

**WASHOE COUNTY, NEVADA OPEB TRUST FUND
BOARD OF TRUSTEES**

Minutes

October 27, 2016 at 9:00 a.m.

Comptroller's Large Conference Room

Washoe County Administrative Complex, Building D, 2nd Floor

1001 East 9th Street - Reno, Nevada 89512

Mark Mathers, Chairman
Cathy Hill, Vice Chairman
Darrell Craig
Dania Reid, Legal Counsel

1. * ROLL CALL

Chair Mathers called the meeting to order at 9:02 a.m. A quorum was established.

PRESENT: Darrell Craig, Cathy Hill and Mark Mathers

ABSENT: None.

Dania Reid – Deputy District Attorney, was also present.

2. * PUBLIC COMMENTS

There were no public comments.

3. APPROVAL OF MINUTES FROM THE APRIL 28 AND AUGUST 25, 2016 MEETINGS

Mary Solorzano noted that a correct file had been distributed as an agenda had been sent instead of the meeting minutes.

Trustee Hill stated she would abstain from voting on the April 28, 2016 minutes as she had not been a member at the time.

It was moved by Member Craig, seconded by Chair Mathers, to approve the April 28, 2016 and the August 25, 2016, minutes, as submitted. The motion carried with Trustee Hill abstaining from the April 28, 2016, minutes.

4. REVIEW AND APPROVAL OF YEAR-TO-DATE ADMINISTRATIVE EXPENDITURES AND REQUESTED REIMBURSEMENTS TO EMPLOYERS THROUGH SEPTEMBER 30, 2016

Mary Solorzano outlined the report pointing out that SFPD (Sierra Fire Protection District) no longer appears on the report as it was merged with TMFPD (Truckee Meadows Fire Protection District) effective July 1, 2016, by the BCC (Board of County Commissioners). Ms. Solorzano noted that TMFPD had absorbed all SFPD costs and contributions for retirement benefits.

There were no comments.

It was moved by Trustee Craig, seconded by Trustee Hill, to approve the year-to-date administrative expenditures and requested reimbursements to employers through September 30, 2016, as presented. The motion carried unanimously.

5. ACKNOWLEDGE RECEIPT OF INTERIM FINANCIAL STATEMENTS FOR THE PERIOD

* Denotes NON-action item

ENDING SEPTEMBER 30, 2016.

Mary Solorzano provided an overview of the interim financial statements for period ending September 30, 2016 and pointed out that the RBIF indicates a 21-percent return through August when including unrealized gain/loss. Ms. Solorzano also noted that the realized gain/loss was 2.66% for this period. Ms. Solorzano explained the reimbursement to Washoe County for retirement benefits. The bulk of the budgeted administrative expenditures are for actuarial and audit services, and bills for these services have not yet been received for the current fiscal year. It is not expected that the actuarial valuation for Washoe County will be received from the actuary until January 2017.

There were no comments.

It was moved by Trustee Craig, seconded by Trustee Hill, to acknowledge receipt of the Interim Financial Statement for the period ending September 20, 2016, as presented. The motion carried unanimously.

6. REVIEW AND DISCUSSION OF PROPOSED CASH TRANSFER TIMING TO THE NEVADA RETIREE BENEFITS INVESTMENT FUND FOR THE REMAINDER OF THE FISCAL YEAR

Mary Solorzano outlined that timing of the upcoming proposed cash transfers noting that the intent is to leave approximately \$116,000 in the account at year end. Ms. Solorzano explained that the cash transfer timing is reviewed by the Board of Trustees quarterly. Ms. Solorzano noted that the practice has been to avoid large cash transfers by transferring cash at a steady rate year round.

It was moved by Trustee Hill, seconded by Trustee Craig, to accept the proposed cash transfer timing to the Nevada Retiree Benefits Investment Fund as presented. The motion carried unanimously.

7. REVIEW AND DISCUSSION OF DISCOUNT RATE TO BE USED IN FUTURE ACTUARIAL VALUATIONS FOR PARTICIPATING PLANS

Mary Solorzano recommended that Agenda Item 7 be heard after Agenda Item 9.

8. ACKNOWLEDGE RECEIPT OF AMENDED TRUST AGREEMENT FOR THE WASHOE COUNTY, NEVADA OPEB TRUST FUND (EFFECTIVE JULY 1, 2016), AS EXECUTED BY THE CHAIR OF THE WASHOE COUNTY BOARD OF COUNTY COMMISSIONERS; TRUSTEES TO SIGN AS DIRECTED BY THE BOARD OF COUNTY COMMISSIONERS AT THEIR JUNE 28, 2016 MEETING.

Mary Solorzano outlined the amended Trust Agreement (copy on file) that is to be signed by the OPEB (Other Post Employment Benefits) Board of Trustees. Ms. Solorzano noted that most of the document had not been modified with the bulk of changes dealing with changes in participating employers and benefit plan funded through the trust.

Responding to Ms. Solorzano’s inquiry about whether the document should be signed while the Board of Trustees is in session or after the meeting, Dania Reid – Deputy District Attorney, opined that the Board of Trustees should sign the document during the open meeting to remain compliant with the Nevada OML (Open Meeting Law).

Ms. Solorzano stated that the members of the Board of Trustees had signed the document. Ms. Solorzano noted that a copy would be retained for the files with the original being returned to the Washoe County Clerk for recordation.

It was moved by Trustee Craig, seconded by Trustee Hill, to acknowledge receipt of the amended Trust Agreement. The motion carried unanimously.

9. * PRESENTATION AND REVIEW OF FIDUCIARY DUTIES OF TRUSTEES

Mary Solorzano drew attention to the full presentation pages 42 through the end of the informational packet, which includes excerpts from NRS 287.017 and 287.788. Ms. Solorzano also noted that the fiduciary duties of Trustees are also covered in the Trust Document. Ms. Solorzano explained that a portion of the presentation provided was drawn from a white paper on fiduciary responsibilities by Abigale Pan. In general, the responsibilities of the Board of Trustees are to act in the interests of those receiving benefits and act prudently. Ms. Solorzano also noted that the Board of Trustees also needs to protect Washoe County. Ms. Solorzano encouraged Trustees to review the full presentation and bring back any questions to a future meeting for future discussion.

Trustee Craig recalled an email about an upcoming webinar on deferred compensation, which he believes would be beneficial to Trustees and staff.

Dania Reid – Deputy District Attorney, emphasized that the broader concepts are the same in that there is a duty to be reasonable and act on the information available.

Chair Mathers concurred that the issues must be reviewed and decisions based on the quantitative data available rather than to serve as a “rubber stamp”.

Ms. Solorzano noted that the Trust agreement and regulations allow the Board of Trustees to engage the services of outside firms to provide advice and assistance in the performance of their duties.

Trustee Craig stressed the need to educate one’s self and participate as many training opportunities as possible for both the Board of Trustees and staff.

7. REVIEW AND DISCUSSION OF DISCOUNT RATE TO BE USED IN FUTURE ACTUARIAL VALUATIONS FOR PARTICIPATING PLANS [Reopened]

Mary Solorzano commented that the intent was to provide staff with guidance and bring the matter back at the next meeting.

Chair Mathers noted that staff has indicated some slight concerns about the RBIF's continued use of an assumed 8-percent return, which appears to be on the high end of the spectrum. Chair Mathers noted that the more realistic figure may be 7-percent and suggested that the Board of Trustees engage an investment consultant or actuary to review and provide an overview of current return rates.

Mary Solorzano commented that the actuary had indicated that it is still prudent to use the 7-percent discount rate used in previous actuarial valuations but is monitoring the changes in the market.

Chair Mathers commented that it may make sense to pursue a review of returns and cash flows and model the portfolio on asset liability matching.

Trustee Hill concurred with the concerns expressed and suggested that the return may be as low as 6.5-percent.

Trustee Craig believes that the 7-percent is at the high end of acceptable risk and that something that is more mid-range may be prudent.

Chair Mathers explained that he does not believe that the data to base a decision on is available today and suggested that the advice of an actuary or other professional be sought.

Ms. Solorzano suggested that she ask the actuary for a recommendation and bring back a recommendation to this body. Ms. Solorzano noted that at minimum the Board of Trustees reviews the data every other year. Ms. Solorzano believes the actuary will be willing to advise and perhaps provide a presentation if needed.

During the discussion it was suggested that the information be brought back in December (2016) so that it may be included in the analysis and suggested a meeting in December 2016. Other discussion suggested that Milliman be engaged to provide the data being sought.

Dania Reid – Deputy District Attorney, noted that while this is an action item the Board of Trustees is not required to take any specific action. However, a motion may be made to formalize the direction to staff to reach out to the actuarial firm and seek guidance and feedback on investment returns.

10. REVIEW AND APPROVE 2017 OPEB BOARD OF TRUSTEE'S MEETING DATES AND TIMES. SUGGESTED DATES ARE: JANUARY 26, APRIL 27, JULY 27 AND OCTOBER 26, 2017. HISTORICALLY, MEETINGS HAVE BEEN AT 9:00 A.M.

Mary Solorzano outlined the item noting that this will set the meeting schedule for 2017.

During the discussion it was suggested that a special meeting be held to review budget details before the BCC (Board of County Commissioners) retreat in early January 2017.

A consensus was reached to meet on Thursday, December 16, 2016, at 10:00 a.m.

* denotes NON-action item

It was moved by Trustee Hill, seconded by Trustee Craig, to approve the meeting schedule as presented. The motion carried unanimously.

11. * **TRUSTEES’/STAFF ANNOUNCEMENTS, REQUESTS FOR INFORMATION, AND TOPICS FOR FUTURE AGENDAS, STATEMENTS RELATING TO ITEMS NOT ON THE AGENDA AND ANY IDEAS AND SUGGESTIONS FOR GREATER EFFICIENCY, COST EFFECTIVENESS AND INNOVATION IN PROVIDING FOR THE BENEFITS OF WASHOE COUNTY, NEVADA OPEB TRUST PARTICIPANTS IN ACCORDANCE WITH THE BENEFIT PLANS. (NO DISCUSSION ON THIS ITEM WILL TAKE PLACE AMONG TRUSTEES.)**

Trustee Hill noted that she may be replaced by the newest Washoe County Assistant County Manager, Christine Vuletich.

Darrell Craig distributed a handout (copy on file) to the Board of Trustees.

12. * **PUBLIC COMMENTS**

There were no public comments.

13. * **ADJOURN**

Chair Mathers adjourned the meeting at 9:54 a.m.