

OPEB (Other Post Employment Benefits) BOARD OF TRUSTEES

Minutes

April 28, 2016 at 9:00 a.m.

Washoe County Administrative Complex

Central Conference Room

Building C, Room C110

1001 East 9th Street - Reno, Nevada

MEMBERS

Joey Orduna Hastings – Acting chair

Darrell Craig – Trustee

Mark Mathers – Trustee

Dania Reid – Legal Counsel

1. CALL TO ORDER AND ROLL CALL [Non-action item]

Acting-chair Hastings called the meeting to order at 9:00 a.m. A quorum was established.

PRESENT: Darrell Craig, Joey Hastings and Mark Mathers.

ABSENT: None.

Dania Reid – Deputy District Attorney, was also present.

2. PUBLIC COMMENT [Non-action item]

There were no public comments.

3. ELECTION OF OFFICERS [For possible action]

Acting-chair Hastings opened the agenda item and asked for nominations for the positions of Chair and Vice-chair.

Member Craig nominated Joey Hastings and Mark Mathers to serve as Chair and Vice-chair respectively. Member Mathers seconded the nomination.

Acting-chair Hastings and Member Mathers accepted the nominations.

The nomination to elect Joey Hastings as Chair and Mark Mathers as Vice-chair carried unanimously.

4. APPROVAL OF MINUTES FROM THE MARCH 10, 2016 MEETING [For possible action]

It was moved by Member Craig, seconded by Member Mathers, to approve the March 10, 2016, minutes, as presented. The motion carried unanimously.

5. REVIEW AND APPROVAL OF YEAR-TO-DATE ADMINISTRATIVE EXPENDITURES AND REQUESTED REIMBURSEMENTS TO EMPLOYERS THROUGH MARCH 31, 2016. [For possible action]

Mary Solorzano drew attention to page 4 of the information packet, which includes a recap of administrative expenditures and actual budget figures. Ms. Solorzano noted that the annual actuarial study had been completed for TMFPD (Truckee Meadows Fire Protection District) and SFPD (Sierra Fire Protection District), along with legal fees incurred for the services of the outside Trust Attorney. The intent is to bring the update to the quarterly OPEB meetings thus allowing an opportunity for Trustees to voice any questions or concerns about administrative expenses paid by the Trust.

Member Craig commented that, in his opinion, the agenda language would not permit the Board of Trustees to take action due to a recent policy change that had been approved by the BCC (Board of County Commissioners) without comment, review or approval by the Board of Trustees.

Ms. Solorzano explained that the policy change would be discussed under page 5 of the report.

Member Craig summarized his fiduciary concerns about a policy change that had not been discussed beforehand with the Board of Trustees.

Ms. Solorzano explained that the process approved by the BCC had started when John Sherman had served as the OPEB Chair, and that Washoe County can seek full reimbursement as was done prior to 2013.

Member Craig further explained his concerns with the policy change and the lack of Trustee input and/or understanding of the benefits, effect on the fund, and how future expenditures will affect the trust.

Chair Hastings asked that staff begin the discussion of page 5.

Ms. Solorzano noted that page 5 of the report focuses on the amount that the Trustees are being asked to reimburse and has been rewritten to reflect how it relates to the trust's benefits and what is paid through the trust. Ms. Solorzano then drew attention the Health Benefit PEBS Plan on page 10. Ms. Solorzano clarified that the cash flow reflects the plan expenditures and revenues, along with premiums paid by retirees and other inflows. The BCC has directed that staff seek full reimbursement of retiree costs, which is provided for in the trust documents. Ms. Solorzano drew attention to the detailed history and management decisions regarding how to fund expenses for active and retired employees. Ms. Solorzano noted that there is no profit in this process for Washoe County. Ms. Solorzano explained that as the sponsor of the Trust Washoe County retains certain rights and that there were no violations in the recent approval of a policy change which did not require approval or acknowledgement of the Board of Trustees. Ms. Solorzano explained that the fiduciary responsibility of the Board of Trustees is to assure that investments and expenditures are made in accordance with the terms of the trust.

Chair Hastings noted that this had been fully discussed with former Chair Sherman.

Member Craig commented that he believes the Trustees should have all been privy to the details of the discussion with Mr. Sherman. He noted that he had requested some background materials on former policies and policy documents, and that he believes the documentation that was sent to him should be sent to all of the Trustees.

Chair Hasting noted that when a member of the BCC requests specific information that information is provided only to that member and may be handled with a one-on-one follow-up with the Commissioner. Chair Hastings drew attention to the December 21, 2015, staff report and subsequent action taken at the January 12, 2016, meeting of the BCC related to the quarterly OPEB reimbursement report.

Ms. Solorzano noted that the public is always welcome to attend public meetings and participate in the discussion.

Member Craig commented he believes that once the request for information is addressed that the information should, as is common with other boards he has served with, become public record.

Ms. Solorzano commented that it is generally assumed that a lack of public comment indicates they are content.

Dania Reid – Deputy District Attorney, explained that the agenda item is narrowly drawn and that any further discussion about potential policy changes and how Trustees would like to handle future communications should be added to a future agenda. Ms. Reid commented that Washoe County is the creator of the OPEB Trust and as such can create or revise policy at its discretion that this body follows. Ms. Reid suggested that this be addressed under Agenda item 8 as a future agenda item.

It was moved by Member Mathers, seconded by Chair Hasting, to approve the year to date expenditures as outlined on page 4 and the reimbursements period ending March 31, 2016 as presented.

Member Craig stated he would not support the motion as he believes the BCC made a significant policy change without prior approval of the Board of Trustees.

Member Mathers commented that he would be happy to have the discussion about the policy change made and that he does not see that the Board of Trustees has within their purview the discretion to modify policies set forth by the BCC.

Member Craig stated that he only questions the lack of concurrence by the Board of Trustees, as without input by this body it appears that the Board of Trustees serves only as a rubber stamp.

The motion carried: Member Mathers and Chair Hasting assenting; and Member Craig dissenting.

6. ACKNOWLEDGE RECEIPT OF INTERIM FINANCIAL STATES FOR THE PERIOD ENDING MARCH 31, 2015 [For possible action]

Mary Solorzano drew attention to page 6 of the Finance report. Ms. Solorzano noted the unrealized net loss of \$7.6-million that was due to the decreased value of the portfolio. However, a more recent update that was received after this report was developed for today's (April 28, 2016) meeting indicated that the unrealized loss has been reduced significantly to just under 3-percent as of March 31, 2016. Ms. Solorzano noted that the ensuing pages in the staff report include details for each plan.

Member Mathers noted that the term fiduciary is used a lot and should be taken seriously. Mr. Mathers suggested that future reports include reports from Nevada PERS and RBIF investments showing a breakdown of where the funds are invested and the returns on those investments. The intent is to gain a better understanding of what investment classes are performing better than others.

Ms. Solorzano stated she would provide that information at future meetings. Ms. Solorzano noted that a draft item is being developed that will go the BCC for review before the end of the fiscal year regarding the merger of TMFPD and SFPD (Ordinance 1577) and its impact on the Trust . Ms.

Solorzano explained that the assets of the two organizations will be combined and will reduce the number of organizations from 4 to 3 as of July 1, 2016.

It was moved by Member Mathers, seconded by Member Craig, to approve acknowledge the receipt of the Interim Financial report dated March 31, 2016, as presented. The motion carried unanimously.

7. REVIEW AND DISCUSSION OF PROPOSED CASH TRANSFER TIMING TO THE NEVADA RETIREE BENEFITS INVESTMENT FUND FOR THE REMAINDER OF THE FISCAL YEAR
[For possible action]

Mary Solorzano outlined the proposed cash transfer timing to the RBIF fund for the remainder of fiscal year 2015-2016. Due to cash flow constraints the final transfer will not be completed until July or August (after the start of FY 2016-2017). Ms. Solorzano noted that there will be no transfers for the months of May, June and possibly July.

It was moved by Member Craig, seconded by Member Mathers, to authorize the transfer cash transfer timing to the Nevada Retiree Benefits Investment Fund for the remainder of the fiscal year as presented. The motion carried unanimously.

8. TRUSTEE'S/STAFF ANNOUNCEMENTS, REQUESTS FOR INFORMATION AND SELECTION OF TOPICS FOR FUTURE AGENDAS STATEMENTS RELATING TO ITEMS NO ON THE AGENA AND ANY IDEAS OR SUGGESTIONS FOR GREATER EFFICIENCY, COST EFFECTIVNESS AND INNOVATION IN PROVIDING FOR THE BENEFITS OF WASHOE COUNTY, NEVADA OPEB (Other Post Employment Benefits) TRUST PARTICIPANTS IN ACCORDANCE WITH THE BENEFIT PLANS (Non-action item) – No Discussion on this item will take place among Trustees

Member Craig asked that staff prepare a presentation similar to what was presented to the BCC highlighting the significant policy change, along with the anticipated fiscal impact and extensive detail on how the policy change may affect the long term fiscal health of the trust fund. Member Craig stated that he would like to have the thoughts and discussion of these changes on the record even if not required by law.

Dania Reid – Deputy District Attorney, cautioned against such an agenda item as the actions were properly taken by the BCC which has the authority to set policy for the Board of Trustees. Ms. Reid pointed out that the Board of Trustees does not have the authority to ratify, condone or disapprove BCC actions.

Chair Hastings suggested an informational item that requires no action to acknowledge receipt provided at the January 12, 2016, BCC meeting.

Ms. Reid explained that she believes the intent is to provide an open public communications of the information in the event that interested parties missed the BCC's action.

Member Craig requested that a detail of the effects over the long term of the policy be included to identify how the policy will affect the trust fund in the long term. Member Craig commented that he

believes it is inappropriate to have the two top fiscal managers for Washoe County serving on the Board of Trustees and questioned whether Member Mathers reports to Chair Hastings.

Chair Hastings noted that Member Mathers reports to Al Rogers in the Manager's Office and that she and Member Mathers are well aware of the implications and need to avoid quorum as required by the Nevada OML (Open Meeting Law). Chair Hastings pointed out that prior to his retirement from Washoe County, John Sherman held the position of Finance Director and had served on the Board of Trustees in that role upon inception of the OPEB Board. Once he retired, Mr. Sherman sat as a retiree in the finance-economics position. While Finance Director, Mr. Sherman sat on the Board along with the then Comptroller and a retiree/beneficiary member.

Member Craig commented that he believes that the Trustees should have a discussion about membership as it pertains to having two financial persons on the board. Ms. Reid opined that the membership discussion is a matter that only the BCC should have as the appointing authority. Ms. Reid concurred with Member Craig's commented that members have the authority to resign.

Member Mathers suggested an agenda item to discuss the 2017 contributions and requested that portfolio information be provided on Nevada PERS and suggested that perhaps they be asked to provide a presentation at a future meeting.

Mary Solorzano stated she would contact the Retirement Investment Board to provide a brief presentation and that she will provide a copy of investment policies that can be distributed.

9. PUBLIC COMMENTS [Non-action item]

There were no public comments.

10. ADJOURNMENT [Non-action item]

Chair Hasting adjourned the meeting at 9:48 a.m.