FY2014 ANNUAL REQUIRED CONTRIBUTION

Bill Bush, TMWA's actuarial, is currently finalizing the actuarial report which is completed every two years. He could not be in attendance today so Mr. Tissier gave the report in his absence. Mr. Tissier and Mr. Bush considered a number of scenarios, and decided that an 8.5 percent rate of return was probably not feasible and changed the weighted average percentage to 6.5 percent; which is referred to as a discount rate. The trend assumption was kept at five percent; which has at its basis an increase in medical premiums of five percent each year. Although that increase has not materialized in the past, with the implementation of the Health Care Reform Act next year, it is an increasingly reasonable assumption. This provides an ARC that is \$147,262 for medical expenses and \$70,000 for life insurance expenses. Mr. Tissier mentioned that there was some interest raised in potentially enhancing the medical retiree benefit for employees who are not pre-1998 hires. This can be done but it would increase that medical expense. Mr. Tissier stated that there are options available, and that he could provide scenario analysis if this is requested. The full actuarial report will be presented at the next meeting.

9. TRUSTEE COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Mr. Michael Nevarez asked for and received clarification on the PRMT contributions as listed on employee paystubs. Mr. Tissier stated that the amount is a company-paid benefit, not a deduction; and is an estimated amount based on using one general formula and treating every group the same for accounting purposes. Since this is based on the new Eden payroll software there could be more accurate calculations possible as they implement more of the software's capabilities.

Mr. Nevarez asked Ms. Wiley, if there had been any retiree issues during the past year. Ms. Wiley responded that she had one retiree who was approaching 65 but did not remember that enrollment in Medicare at age 65 is mandatory. She would like to continue to issue an annual newsletter including an article reinforcing the fact that at age 65 retirees must enroll in Medicare. It was discussed that this should be something mandated by the Trustees thereby giving more weight to the action. The item will be placed on the agenda for the next meeting.

10. PUBLIC COMMENT

A question was asked about the upcoming changes in Retirement Benefits and a suggestion was made that as more information is gathered this should be discussed further. A suggestion was made to have employee meetings to educate employees on these changes.

11. ADJOURNMENT

With no further business to discuss, Chairman Tissier adjourned the meeting at 2:10 p.m.

Minutes were approved by the Trustees in session on July 23, 2013.

Respectfully Submitted,

Cara Rives, Recording Secretary