

Post-Retirement Medical Plan & Trust

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

JUNE 16, 2011 MINUTES

The meeting of the TMWA Post-Retirement Medical Plan and Trust Trustees (Trust) was held on Thursday, June 16, 2011 in the Truckee Meadows Water Authority Independence Room, 1355 Capital Blvd., Reno, Nevada.

Chairman Tissier called the meeting to order at 1:05 p.m.

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

A quorum was present.

Voting Members Present:

Steve Enos
Juan Esparza
Jeff Tissier

Voting Members Absent:

Michael Nevarez

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 of the Trustees present, the Trustees approved the agenda.

4. APPROVAL OF THE MAY 19, 2011 MINUTES

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the May 19, 2011 minutes.

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

Chairman Tissier reported that per the April investment report, the Trust balance is \$6,140,121.13. Mr. Esparza asked for clarification on the amount of cash deposited and the amount of gains to date. Chairman Tissier said that the Trust was initially funded in the amount of \$4.1 million: \$1.4 million from Sierra Pacific and \$2.7 million from TMWA. TMWA made additional deposits over the past two years in the amount of \$370,000. The balance includes nearly \$900,000 of unrealized appreciation although there is an expectation that part of the unrealized gains will begin to change to realized gains over the course of the next year. The actual accrued liability was \$4.3 million in the last actuarial valuation. The Trust will amortize the gain against the mandatory contributions for TMWA over a period of 27 years to smooth the gain into the actuarial valuation.

6. REVIEW AND APPROVAL OF REVISIONS TO THE FINAL CALENDAR YEAR
2011 BUDGET

Chairman Tissier reported that the budget was filed with the State of Nevada. Subsequently, an amended budget was prepared to incorporate the effects of the TMWA Voluntary Separation Program (Retirement Incentive Offerings) and will be filed with the State of Nevada by June 30, 2011. The original budget was similar to the prior year, with contributions from TMWA reflecting the full impact of all the retirees. Retiree premium payments also reflect the influx of new retirees. Legal fees have increased from CY2010 and auditing fees have remained the same. Miscellaneous fees have also increased to include the RBIF administration fees, which had formerly been included in the overall change in the value of the assets. The budget does not include any provision for gains or reductions in the valuation of the investment pool because there are no clear expectations either positive or negative for the rest of the year.

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the CY2011 budget as presented.

7. REVIEW AND APPROVAL OF TRUSTEE ADMINISTRATIVE POLICY
GOVERNING REIMBURSEMENT REQUESTS

Ms. Quitt stated that due to the influx of retirees with varying levels and types of benefits, it was important that the PRMT develop and adopt policies pertaining to the timing and the manner in which plan participants can request reimbursement from the Trust (of their annual of lifetime lump sum credits) for costs of participants who have elected to utilize insurance options outside of the employers' plan. She reviewed and explained the concepts of the policy saying that payments will be made on a quarterly basis upon receipt of proof of coverage and proof of payment. Two important points are that credits will not be prepaid to retirees and expenses reported more than one year after the expense incurred date will not be eligible for reimbursement.

Chairman Tissier asked that the word “*incurred*” be added prior to the word coverage to clarify the fact that even though a retiree pays in advance for coverage, reimbursement will be paid only after coverage has occurred. Ms. Quitt acknowledged she would review the document and make that change.

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the Administrative Policy Governing Reimbursement Requests conditioned on including the language on incurred coverage.

8. REVIEW AND APPROVAL OF THE FUNDING AND THE OPERATING ACCOUNT INVESTMENT POLICIES

Chairman Tissier presented this item. He said that TMWA recognized an actuarial-based Annual Required Contribution (ARC) needed to be deposited with the Trust and that historically the ARC has been greater than the total expenses of the Trust but at some point in the near future the ARC may be less than the total expenses of the Trust. It is recommended, as a policy, that when the ARC is greater than the combined expenses of the Trust that funding of the Trust expenses occur first and that any remaining funds be transferred to the Retirement Benefit Investment Fund (RBIF). He said this is what he has been doing primarily because RBIF units can only be liquidated on the last business day of every month which could be problematic. Developing the policy will provide a certainty that TMWA’s Chief Financial Officer will abide by the requirements of the Trust in this matter.

An Operating Account Investment policy is required because monies that are placed into the Trust’s operating account should be invested in a prudent manner when possible in securities that are secure and/or federally insured through the Federal Deposit Insurance Corporation. These investments will mature in a time and manner that meets the liquidity requirements of the Trust.

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the proposed Funding Policy and the proposed Operating Account Investment Policy.

9. REVIEW AND APPROVAL OF VEBA PLAN DOCUMENT REVISIONS

Ms. Quitt presented this item. She said that she and Mr. Rossi had incorporated the changes that were discussed and approved at the previous two meetings. She provided the Trustees the policy in a red-lined format and reviewed specifically changes made on the topic of Years of Service and proration of benefits.

Article 2 Definitions, Section 2:18 Service of Years of Service.

At the previous meeting, the Trustees had previously discussed and agreed that if a retiree is the recipient of an annual or lifetime lump sum credit and has not worked full time during their tenure that the retiree should not get the same benefit as an employee who worked full

time. In a discussion with Bill Bush, TMWA's Actuary, he suggested that a best practice would be to focus on an adjusted Year(s) of Service as opposed to trying to modify the dollar credit amount.

Ms. Quitt proposed that the Trustees consider another definition called an "Adjusted PRMPT Year of Service". This date would be prorated based on an employee's status as either full time or part time. Using the Adjusted Year of Service would be easier to track from a Human Resources standpoint because a Payroll Action Form is always created whenever a change in status occurs and that form is placed in the employee's personnel file (TMWA records retention schedules of personnel files is year of termination plus 30 years.) It is also an easy concept to grasp and explain to the employee.

The retiree annual or lifetime lump sum credits (\$235, \$105 or \$1,250) would be the only benefit classifications subject to the "Adjusted PRMPT Years of Service" definition.

As noted in the proposed VEBA revisions, the Adjusted PRMPT Years of Service shall be calculated by adding each "Year of Employment." Years of Employment will be prorated for periods in which an employee worked less than full time (as defined by the Collective Bargaining Agreement or TMWA policy). Examples of the prorated benefit were included in the VEBA for clarification purposes.

Section 4.1.2 Specific Health Benefits for MPAT Employees and Section 4.1.3 Specific Health Benefits for all IBEW 1245 Employees.

The language in this section will be changed from "Annual Credit" to the newly defined term "*Adjusted Post-Retirement Medical Years of Service*". Ms. Quitt said that this term will be placed alphabetically in Article 2 Definitions.

Article 2.18 Service or Years of Service.

Ms. Quitt said that she would change the word "employee" to "*employment*" in in the second paragraph, third sentence.

Article 2.18 Section (b).

There was a discussion regarding the term "provisional employee". The Trustees clarified that for purposes of the PRMT, a provisional employee who converts to a regular full time employee status after two years of continuous service would have those two years of provisional service credited as Years of Service.

Ms. Quitt said that if the revised VEBA Plan Document is approved by the Trustees, it will then be provided to the TMWA Board of Directors for approval. Staff will also provide a copy to all current participants in the plan. Next spring it is anticipated that all retirees will be invited to a meeting to review the document and discuss roles and responsibilities.

Chairman Tissier asked if there were any other questions or comments about edits to the VEBA

Plan document. There were no other comments from the Trustees

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the changes to the PRMT document including today's discussion about the approach for prorating years of service for the purposes of calculating the benefit, not eligibility, in the plan; and , directed staff to make the appropriate changes in the plan document; incorporate that definition into the document in Article 2 Definitions; and, make the replacement throughout the document in Article 4 Benefits.

Chairman Tissier said the next step would be to present the revised VEBA Plan document to the TMWA Board at their July meeting. The Board should be pleased to hear that the Trust is extremely well funded so liability to TMWA is very minimal.

10. TRUSTEE COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There were no comments.

11 PUBLIC COMMENT

There was no public comment.

12. ADJOURNMENT

With no further business to discuss, Chairman Tissier adjourned the meeting at 1:51 p.m.

Minutes were approved by the Trustees in session on August 23, 2011.

Respectfully Submitted,

Corinne Cassell, Recording Secretary