

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

MAY 19, 2011 MINUTES

The meeting of the TMWA Post Retirement Medical Plan and Trust Trustees (Trust) was held on Thursday, May 19, 2011 in the Truckee Meadows Water Authority Independence Room, 1355 Capital Blvd., Reno, Nevada.

Chairman Tissier called the meeting to order at 1:00 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
Dennis Bergstrom
Nanette Quitt
Jeff Westwood
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. APPROVAL OF THE MAY 5, 2011 MINUTES

Upon motion made and seconded, and carried by unanimous consent, the Trustees approved the May 5, 2011 minutes.

5. REVIEW AND APPROVAL OF POST RETIREMENT MEDICAL TRUST BENEFIT CALCULATION FOR TMWA RETIREES

Ms. Quitt presented the benefit calculations for Dennis Bergstrom, Stephen Castleman and Gregory Irwin. She explained that the calculations were based on the TMWA Monthly Health Insurance Premium Rate Schedule effective July 1, 2010 through June 30, 2011 and the Trust plan document. She had met with all the retirees and confirmed with them the information on the benefit calculation form.

Ms. Quitt stated one additional retiree, Max Shen, an MPAT employee, is not eligible to petition the Trust for benefits as he does not meet the requirements of having been a TMWA employee for 10 years. He is aware that he is not eligible for Trust benefits.

Ms. Quitt said that there are additional employees who have taken advantage of the Voluntary Separation Program but have yet to petition the Trust due to a subsidy program that TMWA ran. Their benefit calculations should be able to be reviewed at the end of calendar year 2011. By January 2012 the Trust should have an influx of 12 additional retirees.

Upon motion made and seconded, and carried by unanimous consent, the Trustees approved the benefit calculations for the following retirees: Dennis Bergstrom, Stephen Castleman and Gregory Irwin and acknowledged that Max Shen is retiring but is ineligible to receive benefits.

6. REVIEW AND APPROVAL OF VEBA PLAN DOCUMENT REVISIONS, CONTINUED FROM MAY 5, 2011

Ms. Quitt and Mr. Rossi continued the line-by-line discussion of the revisions and the intent behind the changes. The discussion began with a continuation of the discussion from last meeting on Article 2, Section 2.18 Service or Years of Service.

At the May 5, 2011 meeting, the Trustees agreed it seemed logical that annual and lifetime credits should be prorated based on hours worked (conceptually that employees who work less than full time should not receive the same benefit levels as full time employees). Chairman Tissier advised that there had to be equitable treatment between part-time and full-time personnel with respect to eligibility for benefits. The Trustees agreed that a year of service would be determined by counting back from the date of separation for continuous service and then calculating any other periods of regular full and/or part-time employment (non-temporary) with TMWA. Mr. Rossi clarified that the look back will be from the date of separation, then each previous year from that date. The Trustees also agreed that the Plan document does not specify a retiree needs 10 continuous years of service; just an accumulated total of 10 years. According to the current CBA, a part-time employee is one who regularly works 20 or more hours but less than 31 hours per week and a regular full time employee is one who regularly works 31 or more hours per week.

Mr. Rossi distributed draft language and examples of how service credits could be calculated. He explained the methodology used in these examples. Three part-time employees are currently employed by TMWA. The Trustees determined that if a prorated system is implemented, the service credits to date for those three current part-time employees would be grandfathered in as if they had been full time employees. However, beginning on the date the revised Plan document becomes effective, their benefit credits will be determined by using the new formula. Any person hired after the effective date of the revised Plan document will be subject to a prorated benefit using the new formula. Ms. Quitt recommended the Trustees adopt the methodology Mr. Rossi presented so that individuals are knowledgeable that proration is going to occur. She said she would bring back the methodology to the next meeting scrubbed to make sure it is inclusive of all the necessary information and that the credits are applicable to the right groups.

Ms. Quitt asked if the Plan document needed to reference another document and use that document as to what is a full time equivalent. Trustees continued on the discussion of creating an annual benefits statement for employees that is from the Trust and is provided by the employer on behalf of the Trust. The Trustees agreed with Ms. Quitt's suggestion that the Trust create an annual benefits statement for the employees. The employer would prepare an annual report of all active employees showing annual compensated time. From that report, the Trust will prepare the annual statement of benefits showing the annual compensated hours, the status, and the benefit credit. Another suggestion was to have the employee sign the document thereby acknowledging and accepting their agreement to the statement. This statement could be adjusted each year thereby showing the accumulated hours and credits for an employee's entire employment history. Language on the proration of credits could be incorporated such as "your status as full time; or three quarters time; or part time employee is subject to the definitions as outlined in the Collective Bargaining Agreement (CBA) or in the TMWA policies and procedures that may be applicable to you. TMWA Administrative Instructions say that if there is a conflict with the CBA, the CBA prevails. This then would make the document dynamic. The Trustees agreed that for the purposes of calculating the percentage benefit they were comfortable in looking to the CBA as the controlling document, where applicable.

Discussion continued on implementation of a process for record keeping on the accumulated hours and benefit credits for employees. Ms. Quitt explained the Trustees need to be aware that the process could be administratively burdensome and at this time is not funded, but may need to be in the future. Chairman Tissier recommended the Trust make the employer responsible to work out some type of mechanism by which to develop the years of service component. He also suggested that the Trust could reimburse the employer for generating the benefit statements. Ms. Quitt said that she could provide samples of the statement in the late fall for the Trustees' review and approval.

The discussion continued beginning from Article 4, Section 4.1.6 through Article 10. The Trustees concurred with all changes in the redlined version with the exception of the following changes or recommendations:

Section 8.6 Investments. Chairman Tissier said that there is substantial cash in the operating account to meet operating expenses. He requested a policy be developed to direct investment of those funds. Ms. Quitt suggested language be inserted such as “TMWA as directed by the PRMT Board of Trustees may be required to invest its operating funds.” The Trustees could then direct the CFO of TMWA to invest those funds to meet cash flow demands.

Item 10.2 Right to Payment. Delete the word “*benefits*” after the word **medical** in the second sentence.

Ms. Quitt proposed that she and Mr. Rossi would review all the discussed, suggested and recommended changes to the Plan document and present another redlined version that incorporates the language on years of service and proration for the Trustees’ review and approval.

The Trustees directed Ms. Quitt and Mr. Rossi to continue the refinements that were discussed regarding the years of service calculations and present the revised document at the next Trust meeting.

7. TRUSTEE COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Ms. Quitt said she would make the revisions as discussed today to the Plan document and present those for approval.

Mr. Tissier said he would present the final revised budget as attached to the TMWA budget and approved by the TMWA Board at their meeting this morning. He said that the Trustees had approved the tentative budget; however changes were made as the number of beneficiaries has now been determined. He will also present a draft financial report for CY2010.

Ms. Quitt said she would present a reimbursement request policy for approval. The policy is needed for those with annual and lifetime credits that plan to use those credits to participate in and pay for private health insurance (outside of the employer provided plan).

Mr. Tissier stated an operating account investment policy and a funding policy would also be presented for approval.

8 PUBLIC COMMENT

A question was asked if the revised Trust document would be available to retirees. Ms. Quitt replied that the Trust document states that if the document is amended, the Trust is required to notify all participants. She will determine how each retiree’s preference for communication and

will either mail or email them a copy of the revised document along with a cover document summarizing the revisions.

Ms. Quitt reported that as directed by the Trustees she is preparing for a fall seminar for current TMWA employees. Subsequent to that, in the spring of 2012, retirees will be asked to attend a Board meeting covering everyone's roles and responsibilities. Ms. Quitt mentioned that two additional retirees are nearing the age of 65 so that will have an impact on cost in the plan. She has contacted those retirees regarding their enrollment on Medicare B or C. She then asked if anyone know how to contact retiree Frank Luchessi. His phone is disconnected and although she has sent him correspondence and while there has been no "returned mail", she has not received a response from him.

9. ADJOURNMENT

With no further business to discuss, Chairman Tissier adjourned the meeting at 2: 24 p.m.

Minutes were approved by the Trustees in session on June 16, 2011.

Respectfully Submitted,

Corinne Cassell, Recording Secretary