

---

Mark Mathers, Chairman  
Cathy Hill, Vice Chairman  
Darrell Craig

Dania Reid, Legal Counsel

## AGENDA

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

May 4, 2017 at 10:00 am

Comptroller's Large Conference Room  
Washoe County Administrative Complex, Building D, 2<sup>nd</sup> Floor  
1001 E. Ninth Street – Reno, Nevada 89512

---

**NOTE:** Items on the agenda may be taken out of order, combined with other items, removed from the agenda, moved to the agenda of another later meeting, moved to or from the Consent section, or may be voted on in a block. Items with a specific time designation will not be heard prior to the stated time, but may be heard later. Items listed in the Consent section of the agenda are voted on as a block and will not be read or considered separately unless removed from the Consent section.

Facilities in which this meeting is being held are accessible to the disabled. Persons with disabilities who require special accommodation or assistance (e.g. sign language, interpreters, or assisted listening devices) at the meeting should notify the Washoe County Comptroller's Office at 328-2552, 24 hours prior to the meeting.

**Time Limits.** Public comments are welcomed during the Public Comment periods for all matters, whether listed on the agenda or not, and are limited to two minutes per person. Additionally, public comment of two minutes per person will be heard during individual action items on the agenda. Persons are invited to submit comments in writing on the agenda items and/or attend and make comment on that item at the Trustees' meeting. Persons may not allocate unused time to other speakers.

**Forum Restrictions and Orderly Conduct of Business.** The Washoe County OPEB Trust Board of Trustees conducts the business of the OPEB Trust Fund during its meetings. The presiding officer may order the removal of any person whose statements or other conduct disrupts the orderly, efficient, or safe conduct of the meeting. Warnings against disruptive comments or behavior may or may not be given prior to removal. The viewpoint of a speaker will not be restricted, but reasonable restrictions may be imposed upon the time, place, and manner of all speech. Irrelevant and unduly repetitious statements and personal attacks which antagonize or incite others are examples of speech that may be reasonably limited.

**Responses to Public Comments.** The Board of Trustees can deliberate or take action only if a matter has been listed on an agenda properly posted prior to the meeting. During the public comment period, speakers may address matters listed or not listed on the published agenda. The Open Meeting Law does not expressly prohibit responses to public comments by the Board. However, responses from Trustees to unlisted public comment topics could become deliberation on a matter without notice to the public. On the advice of legal counsel and to ensure the public has notice of all matters the Board of Trustees will consider, Trustees may choose not to respond to public comments, except to correct factual inaccuracies, ask for staff action, or to ask that a matter be listed on a future agenda. The Board may do this either during the public comments item or during the following item: “\*Trustee’s/Staff announcements, requests for information, topics for future agendas and statements relating to items not on the agenda”.

---

This Agenda for the meeting has been posted at the following locations: Washoe County Administration Building (1001 E. 9<sup>th</sup> Street, Bldg. A), Washoe County Courthouse – Second Judicial District Court (75 Court Street), Washoe County Downtown Reno Library (301 S. Center Street), Sparks Justice Court (1675 Prater Way, #107), the Washoe County Website at [www.washoecounty.us/finance/OPEB.htm](http://www.washoecounty.us/finance/OPEB.htm), and the Nevada Public Notice Website (<https://notice/nv.gov>).

---

Support documentation for items on the agenda that is provided to the Washoe County, Nevada OPEB Trust Board of Trustees is available to members of the public at the Washoe County Comptroller's Office (1001 E. 9<sup>th</sup> Street, Room D-200, Reno, Nevada), Jeri Renshaw, Administrative Secretary (775) 328-2552.

All items number or lettered below are hereby designated for possible action as if the words "for possible action" were written next to each item (NRS 241.020). An item listed with an asterisk (\*) is an item for which no action will be taken.

---

- \* 1. Roll Call.
- \* 2. Public Comments.
- 3. Approval of minutes from the January 26, 2017 meeting.
- 4. Review and approval of year-to-date administrative expenditures and requested reimbursements to employers through March 31, 2017.
- 5. Acknowledge receipt of interim financial statements for the period ending March 31, 2017.
- 6. Acknowledge receipt of audited financial statements for the year ended June 30, 2016.
- 7. Review and discussion of report from Milliman regarding the OPEB Trust Fund's projected future cash flows.
- 8. Acknowledge and sign engagement letter from Eide Bailly for audit services for the fiscal year ending June 30, 2017.
- 9. Discussion of expiring term of Trustee Darrell Craig.
- \* 10. Reminder of meeting dates for remainder of calendar year 2017: Thursday, July 27 and Thursday, October 26. Meetings will begin at 10 am.
- \* 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 benefits plans.

- \* 12. Public Comments. Comments heard under this item will be limited to two minutes per person and may pertain to matters both on and off the Board of Trustees' agenda. The Board will also hear public comment during individual action items, with comment limited to two minutes per person. Comments are to be made to the Board as a whole.
  
- \* 13. Adjourn.

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

**DRAFT of Minutes**

**Thursday ~ January 26, 2017 ~ 9:00 a.m.**

**Washoe County Administrative Complex**

**Comptroller's Large Conference Room**

**2<sup>nd</sup> Floor Building D,**

**1001 E. 9th Street - Reno, Nevada**

Mark Mathers – Chair

Cathy Hill – Vice-chair

Darrell Craig – Trustee

Dania Reid – Legal Counsel

**1. ROLL CALL \***

Chair Mathers called the meeting to order at 9:00 a.m. A quorum was established.

**PRESENT:** Darrell Craig, Mark Mathers and Cathy Hill.

**ABSENT:** None.

Keith Munro – Deputy District Attorney, was also present.

**2. PUBLIC COMMENTS \***

There were no public comments.

**3. APPROVAL OF MINUTES OF THE October 27 and December 15, 2016 meetings.**

Member Hill asked that the word “complaint” on page 3 of the October 27, 2016, minutes be changed to read “compliant”.

***It was moved by Member Craig, seconded by Member Hill, to approve the October 27, 2016, as amended and the December 15, 2016, minutes, as submitted. The motion carried unanimously.***

**4. REVIEW AND APPROVAL OF YEAR-TO-DATE ADMINISTRATIVE EXPENDITURES AND REQUESTED REIMBURSEMENTS TO EMPLOYERS THROUGH DECEMBER 31, 2016.**

Mary Solorzano provided an overview of the year-to-date administrative expenditures noting that trustee fees would be correct in the next quarterly update. Ms. Solorzano drew attention to the Washoe County request for reimbursement and modification in the format of the report. Ms. Solorzano noted that staff has started finalization of the audited 6/30/16 OPEB Trust financial statements and they should be ready for the next quarterly meeting of the OPEB Trustees. Ms. Solorzano noted that reimbursement to Washoe County from the Trust is being done on a quarterly basis and drew attention to TMFPD figures.

Russ Morgan noted that one of the larger TMFPD payments to the City of Reno covers former TMFPD employees that transferred to the City of Reno. The total payment for those former employees is  $\pm$ \$50,000.00 quarterly. No such payments have been made by TMFPD this fiscal year; two payments will likely be paid in the 3<sup>rd</sup> quarter. Reimbursement will be requested next quarter.

***It was moved by Member Hill, seconded by Member Craig, to approve the year-to-date expenditures and requested reimbursements to employers through December 31, 2016, as presented. The motion carried unanimously.***

**5. ACKNOWLEDGE RECEIPT OF INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDING DECEMBER 31, 2016.**

Mary Solorzano outlined the financial statements, noting the consolidation of SFPD and TMFPD into a single plan as of July 1, 2016 and pointed out that the net assets of the plan are \$185-million with an increase of \$8.5-million. The investment in RBIF reflects an increase of 3.1 percent and that monthly transfers are made for plan members. To date, \$5.6-million has been paid to the County.

There was some discussion about the mortality rate and whether or not the crest date is known. As the discussion continued, it was noted that Milliman, Inc., could most likely provide that information. However, there may be an additional charge to determine the crest and an annual cash flow projection. The intent is to better understand the investment structure and liability flows over time. Other discussion suggested that the crest date may be in 2023 with an additional 25 years of cash flow for the remainder to the trust. Other discussion suggested that the format be modified to show whole numbers for ease of Trustee review.

***It was moved by Member Craig, seconded by Member Hill, to accept and acknowledge receipt of the statements, 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 drew attention to the update and the reallocation column. The intent is to ensure that there is sufficient cash on hand to meet obligations. Ms. Solorzano explained that historically the intent has been to maintain sufficient cash on hand to cover direct expenses and noted that the Board of Trustees typically approves a transfer of funds in July.

Russ Morgan noted that the pre-funding contribution is now made monthly; in previous years it was made quarterly.

During the discussion it was suggested that perhaps the RBIF contribution should be increased by \$250,000 or \$300,000 thus resulting in an approximate \$1.5-million monthly transfer. It is thought that the increase by \$300,000 can start in February and continue through June. Other discussion noted that there can be additional discussion at the next quarterly meeting.

***It was moved by member Hill, seconded by Member Craig, to increase the RBIF contribution to \$1,385,000 per month for February 2017 through June 2017. The motion carried unanimously.***

**7. 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.)**

The agenda for the next quarterly OPEB meeting may include, but is not limited to a report on the anticipated crest and cash flows for the anticipated life of the trust fund. The OPEB Trust report will be modified to show whole numbers as identified earlier in the meeting.

**8. PUBLIC COMMENTS \***

There were no public comments.

**9. ADJOURN \***

Chair Mathers adjourned the meeting at 9:32 a.m.

**WASHOE COUNTY, NEVADA OPEB TRUST**  
**Administrative Expense Detail - YTD Actual vs. Annual Budget**  
**For the Year Ended June 30, 2017 - Unaudited**

	<u>Washoe Co. Retiree Health Benefit Program</u>	<u>State of Nevada Public Employee Benefit Plan</u>	<u>Truckee Meadows FPD Retiree Group Medical Plan</u>	<u>2017 Total</u>
<b><u>BUDGET</u></b>				
Administrative Expenses				
Actuarial valuations	\$ 17,500	\$ 4,500	\$ 5,000	\$ 27,000
Accounting and administrative services	-	-	-	-
Audit fees	2,215	2,215	2,215	6,645
Trustee fees	107	107	106	320
Other Operating Expenses	300	300	300	900
	<u>\$ 20,122</u>	<u>\$ 7,122</u>	<u>\$ 7,621</u>	<u>\$ 34,865</u>
<b><u>ACTUAL</u></b>				
Administrative Expenses				
Actuarial valuations	\$ -	\$ -	\$ -	-
Accounting and administrative services	-	-	-	-
Audit fees	-	-	-	-
Trustee fees	107	107	106	320
Legal fees	-	-	-	-
Meeting minutes	233	234	234	701
Operating Expenses	-	-	-	-
	<u>\$ 340</u>	<u>\$ 341</u>	<u>\$ 340</u>	<u>\$ 1,021</u>
<b><u>VARIANCE</u></b>				
Administrative Expenses				
Actuarial valuations	\$ 17,500	\$ 4,500	\$ 5,000	\$ 27,000
Accounting and administrative services	-	-	-	-
Audit fees	2,215	2,215	2,215	6,645
Trustee fees	-	-	-	-
Legal fees	-	-	-	-
Operating Expenses	67	66	66	199
	<u>\$ 19,782</u>	<u>\$ 6,781</u>	<u>\$ 7,281</u>	<u>\$ 33,844</u>

**WASHOE COUNTY, NEVADA OPEB TRUST**  
**Summary of Requested Reimbursement to Washoe County Health Benefits Fund**  
**For the Nine Months Ended March 31, 2017**

	<u>YTD</u>	<u>Avg / Mo</u>
<b><u>WCRHBP</u></b>		
Plan member premium payments	2,808,677	312,075
Other miscellaneous revenues	1,217,970	135,330
	<u>4,026,647</u>	<u>447,405</u>
Less:		
Benefits expense	<u>12,617,955</u>	<u>1,401,995</u>
Net OPEB expense	8,591,308	<u><u>954,590</u></u>
Reimbursements to date:		
For Q1	(2,898,769)	
For Q2	(2,762,151)	
For Q3	-	
For Q4	-	
Balance due to Washoe County	<u><u>2,930,388</u></u>	
<b><u>PEBP</u></b>		
PEBP premium subsidies	199,065	<u><u>22,118</u></u>
Reimbursements to date:		
For Q1	(67,549)	
For Q2	(65,378)	
For Q3	-	
For Q4	-	
Balance due to Washoe County	<u><u>66,138</u></u>	
Total due to Washoe County	<b><u><u>\$ 2,996,526</u></u></b>	

**Plan member premium payments:** Payments received from retirees for their share of OPEB plan premiums.

**Other miscellaneous revenues:** Payments received from third parties for reinsurance reimbursements, prescription drug rebates, and Medicare Part D reimbursements.

**Benefits expense:** Benefits expense includes medical and prescription drug claims and claims administration expense for PPO participants, HMO participant premiums, and dental and vision claims for all electing participants.

**Net OPEB expense:** Total benefits expense, less plan member premium payments and other miscellaneous revenues. This the County's cost of providing OPEB benefits to participants.



**WASHOE COUNTY, NEVADA OPEB TRUST**  
**Summary of Requested Reimbursement to Truckee Meadows Fire Protection District**  
**For the Nine Months Ended March 31, 2017**

	YTD	Avg / Mo
<b><u>TMFPD RGMP</u></b>		
Plan member premium payments	56,399	6,267
Less:		
Benefits expense	131,219	14,580
Net OPEB expense	74,820	8,313
Reimbursements to date:		
For Q1	(8,493)	
For Q2	(8,731)	
For Q3	-	
For Q4	-	
Balance due to employer	57,596	

**Plan member premium payments:** Payments received from retirees for their share of OPEB plan premiums.

**Benefits expense:** Benefits expense includes premiums for medical, prescription drugs, dental, vision, and life insurance coverages.

**Net OPEB expense:** Total benefits expense, less plan member premium payments. This is TMFPD's cost of providing OPEB benefits to participants.

**Washoe County, Nevada OPEB Trust Fund**  
**Interim Financial Highlights for the Nine Months Ended March 31, 2017 (Unaudited)**

	<u>WC-RHBP</u>	<u>WC-PEBP</u>	<u>TMFPD</u>	<u>TOTAL</u>
WC-Pool	\$ 3,254,691	\$ 153,469	\$ 234,529	\$ 3,642,689
State RBIF	189,628,253	2,594,203	5,113,970	197,336,426
Other-Net	<u>(2,921,574)</u>	<u>(65,911)</u>	<u>(57,130)</u>	<u>(3,044,615)</u>
Net Assets	<u>\$ 189,961,370</u>	<u>\$ 2,681,761</u>	<u>\$ 5,291,369</u>	<u>\$ 197,934,500</u>

- As of July 1, 2016, TMFPD and SFPD consolidated into TMFPD. Accordingly, their OEPB plan assets were also combined.
- Net assets of \$198 million are up \$21.4 million year-to-date; contributions of \$19.8 million and net investment income of \$14.5 million were offset by \$12.9 million in benefits expense.

	<u>WC-RHBP</u>	<u>WC-PEBP</u>	<u>TMFPD</u>	<u>TOTAL</u>
<b>Additions:</b>				
Prefunding	\$ 15,677,251	\$ 32,250	\$ -	\$ 15,709,501
Investment income, net of expense	13,948,780	210,785	393,851	14,553,416
Plan members, other	4,026,647	-	56,399	4,083,046
	<u>33,652,678</u>	<u>243,035</u>	<u>450,250</u>	<u>34,345,963</u>
<b>Deductions:</b>				
Benefits Paid	12,617,955	199,065	131,219	12,948,239
Administrative	340	341	340	1,021
	<u>12,618,295</u>	<u>199,406</u>	<u>131,559</u>	<u>12,949,260</u>
Net change in Plan Net Assets	<u>\$ 21,034,383</u>	<u>\$ 43,629</u>	<u>\$ 318,691</u>	<u>\$ 21,396,703</u>

- Investment income includes unrealized gains of \$11.5 million in the RBIF through February 28, 2017. Investment yields through February in the RBIF are 14.74% with these gains included. Realized yields are at 3.12%.

	<u>Budget</u>	<u>YTD</u>	<u>Act % Bud</u>	<u>Variance</u>
<b>Additions:</b>				
Prefunding	\$ 20,946,000	\$ 15,709,501	75%	\$ (5,236,499)
Investment income, net of expense	3,983,025	14,553,416	365%	10,570,391
Plan members, other	4,796,500	4,083,046	85%	(713,454)
	<u>29,725,525</u>	<u>34,345,963</u>	116%	<u>4,620,438</u>
<b>Deductions:</b>				
Benefits Paid	16,703,560	12,948,239	78%	3,755,321
Administrative	34,865	1,021	3%	33,844
	<u>16,738,425</u>	<u>12,949,260</u>	77%	<u>3,789,165</u>
Net change in Plan Net Assets	<u>\$ 12,987,100</u>	<u>\$ 21,396,703</u>	165%	<u>\$ 8,409,603</u>

- Prefunding contributions reflect transfers from the Washoe County General Fund. Beginning in FY17, the Prefunding contributions are being made monthly.
- Plan member and other contributions reflect retirees' share of health insurance premiums, plus miscellaneous revenues, such as reinsurance proceeds and drug rebates.
- During FY16 Washoe County adopted a policy of collecting the County's full OPEB cost from the Trust, effective July 1, 2015.

**WASHOE COUNTY, NEVADA OPEB TRUST FUND**  
**INTERIM STATEMENTS OF PLAN NET ASSETS**  
**AS OF MARCH 31, 2017 - UNAUDITED**

	<u>Washoe Co. Retiree Health Benefit Plan</u>	<u>State of Nevada Public Employee Benefit Plan</u>	<u>TMFPD Retiree Group Medical Plan</u>	<u>Total</u>
<b>Assets</b>				
Cash and investments:				
Washoe County Investment Pool	\$ 3,254,691	\$ 153,469	\$ 234,529	\$ 3,642,689
State of Nevada RBIF	189,628,253	2,594,203	5,113,970	197,336,426
Accounts receivable	-	-	-	-
Interest receivable	8,814	227	466	9,507
Total Assets	<u>192,891,758</u>	<u>2,747,899</u>	<u>5,348,965</u>	<u>200,988,622</u>
<b>Liabilities</b>				
Accounts payable	-	-	-	-
Due to employers	<u>2,930,388</u>	<u>66,138</u>	<u>57,596</u>	<u>3,054,122</u>
Total Liabilities	<u>2,930,388</u>	<u>66,138</u>	<u>57,596</u>	<u>3,054,122</u>
<b>Net assets held in trust for other postemployment benefits</b>	<u>\$ 189,961,370</u>	<u>\$ 2,681,761</u>	<u>\$ 5,291,369</u>	<u>\$ 197,934,500</u>

**WASHOE COUNTY, NEVADA OPEB TRUST FUND**  
**INTERIM STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2017 - UNAUDITED**  
**(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)**

	<b>Combined Trust</b>				<b>6/30/2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Act %</b>	<b>Variance</b>	
<b>Additions</b>					
Contributions					
Employer:					
Prefunding	\$ 20,946,000	\$ 15,709,501	75.00%	\$ (5,236,499)	\$ 17,680,000
Plan member	3,756,500	2,865,076	76.27%	(891,424)	3,614,100
Other	1,040,000	1,217,970	117.11%	177,970	1,309,068
Total Contributions	25,742,500	19,792,547	76.89%	(5,949,953)	22,603,168
Investment Income					
Interest and dividends	4,035,150	2,639,099	65.40%	(1,396,051)	4,023,115
Net increase (decrease) in fair value of investments	-	11,947,703		11,947,703	(1,116,984)
	4,035,150	14,586,802	361.49%	10,551,652	2,906,131
Less investment expense	52,125	33,386	64.05%	18,739	46,142
Net Investment Income	3,983,025	14,553,416	365.39%	10,570,391	2,859,989
Total Additions	29,725,525	34,345,963	115.54%	4,620,438	25,463,157
<b>Deductions</b>					
Benefits	16,703,560	12,948,239	77.52%	3,755,321	17,586,101
Administrative expense	34,865	1,021	2.93%	33,844	66,323
Total Deductions	16,738,425	12,949,260	77.36%	3,789,165	17,652,424
Net Change in Plan Net Assets	12,987,100	21,396,703	164.75%	8,409,603	7,810,733
<b>Net Assets Held in Trust for Other Postemployment Benefits</b>					
Beginning of year	176,537,797	176,537,797		-	168,727,064
End of Period	\$ 189,524,897	\$ 197,934,500		\$ 8,409,603	\$ 176,537,797

**WASHOE COUNTY, NEVADA OPEB TRUST FUND**  
**INTERIM STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2017 - UNAUDITED**  
**(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)**

	<b>Washoe County - Retiree Health Benefit Plan</b>				
	<b>Budget</b>	<b>Actual</b>	<b>Act %</b>	<b>Variance</b>	<b>6/30/2016</b>
<b>Additions</b>					
Contributions					
Employer:					
Prefunding	\$ 20,903,000	\$ 15,677,251	75.00%	\$ (5,225,749)	\$ 17,612,818
Plan member	3,756,500	2,808,677	74.77%	(947,823)	3,569,353
Other	1,040,000	1,217,970	117.11%	177,970	1,309,068
Total Contributions	25,699,500	19,703,898	76.67%	(5,995,602)	22,491,239
Investment Income					
Interest and dividends	3,856,750	2,527,144	65.53%	(1,329,606)	3,840,017
Net increase (decrease) in fair value of investments	-	11,453,579		11,453,579	(1,037,669)
	3,856,750	13,980,723	362.50%	10,123,973	2,802,348
Less investment expense	49,750	31,943	64.21%	17,807	43,993
Net Investment Income	3,807,000	13,948,780	366.40%	10,141,780	2,758,355
Total Additions	29,506,500	33,652,678	114.05%	4,146,178	25,249,594
<b>Deductions</b>					
Benefits	16,196,810	12,617,955	77.90%	3,578,855	17,070,050
Administrative expense	20,122	340	1.69%	19,782	12,294
Total Deductions	16,216,932	12,618,295	77.81%	3,598,637	17,082,344
Net Change in Plan Net Assets	13,289,568	21,034,383	158.28%	7,744,815	8,167,250
<b>Net Assets Held in Trust for Other Postemployment Benefits</b>					
Beginning of year	168,926,987	168,926,987		-	160,759,737
End of Period	\$ 182,216,555	\$ 189,961,370		\$ 7,744,815	\$ 168,926,987

**WASHOE COUNTY, NEVADA OPEB TRUST FUND**  
**INTERIM STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2017 - UNAUDITED**  
**(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)**

	<b>Washoe County - NV PEBS Plan</b>				<b>6/30/2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Act %</b>	<b>Variance</b>	
<b>Additions</b>					
Contributions					
Employer:					
Prefunding	\$ 43,000	\$ 32,250	75.00%	\$ (10,750)	\$ 67,182
Total Contributions	43,000	32,250	75.00%	(10,750)	67,182
Investment Income					
Interest and dividends	62,050	38,858	62.62%	(23,192)	63,548
Net increase (decrease) in fair value of investments	-	172,429		172,429	(22,576)
	62,050	211,287	340.51%	149,237	40,972
Less investment expense	875	502	57.37%	373	800
Net Investment Income	61,175	210,785	344.56%	149,610	40,172
Total Additions	104,175	243,035	233.29%	138,860	107,354
<b>Deductions</b>					
Benefits	275,000	199,065	72.39%	75,935	260,737
Administrative expense	7,122	341	4.79%	6,781	11,997
Total Deductions	282,122	199,406	70.68%	82,716	272,734
Net Change in Plan Net Assets	(177,947)	43,629		221,576	(165,380)
<b>Net Assets Held in Trust for Other Postemployment Benefits</b>					
Beginning of year	2,638,132	2,638,132		-	2,803,512
End of Period	\$ 2,460,185	\$ 2,681,761		\$ 221,576	\$ 2,638,132

**WASHOE COUNTY, NEVADA OPEB TRUST FUND**  
**INTERIM STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2017 - UNAUDITED**  
**(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)**

	<b>Truckee Meadows FPD - Retiree Group Medical Plan *</b>				
	<u>Budget</u>	<u>Actual</u>	<u>Act %</u>	<u>Variance</u>	<u>6/30/2016</u>
<b>Additions</b>					
Contributions					
Employer:					
Prefunding	\$ -	\$ -		\$ -	\$ -
Plan member	-	56,399		56,399	44,747
Total Contributions	-	56,399		56,399	44,747
Investment Income					
Interest and dividends	116,350	73,097	62.83%	(43,253)	119,550
Net increase (decrease) in fair value of investments	-	321,695		321,695	(56,739)
	116,350	394,792	339.31%	278,442	62,811
Less investment expense	1,500	941	62.73%	559	1,349
Net Investment Income	114,850	393,851	342.93%	279,001	61,462
Total Additions	114,850	450,250	392.03%	335,400	106,209
<b>Deductions</b>					
Benefits	231,750	131,219	56.62%	100,531	255,314
Administrative expense	7,621	340	4.46%	7,281	42,032
Total Deductions	239,371	131,559	54.96%	107,812	297,346
Net Change in Plan Net Assets	(124,521)	318,691	(255.93%)	443,212	(191,137)
<b>Net Assets Held in Trust for Other Postemployment Benefits</b>					
Beginning of year	4,972,678	4,972,678		-	5,163,815
End of Period	\$ 4,848,157	\$ 5,291,369		\$ 443,212	4,972,678

\* TMFPD and SFPD consolidated effective 7/1/16. FYE 6/30/16 amounts have been combined.

**Washoe County, Nevada OPEB Trust Fund**  
**Cash Flow Projections and Planned Transfers to the State Investment Fund (RBIF) for FY 2016-17**  
**Updated to include Actual Activity through 3/31/17**

	<b>Prefunding Contributions</b>	<b>Net Direct Expenses</b>	<b>Reimburse Employers</b>	<b>Pooled Cash Change</b>	<b>Trsfrs to RBIF</b>	<b>Cash in WC Pool</b>	<b>Cash in RBIF</b>	<b>Total Cash &amp; Investmts</b>	
Beginning balance						\$ 518,593	\$ 175,438,982	\$ 175,957,575	
Jul-16	1,745,500	-	-	1,745,500	-	-	2,264,093	175,438,982	177,703,075
Aug Trustee Meeting	6,165,500	(192)	(3,836,754)	2,328,554	-	-	4,592,647	175,438,982	180,031,629
Sep	1,745,500	-	-	1,745,500	500,000	-	5,828,138	180,979,154	186,807,292
Oct Trustee Meeting	1,745,500	-	(2,974,811)	(1,229,311)	800,000	-	3,798,827	181,779,154	185,577,981
Nov	1,745,500	-	-	1,745,500	1,085,000	-	4,459,327	182,864,154	187,323,481
Dec	1,745,500	(171)	-	1,745,329	1,085,000	-	5,072,586	182,724,840	187,797,426
Jan Trustee Meeting	1,745,500	(170)	(2,836,260)	(1,090,930)	1,085,000	-	2,896,656	183,809,840	186,706,496
Feb	1,745,500	-	-	1,745,500	1,385,000	-	3,257,156	185,194,840	188,451,996
Mar	1,745,500	(490)	-	1,745,010	1,385,000	-	3,642,689	197,336,426	200,979,115
Apr	1,745,500	(27,000)	-	1,718,500	1,385,000	-	3,976,189	198,721,426	202,697,615
May Trustee Meeting	1,745,500	(197)	(3,054,122)	(1,308,819)	1,385,000	-	1,282,371	200,106,426	201,388,797
Jun	1,745,500	(6,645)	-	1,738,855	1,385,000	-	1,636,226	201,491,426	203,127,652
Jul-17 Trustee Meeting	-	-	(3,041,867)	(3,041,867)	-	-	(1,405,641)	201,491,426	200,085,785
Cash flow total	<u>25,366,000</u>	<u>(34,865)</u>	<u>(15,743,814)</u>	<u>9,587,321</u>	<u>11,480,000</u>				
Less: Pmts related to FY16	<u>(4,420,000)</u>		<u>3,836,754</u>		<u>-</u>				
FY17 Budget	<u>20,946,000</u>		<u>(11,907,060)</u>		<u>11,480,000</u>				

**Key Assumptions:**

Only key changes in cash flow are shown.

TMFPD - Quarterly payments to City of Reno, based on FY16 actual - paid in last month of each quarter.

Transfers to RBIF will be reviewed quarterly for possible adjustment.

	<u>WCRHBP</u>	<u>PEBP</u>	<u>WC Total</u>	
WC contribution	20,903,000	43,000	20,946,000	Allocation based on PEBP Plan ARC and WC Budget. Paid in monthly increments.



**Washoe County, Nevada OPEB Trust Fund**  
**Cash Flow Projections and Planned Transfers to the State Investment Fund (RBIF) for FY 2016-17**  
**Updated to include Actual Activity through 3/31/17**

<b>WCRHBP</b>		<b>Prefunding Contributions</b>	<b>Net Direct Expenses</b>	<b>Reimburse Employers</b>	<b>Pooled Cash Change</b>	<b>Trsfrs to RBIF</b>	<b>Cash Realloc *</b>	<b>Cash in WC Pool</b>	<b>Cash in RBIF</b>	<b>Total Cash &amp; Invest.</b>
Beginning balance								\$ 377,720	\$ 167,776,067	\$ 168,153,787
Jul-16		1,741,917	-		1,741,917	-	-	2,119,637	167,776,067	169,895,704
Aug	Trustee Meeting	6,145,122	(64)	(3,631,562)	2,513,496	-	(110,000)	4,523,133	167,886,067	172,409,200
Sep		1,741,916	-	-	1,741,916	500,000	-	5,760,042	173,204,470	178,964,512
Oct	Trustee Meeting	1,741,917	-	(2,898,769)	(1,156,852)	800,000	-	3,803,190	174,004,470	177,807,660
Nov		1,741,917	-	-	1,741,917	1,085,000	(250,000)	4,210,107	175,339,470	179,549,577
Dec		1,741,916	(57)	-	1,741,859	1,085,000	-	4,821,787	175,252,803	179,074,590
Jan	Trustee Meeting	1,741,917	(57)	(2,762,151)	(1,020,291)	1,085,000	(200,000)	2,516,496	176,537,803	179,054,299
Feb		1,741,917	-	-	1,741,917	1,385,000	-	2,873,413	177,922,803	180,796,216
Mar		1,741,916	(163)	-	1,741,753	1,385,000	-	3,254,691	189,628,253	192,882,944
Apr		1,741,917	(17,500)	-	1,724,417	1,385,000	-	3,594,108	191,013,253	194,607,361
May	Trustee Meeting	1,741,917	(66)	(2,930,388)	(1,188,537)	1,385,000	-	1,020,571	192,398,253	193,418,824
Jun		1,741,916	(2,215)	-	1,739,701	1,385,000	-	1,375,272	193,783,253	195,158,525
Jul-17	Trustee Meeting	-	-	(2,809,002)	(2,809,002)	-	-	(1,433,730)	193,783,253	192,349,523
Cash flow total		<u>25,306,205</u>	<u>(20,122)</u>	<u>(15,031,872)</u>	<u>10,254,211</u>	<u>11,480,000</u>				
Less: Pmts related to FY16		<u>(4,403,205)</u>		<u>3,631,562</u>		<u>-</u>				
FY17 Budget		<u>20,903,000</u>		<u>(11,400,310)</u>		<u>11,480,000</u>				

<b>PEBP</b>		<b>Prefunding Contributions</b>	<b>Net Direct Expenses</b>	<b>Reimburse Employers</b>	<b>Pooled Cash Change</b>	<b>Trsfrs to RBIF</b>	<b>Cash Realloc *</b>	<b>Cash in WC Pool</b>	<b>Cash in RBIF</b>	<b>Total Cash &amp; Invest.</b>
Beginning balance								\$ 103,643	\$ 2,583,437	\$ 2,687,080
Jul-16		3,583	-	-	3,583	-	-	107,226	2,583,437	2,690,663
Aug	Trustee Meeting	20,378	(64)	(64,402)	(44,088)	-	-	63,138	2,583,437	2,646,575
Sep		3,584	-	-	3,584	-	-	65,063	2,659,040	2,724,103
Oct	Trustee Meeting	3,583	-	(67,549)	(63,966)	-	-	1,097	2,659,040	2,660,137
Nov		3,583	-	-	3,583	-	-	4,680	2,659,040	2,663,720
Dec		3,584	(57)	-	3,527	-	-	8,280	2,640,675	2,648,955
Jan	Trustee Meeting	3,583	(56)	(65,378)	(61,851)	-	200,000	146,429	2,440,675	2,587,104
Feb		3,583	-	-	3,583	-	-	150,012	2,440,675	2,590,687
Mar		3,584	(164)	-	3,420	-	-	153,469	2,594,203	2,747,672
Apr		3,583	(4,500)	-	(917)	-	-	152,552	2,594,203	2,746,755
May	Trustee Meeting	3,583	(66)	(66,138)	(62,621)	-	-	89,931	2,594,203	2,684,134
Jun		3,584	(2,215)	-	1,369	-	-	91,300	2,594,203	2,685,503
Jul-17	Trustee Meeting	-	-	(75,935)	(75,935)	-	-	15,365	2,594,203	2,609,568
Cash flow total		<u>59,795</u>	<u>(7,122)</u>	<u>(339,402)</u>	<u>(286,729)</u>	<u>-</u>	<u>200,000</u>			
Less: Pmts related to FY16		<u>(16,795)</u>		<u>64,402</u>						
FY17 Budget		<u>43,000</u>		<u>(275,000)</u>						

**Washoe County, Nevada OPEB Trust Fund**  
**Cash Flow Projections and Planned Transfers to the State Investment Fund (RBIF) for FY 2016-17**  
**Updated to include Actual Activity through 3/31/17**

TMFPD	Prefunding Contributions	Net Direct Expenses	Reimburse Employers	Pooled Cash Change	Trsfrs to RBIF	Cash Realloc *	Cash in WC Pool	Cash in RBIF	Total Cash & Invest.
Beginning balance							\$ 37,230	\$ 5,079,478	\$ 5,116,708
Jul-16	-	-	-	-	-	-	37,230	5,079,478	5,116,708
Aug Trustee Meeting	-	(64)	(140,790)	(140,854)	-	110,000	6,376	4,969,478	4,975,854
Sep	-	-	-	-	-	-	3,033	5,115,644	5,118,677
Oct Trustee Meeting	-	-	(8,493)	(8,493)	-	-	(5,460)	5,115,644	5,110,184
Nov	-	-	-	-	-	250,000	244,540	4,865,644	5,110,184
Dec	-	(57)	-	(57)	-	-	242,519	4,831,362	5,073,881
Jan Trustee Meeting	-	(57)	(8,731)	(8,788)	-	-	233,731	4,831,362	5,065,093
Feb	-	-	-	-	-	-	233,731	4,831,362	5,065,093
Mar	-	(163)	-	(163)	-	-	234,529	5,113,970	5,348,499
Apr	-	(5,000)	-	(5,000)	-	-	229,529	5,113,970	5,343,499
May Trustee Meeting	-	(65)	(57,596)	(57,661)	-	-	171,868	5,113,970	5,285,838
Jun	-	(2,215)	-	(2,215)	-	-	169,653	5,113,970	5,283,623
Jul-17 Trustee Meeting	-	-	(156,930)	(156,930)	-	-	12,723	5,113,970	5,126,693
Cash flow total	-	<u>(7,621)</u>	<u>(372,540)</u>	<u>(380,161)</u>	-	<u>360,000</u>			
Less: Pmts related to FY16			<u>140,790</u>						
FY17 Budget			<u>(231,750)</u>						

\* Rebalancing between Pool and RBIF to ensure sufficient cash flow to meet plan expenses.

**Washoe County, Nevada**  
**OPEB Trust Fund**  
**Financial Statements**  
**For the Fiscal Year ended June 30, 2016**

*This page intentionally left blank*

**WASHOE COUNTY, NEVADA OPEB TRUST FUND  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**TABLE OF CONTENTS**

**PAGE**

Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statements of Plan Net Position as of June 30, 2016 .....	7
Statements of Changes in Plan Net Position for the Fiscal Year ended June 30, 2016.....	8
Notes to the Financial Statements:	
Note 1 – Summary of Significant Accounting Policies.....	9
Note 2 – Plan Descriptions and Contribution Information.....	10
Note 3 – Funded Status and Funding Progress.....	12
Note 4 – Cash and Investments.....	13
Note 5 – Subsequent Event: Consolidation of Fire Districts' Plans .....	14
Required Supplementary Information:	
Schedule of Funding Progress.....	15
Schedule of Employer Contributions.....	15
Notes to Required Supplementary Information.....	16



## **Independent Auditor's Report**

To the Honorable Board of Trustees  
Washoe County, Nevada OPEB Trust Fund  
Reno, Nevada

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Washoe County, Nevada OPEB Trust Fund (the "Trust"), which comprise the statements of plan net position as of June 30, 2016, and the related statements of changes in plan net position for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net position of the Washoe County, Nevada OPEB Trust Fund as of June 30, 2016, and changes in its net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters****Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the schedule of funding progress and the schedule of employer and other entities' contributions on pages 15 and 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Reno, Nevada  
April 7, 2017

## WASHOE COUNTY, NEVADA OPEB TRUST FUND

### Management's Discussion and Analysis For the Year Ended June 30, 2016

This section presents management's discussion and analysis of the Washoe County, Nevada OPEB Trust Fund's (the Trust) financial position and performance as of and for the fiscal year ended June 30, 2016. Additional information from prior years' financial statements is included herein for comparative purposes. This section is intended to supplement the Trust's financial statements and should be read in conjunction with the remainder of the Trust's financial statements.

#### Financial Highlights

The following financial highlights occurred during the fiscal year.

- Plan net position of the Trust increased by \$7,810,733 to a total of \$176,537,797.
- The Trust had additions during the year of \$25,463,157 and deductions for benefits and administrative expenses of \$17,652,424.
- The actuarial valuations for the participating employers' plans showed that the employers' annual required contributions (ARC) were \$21,661,092 (combined). This amount consists of the accrual for benefits earned by employees during the current year and amortization of the previously accumulated actuarial liability over periods ranging from 20 to 30 years, beginning in 2011. Employer contributions in 2016 were \$17,680,000 or 81.6% of the combined ARC.

More details on these highlights and other information are in the remainder of this discussion and analysis.

#### The Washoe County, Nevada OPEB Trust Fund

The Trust is intended to provide the means to fund the post-employment benefits provided by the benefit plans of the participating employers, who are Washoe County, the Truckee Meadows Fire Protection District, and the Sierra Fire Protection District.

The Trust itself has no obligation to provide funding for the benefits to the retirees of the participating employers, nor does it independently have the capacity to raise funds. Responsibility for determining the benefits and funding them rests with the participating employers and their respective governing bodies.

Assets of the Trust are held for the exclusive benefit of former employees of the participating employers. Plan liabilities do not include actuarial accrued liabilities for benefits, as those are obligations of the participating employers.

#### Overview of the Financial Statements and Accompanying Information

The basic financial statements consist of:

*Statements of Plan Net Position.* This statements presents information on the assets, liabilities, and net position of the Trust at a point in time (the end of the fiscal year). Over time the changes in net position may serve as a useful indicator of the status of funding other postemployment benefits that have been promised to the employees of the participating employers. Net position is classified as "net position restricted for other postemployment benefits".

*Statements of Changes in Plan Net Position.* This statement presents information on the additions and deductions to the Trust during the year being reported. Additions include employer contributions to the Trust, participant contributions, net investment income and any other additions that are available to support benefits and expenses. Deductions include the costs of benefits provided during the year and administrative expenses associated with the benefits and Trust administration.

*Notes to the Financial Statements.* The Notes to the Financial Statements are an integral part of the financial statements and provide additional detailed information and schedules. Information in the notes provides disclosures concerning the Trust's organization, contributions from participating employers, investments, and other information.

*Required Supplementary Information.* This section contains two supplementary schedules. The Schedule of Funding Progress shows information from the three most recent actuarial evaluations and permits a determination of the trend



WASHOE COUNTY, NEVADA OPEB TRUST FUND

Management's Discussion and Analysis  
For the Year Ended June 30, 2016

of the overall funding status of the participating employers' obligations. The Schedule of Employer Contributions shows information on the extent to which the participating employers are providing funding relative to their actuarially determined "annual required contribution."

**Financial Analysis and Discussion**

*Statements of Plan Net Position:*

The following summary amounts are as of June 30:

	<u>2016</u>	<u>2015</u>
Total assets	\$ 180,381,512	\$ 171,581,577
Total liabilities	<u>3,843,715</u>	<u>2,854,513</u>
Net position restricted for other postemployment benefits	<u>\$ 176,537,797</u>	<u>\$ 168,727,064</u>

Assets at June 30, 2016 include cash and investments of \$175,957,575; most of this was held in the State of Nevada's Retirement Benefits Investment Fund (RBIF). In addition to interest and dividend income, the investments experienced a net decrease in fair value (market value) during the year. Contributions were receivable from participating employers, based on their budgetary commitments to fund their ARCs; such amounts were subsequently collected. There were small amounts receivable for interest income.

Liabilities consist principally of amounts owed to the participating employers for health insurance benefits provided to the participating employers' retirees and payable as of the reporting date. The June 30, 2015 amounts includes \$546,873 owed to another governmental OPEB trust as a result of the divestiture of Washoe County's water utility to the Truckee Meadows Water Authority effective December 31, 2014. All liabilities were subsequently settled. Plan liabilities do *not* include actuarial accrued liabilities for future benefits, as those are obligations of the participating employers.

Net position restricted for other postemployment benefits is the net difference between assets and liabilities, and is the amount of the assets available to pay future benefits for the participating employers' retirees and the administrative expenses of the Trust. Based on current year amounts, the net position would cover the actual benefits and expense payable for ten years.

**WASHOE COUNTY, NEVADA OPEB TRUST FUND**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2016**

*Statements of Changes in Plan Net Position:*

The Trust experienced the following changes in net position during the years ended June 30 (summary amounts):

	<u>2016</u>	<u>2015</u>
<b>Additions</b>		
Employer Contributions	\$ 17,680,000	\$ 21,062,892
Plan member contributions	3,614,100	3,171,155
Other income	1,309,068	797,372
<b>Investment income</b>		
Interest and dividends	4,023,115	3,991,348
Net appreciation (depreciation)	(1,116,984)	1,378,768
Less investment expenses	<u>(46,142)</u>	<u>(52,771)</u>
Total additions	<u>25,463,157</u>	<u>30,348,764</u>
<b>Deductions</b>		
Benefits	17,586,101	15,317,088
Administrative expenses	66,323	64,906
Employee separation payment	<u>-</u>	<u>546,873</u>
Total deductions	<u>17,652,424</u>	<u>15,928,867</u>
Change in net position	<u>\$ 7,810,733</u>	<u>\$ 14,419,897</u>

Washoe County budgets for and contributes to the Trust amounts based on the ARCs of the Washoe County Retiree Health Benefit Plan and the State of Nevada Public Employee Benefit Plan (which some former Washoe County employees participate in). TMFPD did not contribute to the Trust because its Retiree Group Medical Plan is currently fully funded. SFPD did not make any contributions to the Trust during the year.

Employer contributions decreased from fiscal year 2015 to fiscal year 2016 because of a reduction in the amounts funded by the employers. Amounts funded are at the discretion of the individual participating employers.

Plan member (retiree) contributions increased as a result of a 4.6% increase in Washoe County Retiree Health Benefit Plan (WCRHBP) participants, to an average of 1,477 monthly participants in fiscal year 2016. Premiums rates also increased.

Benefits include medical claims (including prescription drug benefits), dental claims, vision claims, medical and drug insurance premiums, life insurance premiums, and insurance premiums for supplemental coverage to Medicare. Administrative expenses include actuarial valuations and certain other administrative costs.

The total paid for benefits is driven largely by participants of the WCRHBP. Benefits paid increased because of the 4.6% participant increase and a 10.2% increase in the average cost per retiree. Costs increased principally due to medical inflation and higher claims costs.

A significant factor for consideration and perhaps the major issue from GASB Statement Nos. 43 and 45 is the participating employers' annual contribution to the Trust compared to their actuarially determined annual required contributions. The ARC has two components. One component is the estimated amount of benefits and administrative expenses accrued each year based on employee services that year. The second component is the amortization of the "unfunded actuarial accrued liability" (UAAL). This is the present value of the actuarial amount of

**WASHOE COUNTY, NEVADA OPEB TRUST FUND**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2016**

OPEB benefits earned in previous years by employees at the valuation date. This UAAL is allocated to the ARC over periods ranging from 20 to 30 years (beginning in FY 2011), depending on the participating employer's plan, but actuarially adjusted for assumptions about increases in health care costs, the earnings rate on investments, the average age at which employees will retire, mortality rates, etc. The participating employers must report in their entity-wide and proprietary fund financial statements (but not governmental fund financial statements) any over or under funding of the ARC during the year as an asset (if over funded) or liability (if under funded). From the July 1, 2015 actuarial roll-forward valuation for the WCRHBP, the ARC was \$20,946,000; the County's direct employer contributions in FY16 were \$17,680,000 or 84.4% of the ARC.

From the June 30, 2016 actuarial valuation for the Washoe County PEBP Plan, the ARC was \$43,000; the County's employer contributions in FY16 were \$67,182, or 156.2% of the ARC.

**Investments**

The Trust has invested nearly all of its assets in the State of Nevada's Retirement Benefits Investment Fund (RBIF), as authorized by Nevada Revised Statutes. The State of Nevada Public Employees Retirement System is the investment manager of the RBIF. Investment performance during FY 2016 was 2.0%.

**Requests for Information**

This financial report is designed to provide an overview of the Washoe County, Nevada OPEB Trust. Questions concerning any of the information provided or requests for additional information should be addressed to: Comptroller, Washoe County, 1001 E. Ninth Street, Reno, NV 89512.

**WASHOE COUNTY, NEVADA OPEB TRUST FUND**  
**STATEMENTS OF PLAN NET POSITION**  
**AS OF JUNE 30, 2016**

	<b>Washoe Co. Retiree Health Benefit Plan</b>	<b>State of Nevada Public Employee Benefit Plan</b>	<b>TMFPD Retiree Group Medical Plan</b>	<b>SFPD Retiree Group Medical Plan</b>	<b>Total</b>
<b>Assets</b>					
Cash and investments	\$ 168,153,787	\$ 2,687,081	\$ 3,864,985	\$ 1,251,722	\$ 175,957,575
Contributions receivable	4,403,205	16,795	-	-	4,420,000
Interest receivable	3,538	318	20	61	3,937
Total Assets	<u>172,560,530</u>	<u>2,704,194</u>	<u>3,865,005</u>	<u>1,251,783</u>	<u>180,381,512</u>
<b>Liabilities</b>					
Accounts payable - benefit reimbursements to employers	3,631,563	64,402	107,200	33,590	3,836,755
Accounts payable - others	1,980	1,660	1,660	1,660	6,960
Total Liabilities	<u>3,633,543</u>	<u>66,062</u>	<u>108,860</u>	<u>35,250</u>	<u>3,843,715</u>
<b>Net Position Restricted for Other Postemployment Benefits</b>	<u>\$ 168,926,987</u>	<u>\$ 2,638,132</u>	<u>\$ 3,756,145</u>	<u>\$ 1,216,533</u>	<u>\$ 176,537,797</u>

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY, NEVADA OPEB TRUST FUND  
STATEMENTS OF CHANGES IN PLAN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Washoe Co. Retiree Health Benefit Plan</u>	<u>State of Nevada Public Employee Benefit Plan</u>	<u>TMFPD Retiree Group Medical Plan</u>	<u>SFPD Retiree Group Medical Plan</u>	<u>Total</u>
<b>Additions</b>					
Contributions:					
Employer prefunding	\$ 17,612,818	\$ 67,182	\$ -	\$ -	\$ 17,680,000
Plan members	3,569,353	-	4,439	40,308	3,614,100
Other	1,309,068	-	-	-	1,309,068
Total Contributions	<u>22,491,239</u>	<u>67,182</u>	<u>4,439</u>	<u>40,308</u>	<u>22,603,168</u>
Investment Income:					
Interest and dividends	3,840,017	63,548	90,502	29,048	4,023,115
Net appreciation (depreciation) in fair value of investments	<u>(1,037,669)</u>	<u>(22,576)</u>	<u>(39,918)</u>	<u>(16,821)</u>	<u>(1,116,984)</u>
Total Investment Income	2,802,348	40,972	50,584	12,227	2,906,131
Less investment expense	<u>43,993</u>	<u>800</u>	<u>1,016</u>	<u>333</u>	<u>46,142</u>
Net Investment Income	<u>2,758,355</u>	<u>40,172</u>	<u>49,568</u>	<u>11,894</u>	<u>2,859,989</u>
Total Additions	<u>25,249,594</u>	<u>107,354</u>	<u>54,007</u>	<u>52,202</u>	<u>25,463,157</u>
<b>Deductions</b>					
Benefits	17,070,050	260,737	200,017	55,297	17,586,101
Administrative expense	<u>12,294</u>	<u>11,997</u>	<u>21,385</u>	<u>20,647</u>	<u>66,323</u>
Total Deductions	<u>17,082,344</u>	<u>272,734</u>	<u>221,402</u>	<u>75,944</u>	<u>17,652,424</u>
Change in Plan Net Position	8,167,250	(165,380)	(167,395)	(23,742)	7,810,733
<b>Net Position Restricted for Other Postemployment Benefits</b>					
Beginning of year	<u>160,759,737</u>	<u>2,803,512</u>	<u>3,923,540</u>	<u>1,240,275</u>	<u>168,727,064</u>
End of year	<u>\$ 168,926,987</u>	<u>\$ 2,638,132</u>	<u>\$ 3,756,145</u>	<u>\$ 1,216,533</u>	<u>\$ 176,537,797</u>

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY, NEVADA OPEB TRUST FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Washoe County, Nevada OPEB Trust Fund (Trust) was established by the Washoe County Board of Commissioners (BCC) on May 11, 2010. The Trust, a multiple-employer trust, was created to fund and account for the participating employers' costs of retiree healthcare benefits pursuant to Nevada Revised Statutes (NRS) 287.017 and is intended to qualify under Internal Revenue Code Section 115. It is governed by a three-member Board of Trustees appointed by the BCC. As of June 30, 2016, there are three participating employers in the Trust: Washoe County, Nevada (County), Truckee Meadows Fire Protection District (TMFPD), and Sierra Fire Protection District (SFPD).

The County provides other postemployment benefits (OPEB) for eligible employees through the Washoe County Retiree Health Benefit Plan (RHBP), a single-employer defined benefit OPEB plan, and participates in the State of Nevada's Public Employee Benefit Plan (PEBP), an agent multiple-employer defined benefit OPEB plan.

TMFPD and SFPD provide other postemployment benefits for eligible employees through the Truckee Meadows Fire Protection District Retiree Group Medical Plan (TMFPD RGMP) and the Sierra Fire Protection District Retiree Group Medical Plan (SFPD RGMP), both single-employer defined benefit OPEB plans.

Although assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits on behalf of the members of that plan, in accordance with the terms of the plan.

**Basis of Accounting**

The Trust's financial statements are prepared using the accrual basis of accounting in accordance with Governmental Accounting Standards Board (GASB) Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Administrative expenses are recorded in the period to which they relate.

**Cash and Investments**

The Trust is authorized to participate in the Washoe County Investment Pool (WCIP) for short-term cash flow purposes and the State of Nevada Retirement Benefits Investment Fund (RBIF) for long-term investments.

The BCC administers and is responsible for the WCIP in accordance with NRS 355.175. The investment pool is not registered with the SEC as an investment company. Public Financial Management, LLC determines the fair value of the investment pool monthly. Washoe County has not provided or obtained any legally binding guarantees during the year to support these values. Each participant's share is equal to their investment plus or minus their pro-rata share of monthly interest income, realized and unrealized gains and losses.

Investment earnings and investment fees for both the WCIP and the RBIF not directly allocable to a participating plan are allocated based on the monthly average cash and investment balances in each plan.

The Nevada Legislature established the RBIF with an effective date of July 17, 2007. The purpose of the RBIF is to invest contributions made by participating public entities, as defined in NRS 355.220, to enable such entities to support financing of OPEB. Monies received by the RBIF are held for investment purposes only and not in any fiduciary capacity. Each participating entity acts as fiduciary for its particular share of the RBIF. Bank of New York Mellon determines the fair value of the investment pool monthly. The RBIF allocates earnings (which include realized and unrealized gain or loss, interest, and other income) and expenses (both administrative and investment) to each participant according to their proportional share in the RBIF. This investment pool is not registered with the SEC as an investment company.

**Administrative Expenses**

Certain costs incurred by the County in administering the Trust are paid by the Trust. Indirect costs, except for investment fees, incurred for the benefit of all participating plans in the Trust are allocated equally to each plan. Investment fees not directly allocable to a participating benefit plan are allocated based on the monthly average cash and investment balances of each plan. Administrative expenses are financed through investment earnings.

**WASHOE COUNTY, NEVADA OPEB TRUST FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**  
**(CONTINUED)**

**Implementation of GASB Statement No. 72**

As of July 1, 2015, the Trust adopted GASB Statement No. 72, *Fair Value Measurement and Application*. The implementation of this standard requires governments to measure investments at fair value. The additional disclosures required by this standard are included in Note 4.

**NOTE 2 – PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION**

Membership of each plan consisted of the following as of the date of the latest actuarial valuation:

	<b>RHBP</b>	<b>PEBP</b>	<b>TMFPD RGMP</b>	<b>SFPD RGMP</b>	<b>Total</b>
	<b>July 1, 2014</b>	<b>June 30, 2016</b>	<b>July 1, 2014</b>	<b>July 1, 2014</b>	
Retirees and beneficiaries receiving benefits	1,381	286	45	7	1,719
Active plan members	2,257	-	74	36	2,367
Total	3,638	286	119	43	4,086

**Washoe County Retiree Health Benefit Plan (RHBP)**

Plan Description and Eligibility

In accordance with NRS 287.010, the BCC adopted the Washoe County Retiree Health Benefit Plan, a single-employer defined benefit OPEB plan, to provide OPEB to eligible employees upon retirement. Retirees are offered medical, prescription, vision, life, and dental insurance for themselves and their eligible dependents. Retirees can choose between the Self Funded Group Health Plan (SFGHP) and an HMO Plan. The authority to establish and amend benefit provisions is set by mutual agreement between the BCC and the various employee associations.

All employees hired before July 1, 2010 who retire from County employment and receive monthly payments under the Public Employees Retirement System of Nevada (PERS) are eligible to participate in the RHBP. In addition, employees hired before this date who have terminated employment prior to retirement may enroll in the RHBP upon commencing retirement if the County is that individual's last public employer.

All employees hired on or after July 1, 2010 who retire from County employment with at least five years of service and receive monthly payments under PERS will be eligible to participate in the RHBP, but must pay 100% of the premium for their coverage, including dependent coverage.

Contributions

For eligible retirees, the County pays a portion of the retiree's premium based on years of County service. Benefits are provided under two contribution "tiers": Tier 1 includes employees hired prior to various exclusion dates between 1997 and 1999, as stipulated in employee association contracts, and Tier 2 includes all employees hired after the Tier 1 exclusion dates but before July 1, 2010. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums depending on the Tier. Retirees pay 100% of the premium for dependent coverage.

For Tier 1 retirees, the retiree's contribution is determined as follows, except for the cost of dental benefits which is 100% paid for by the retiree, regardless of service.

<b>Years of Service</b>	<b>Tier 1 Retiree Contribution</b>
Less than 10	100%
10 but less than 15	50%
15 but less than 20	25%
20 or more	0%

For Tier 2 retirees, the retiree's contribution is the monthly premium amount less a County-paid premium subsidy. The subsidy for retirees age 64 and under is equal to the Non-State Retiree Subsidy Adjustment described in the State of Nevada's Public Employee Benefit Plan. The County's monthly subsidy for fiscal year 2016 depends on years of full-time service and ranges from a minimum of \$106 for five years to a maximum of \$585 for 20 or more years. The subsidy for retirees age 65 and over is

**WASHOE COUNTY, NEVADA OPEB TRUST FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**  
**(CONTINUED)**

based on the State of Nevada's HRA contribution for retirees enrolled in a Medicare Advantage Plan, and for fiscal year 2016 ranges from \$55 to \$220 per month, depending upon years of service.

Retirees whose employment commenced on or after July 1, 2010 and are eligible to participate in the RHBP will contribute 100% of the premium.

For the year ended June 30, 2016, plan members contributed \$3,569,353. The County is required by association agreements to contribute, at a minimum, the amount necessary to fund current retiree health plan premium costs plus the actuarially determined "normal cost". These agreements can only be amended through a negotiation process between the County and the bargaining units. The BCC approves the retiree health benefit contribution amount annually and the amount contributed is allocated between the two County plans on a proportional basis to prefund benefits. During the current fiscal year, the County contributed \$17,612,818.

**State of Nevada's Public Employee Benefit Plan (PEBP)**

Plan Description and Eligibility

NRS 287.023 allowed County retirees to join the State's PEBP, an agent multiple-employer defined benefit plan, at the County's expense until September 1, 2008, after which time the plan was closed to new entrants. Eligibility and subsidy requirements are governed by statutes of the State of Nevada and can only be amended through legislation. PEBP is administered by a nine member governing board and provides medical, dental, prescription, vision, life and accident insurance for retirees.

Contributions

Through collective bargaining agreements, the County is required to provide a subsidy for their retirees who have elected to join PEBP. Contribution requirements for plan members and the participating employers are assessed by the PEBP Board annually. The monthly subsidy for this plan is based on years of County service and in 2016 ranged from a minimum of \$106 for five years of service to a maximum of \$585 for 20 or more years of service. Retirees age 65 and over are required to enroll in a Medicare Advantage Plan at their own expense and receive monthly Health Reimbursement Account contributions of between \$55 and \$220 based on years of service. Subsidies for participating retirees are paid directly to the State when due. The County's obligation for subsidies is limited to payment of the statutorily required contribution. Retiree contributions for the non-subsidized portion of the premium are paid directly to PEBP and are not included in these financial statements. In addition to the annual subsidy payments, the BCC approves the retiree health benefit contribution amount annually and the amount contributed to the Trust is allocated between the two County plans on a proportional basis to prefund benefits. During the current fiscal year, the County contributed \$67,182.

**TMFPD Retiree Group Medical Plan (TMFPD RGMP)**

Plan Description and Eligibility

TMFPD's operations were combined with the City of Reno's fire operations from July 1, 2000 through June 30, 2012, pursuant to an interlocal agreement for fire services and consolidation. For employees who retired prior to July 1, 2000, TMFPD has no responsibility for the cost of benefits; the City of Reno has assumed this liability. Employees who retired between July 1, 2000 and June 30, 2012 are eligible for retiree health benefits provided through the City of Reno's self-insured plan. Employees hired between July 1, 2012 and July 1, 2014, as well as those who transferred to TMFPD from the City of Reno in 2012 in connection with the termination of the interlocal agreement with the City of Reno, are eligible for retiree health benefits through the District's own fully insured plan.

Effective in 2004, the employer portion of the benefit costs for retirees who retired between July 1, 2000 and June 30, 2012 are apportioned between TMFPD and the City of Reno based upon service, with service earned prior to July 1, 2000 considered to have been service with TMFPD. Benefits under the City's plan include medical, dental, prescription, vision and life insurance.

The TMFPD's fully insured plan is a single-employer defined benefit plan which includes health, dental, vision and prescription coverage. Eligibility requirements, benefit levels, employee contributions, and employer contributions may be amended by the mutual agreement of the Truckee Meadows Fire Protection District and the TMFPD Fire Fighters Association.

Contributions

Contributions for retirees eligible for coverage under the City of Reno's plan depend on the retirees' union membership. Local #731 members retiring prior to age 65 or eligibility for Medicare are required to pay for 40% of their benefits as well as 40% of the benefits of their spouse. Thereafter, retirees are required to pay for 50% of their coverage and 100% of their spouse's coverage. Local #39 members retiring prior to age 65 or eligibility for Medicare are required to pay for 25% of their coverage if they have at least 15 but less than 30 years of service and 0% if they have over 30 years of service. There is no coverage after age 65 and spouses are not covered. Eligible retirees who retire from TMFPD will be required to pay for 50% of the retirees' health insurance premium, and 100% of the cost of coverage for their spouses. There is currently one retiree in the TMFPD fully insured plan.



**WASHOE COUNTY, NEVADA OPEB TRUST FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**  
**(CONTINUED)**

TMFPD did not make any contributions to the Trust during the current fiscal year.

The retiree portion of the cost of coverage for former TMFPD employees who participate in the City of Reno's plan are paid directly to the City of Reno and are not included in these financial statements.

**SFPD Retiree Group Medical Plan (SFPD RGMP)**

Plan Description and Eligibility

The SFPD RGMP is a single-employer defined benefit plan. SFPD provides health insurance benefits to eligible retired employees who transferred from State service on July 1, 2006 or transferred from SFPD service to the Truckee Meadows Fire Protection District in fiscal year 2011-2012. As of April 1, 2012, all SFPD employees transferred to TMFPD under the terms of an Interlocal Agreement for Fire Services and Consolidation between the two districts. Health insurance benefits are through the TMFPD RGMP; however, the liability for the payment for these retiree health benefits is retained by each district. Health benefits include medical, vision, dental and prescription drug coverage. Eligibility requirements, benefit levels, employee contributions, and employer contributions may be amended by the mutual agreement of the SFPD and the TMFPD Fire Fighters Association. There are currently eight retirees participating in the plan.

Contributions

In accordance with Nevada Revised Statutes, the Board of Fire Commissioners for the SFPD entered into an agreement between SFPD and the Sierra Firefighters Association for retiree health insurance. This employee agreement was assumed by TMFPD as of April 1, 2012; however, the payment of the monthly benefits continues to be made from SFPD's portion of the Trust. Eligible employees who retire from TMFPD employment and receive monthly payments from the Public Employees Retirement System (PERS) of Nevada are allowed coverage in TMFPD RGMP. SFPD pays 50% of the cost of health premiums of retirees who transferred to SFPD as of July 1, 2006 or from SFPD to TMFPD in fiscal year 2011-2012 and retire directly from TMFPD with 10 or more years of service with the Nevada Division of Forestry, SFPD or TMFPD. Retirees are responsible for the remaining 50% of the health premiums and 100% of the cost of coverage for their eligible dependents. SFPD did not make any contributions to the Trust during the current fiscal year.

**NOTE 3 – FUNDED STATUS AND FUNDING PROGRESS**

The funded status of each plan as of the most recent actuarial valuation date is as follows:

Valuation date	RHBP 7/1/2014	PEBP 6/30/2016	TMFPD RGMP 7/1/2014	SFPD RGMP 7/1/2014
Actuarial Accrued Liability (AAL)	\$ 339,643,000	\$ 4,004,058	\$ 3,293,617	\$ 3,662,758
Actuarial Value of Plan Assets	146,484,000	2,638,131	3,981,559	1,234,898
Unfunded Actuarial Accrued Liability (UAAL)	\$ 193,159,000	\$ 1,365,927	\$ (687,942)	\$ 2,427,860
Funded Ratio (Actual Value of Plan Assets/AAL)	43.13%	65.89%	120.89%	33.71%
Covered Payroll (Active Plan Members) *	\$ 130,181,371	n/a	\$ 5,155,973	\$ 3,227,080
UAAL as a Percentage of Covered Payroll *	148.38%	n/a	-13.34%	75.23%

\* The covered payroll for active plan members for the TMFPD RGMP reported above represents salaries and wages for the former Reno firefighters who transferred from the City of Reno in June 2012 and who were still employed by TMFPD at June 30, 2016, as well as current employees hired prior to July 1, 2014. The UAAL shown for TMFPD also includes the proportionate share of the liability, based on service earned prior to July 1, 2000 for the remaining 44 employees who transferred employment to the City of Reno and retired during the term of the Interlocal Agreement, as well as current eligible employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**WASHOE COUNTY, NEVADA OPEB TRUST FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**  
**(CONTINUED)**

The accompanying Schedule of Employer Contributions, also presented as RSI, presents trend information about the amounts contributed to each plan by employers in comparison to the Annual Required Contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years for RHBP and PEBP, and over a period not to exceed 20 years for TMFPD RGMP and SFPD RGMP.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

	<u>RHBP</u>	<u>PEBP</u>	<u>TMFPD RGMP</u>	<u>SFPD RGMP</u>
Valuation date	7/1/2014	6/30/2016	7/1/2014	7/1/2014
Actuarial cost method	Projected unit credit	Entry Age Normal Cost	Projected unit credit	Projected unit credit
Amortization method	Level percentage of pay, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed
Remaining amortization period	27 years	25 years	17 years	17 years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Actuarial assumptions:				
Investment rate of return	7%	6.25%	7%	7%
Healthcare cost trend rate	6.25% initial 4.5% ultimate	8.25% initial 4.5% ultimate	7.75% initial 4.5% ultimate	7.75% initial 4.5% ultimate

**NOTE 4 – CASH AND INVESTMENTS**

The Trust is authorized to participate in the Washoe County Investment Pool for short-term cash flow purposes and the State of Nevada Retirement Benefits Investment Fund for long-term investments.

The Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant nonobservable inputs. The Trust does not have any investments which are measured using Level 1 or Level 3 inputs.

At year end, the Trust's cash and investments invested with the WCIP and the RBIF were as follows:

	<u>RHBP</u>	<u>PEBP</u>	<u>TMFPD RGMP</u>	<u>SFPD RGMP</u>	<u>Total</u>
Washoe County Investment Pool	\$ 377,721	\$ 103,644	\$ 9,444	\$ 27,784	\$ 518,593
Retiree Benefits Investment Fund	167,776,066	2,583,437	3,855,541	1,223,938	175,438,982
Total cash and investments	<u>\$ 168,153,787</u>	<u>\$ 2,687,081</u>	<u>\$ 3,864,985</u>	<u>\$ 1,251,722</u>	<u>\$ 175,957,575</u>

The WCIP is an unrated external investment pool. The Trust's investment in the WCIP is reported at fair value, which is determined by the fair value per share of the WCIP's underlying portfolio at June 30, 2016 (Level 2 inputs). All pooled investments are physically collateralized and held by Wells Fargo Bank. Investments in the WCIP are classified as cash and short-term investments in the Statements of Plan Net Position, because they can be withdrawn on demand in an amount equal to the original investment plus or minus monthly allocation of interest income, realized and unrealized gains and losses. Complete financial information on the WCIP as of June 30, 2016 can be obtained by contacting the Washoe County Comptroller's Office, P.O. Box 11130, Reno, Nevada, 89520.

**WASHOE COUNTY, NEVADA OPEB TRUST FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**  
**(CONTINUED)**

The RBIF is also an unrated external investment pool. The Trust's investment in the RBIF is reported at fair value, which is determined by the fair value per share of RBIF's underlying portfolio at June 30, 2016 (Level 2 inputs). Bank of New York Mellon determines the fair value of the investment pool monthly. Investments in the RBIF are classified as cash and short-term investments in the Statements of Plan Net Position, because they can be withdrawn on demand in an amount equal to the original investment plus or minus monthly allocation of interest income, realized and unrealized gains and losses. The RBIF allocates earnings (which include realized and unrealized gain or loss, interest, and other income) and expenses (both administrative and investment) to each participant according to their proportional share in the RBIF. Complete financial information on the RBIF as of June 30, 2016 can be obtained by contacting the Retirement Benefits Investment Board, 693 W. Nye Lane, Carson City, Nevada, 89703.

**NOTE 5 – SUBSEQUENT EVENT: CONSOLIDATION OF FIRE DISTRICTS' PLANS**

On March 8, 2016, the Board of Fire Commissioners for each of the Truckee Meadows Fire Protection District and the Sierra Fire Protection District approved the consolidation of the two districts, effective at midnight on June 30, 2016. As part of the consolidation, the OPEB plans for each District will be combined into a single plan, beginning as of July 1, 2016.

**WASHOE COUNTY, NEVADA OPEB TRUST FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2016**

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Ratio ( a / b )	Unfunded Actuarial Accrued Liability (UAAL) ( b - a )	Covered Payroll ( c )	UAAL as a Percent of Covered Payroll [( b - a ) / c]
<b>RHBP</b>						
July 1, 2010	\$ 70,887,000	\$ 273,801,000	25.89%	\$ 202,914,000	\$ 150,313,509	134.99%
July 1, 2012	91,263,000	287,185,000	31.78%	195,922,000	146,848,513	133.42%
July 1, 2014	146,484,000	339,643,000	43.13%	193,159,000	130,181,371	148.38%
<b>PEBP</b>						
June 30, 2012	1,635,802	6,108,685	26.78%	4,472,883	n/a	n/a
June 30, 2014	2,607,203	3,412,494	76.40%	805,291	n/a	n/a
June 30, 2016	2,638,131	4,004,058	65.89%	1,365,927	n/a	n/a
<b>TMFPD RGMP</b>						
July 1, 2011	3,533,063	3,361,331	105.11%	(171,732)	793,352	-21.65%
July 1, 2013	3,573,083	4,079,936	87.58%	506,853	797,886	63.52%
July 1, 2014	3,981,559	3,293,617	120.89%	(687,942)	5,034,484	-13.66%
<b>SFPD RGMP</b>						
July 1, 2011	530,895	2,472,793	21.47%	1,941,898	3,087,570	62.89%
July 1, 2013	585,289	11,148,737	5.25%	10,563,448	3,221,020	327.95%
July 1, 2014	1,234,898	3,662,758	33.71%	2,427,860	3,303,999	73.48%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Valuation Date	Annual required contribution	Percentage contributed
<b>RHBP</b>			
2014	July 1, 2012	18,447,000	99.94%
2015	July 1, 2014	19,943,000	107.63%
2016	July 1, 2014	20,946,000	84.09%
<b>PEBP</b>			
2014	June 30, 2014	335,000	124.59%
2015	June 30, 2014	67,182	589.63%
2016	June 30, 2016	43,000	156.24%
<b>TMFPD RGMP</b>			
2014	July 1, 2013	195,357	0.00%
2015	July 1, 2014	189,132	0.00%
2016	July 1, 2014	234,924	0.00%
<b>SFPD RGMP</b>			
2014	July 1, 2013	1,543,597	35.30%
2015	July 1, 2014	387,813	0.00%
2016	July 1, 2014	437,168	0.00%

**WASHOE COUNTY, NEVADA OPEB TRUST FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2016  
(CONTINUED)**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 1 – SCHEDULE OF FUNDING PROGRESS**

The lower UAAL for the July 1, 2014 RHBP valuation versus the prior valuation was due to a combination of greater asset values, normal benefit accruals, a decrease in the discount period when future benefit payments are due (offset by retiree benefits payments since the prior valuation), and other changes such as demographic experience, changes in health costs different than expected in the prior valuation, updates to medical trend, and changes in assumed health plan enrollment elections for future retirees.

The higher UAAL for the June 30, 2016 PEBP valuation versus the prior valuation resulted from a decrease in the discount rate and various other factors, such as changes to the actual premiums different than expected, expectations of future premium increases, updates to the health cost trends, updates to assumed future mortality improvement, and changes in employee census.

The lower UAAL for the July 1, 2014 TMFPD and SFPD valuations versus the prior valuations reflect changes to both employers' current labor agreements, requiring retirees to enroll in Medicare at age 65.

TMFPD also made a plan change to include active employees hired after April 1, 2012 and before July 1, 2014. This plan change is reflected in the greater covered payroll amount for the plan, which also includes the salaries and wages for former City of Reno firefighters who transferred from the City of Reno to TMFPD in June 2012 and who were still employed by the District at June 30, 2016. The UAAL shown for TMFPD also includes the proportionate share of the liability, based on service earned prior to July 1, 2000 for the remaining 44 employees who transferred employment to the City of Reno and retired during the term of the Interlocal Agreement.



650 California Street, 17th Floor  
San Francisco, CA 94108-2702  
USA

Tel +1 415 403 1333  
Fax +1 415 403 1334

milliman.com

April 27, 2017

Mr. Russell O. Morgan, CPA  
Senior Accountant – Health Benefits  
Washoe County  
1001 East Ninth Street  
Reno, Nevada 89512

### **Washoe County – Long-Term Projection of Health Plan Costs**

Dear Russ:

As requested, we have prepared a projection of the Washoe County (“the County”) retiree health plan liabilities, assets, benefit payments and contributions. Projected results are shown for Actuarial Accrued Liability (AAL), Market Value of Assets (MVA) and Unfunded Accrued Liability (UAL). UAL is equal to AAL minus MVA.

Results are also given for the projected Actuarially Determined Contributions (ADC) for each year. The ADC is the amount that the County is projected to contribute each year based on its current funding policy. It is equal to the Normal Cost plus an amount to amortize the UAL over 30 years in a “closed” basis from June 30, 2011, i.e. the remaining amortization period as of June 30, 2016 is 25 years. Based on this funding policy, the UAL is projected to be zero at June 30, 2041. In subsequent years the ADC is equal to the plan’s Normal Cost plus a one-year amortization of any new unfunded liability. New unfunded liability will arise only to the extent the health plan experiences gains or losses in a given year.

Employees hired after July 1, 2010 are designated as “Tier 3” under the current retiree health program, and they will not be eligible for a premium subsidy upon retirement. However, they are able to enroll in a medical plan under the Washoe County retiree program if they so choose. These projections account for Tier 3 employees in two different ways, with separate results shown for each of the following projections:

- **Baseline Projection:** consistent with our 2016 Actuarial Valuation, benefit plan enrollment for Tier 3 employees is assumed to be 50%. **Results shown for this projection include liabilities attributable to the implicit rate subsidy for Tier 3 retirees** (as well as implicit rate subsidy liabilities for Tiers 1 and 2).
- **Alternate Projection:** Tier 3 employees are excluded. This projections disregards future retirees from Tier 3; **the liabilities shown represent only Tiers 1 and 2 only**, including the liabilities attributable to the implicit rate subsidy for Tiers 1 and 2.

This work product was prepared solely for Washoe County for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other professional when reviewing Milliman’s work product.

Results shown for each projection also include investment return sensitivity scenarios:

- Baseline Scenario: actual future investment returns are assumed to be consistent with expected future investment returns of 7.0%;
- Plus 1 Scenario: actual future investment returns are assumed to be 8.0%;
- Minus 1 Scenario: actual future investment returns are assumed to be 6.0%.

These projections are based on the Washoe County retiree benefit program in its current form. No change to any of the program's provisions, tiers, benefits and eligibility requirements were incorporated into these calculations. If you would like analysis based on hypothetical plan changes, we would be happy to assist.

### **Results Discussion**

Under the Baseline Projection – which includes implicit rate subsidy liabilities attributable to 50% future enrollment of Tier 3 employees – the County's OPEB AAL is projected to peak around the year 2036 at approximately \$700 million. As Tier 1 and 2 retirees begin to phase out, the liability gradually decreases. At the end of the projection period, 2066, the AAL is projected to be \$496 million. This liability consists of:

- Approximately 320 retirees and spouses from Tier 1 & 2 who are projected to still be alive and receiving subsidized health benefits;
- Life insurance and dental coverage (all tiers); and
- Tier 3 active members and retirees. Although Tier 3 employees receive no explicit premium subsidy or reimbursement from the County, GASB 45 requires that the portion of age-adjusted expected retiree health claim costs that exceed the monthly health premiums (known as an "implicit rate subsidy") be recognized as a liability for accounting purposes.

Tiers 1 and 2 are "closed" retiree groups. The approximate years in which the last retiree health payment will be made from the County for any retiree or spouse in Tier 1 is 2080. For Tier 2, the approximate final year is 2092.

The County's AAL for the closed group (Tier 1 and 2 only) is projected to peak around the year 2034 at approximately \$660 million, and gradually taper down from there. At the end of the projection period, 2066, the AAL is projected to be \$130 million.

In the following section we have produced several charts and graphs to summarize results and provide visual representations of the projection period.

The County program's assets and liabilities are graphed together. They gradually converge as the Unfunded Actuarial Liability is fully amortized (currently scheduled for 2041).

Contributions (inflows) and benefit payments (outflows) are graphed together. Details for these two figures are also provided for each year over the projection period in the Appendix tables attached to this letter.

All dollar figures in the tables are shown in millions.

**Results: Tables and Graphs for Baseline Projection**

Table 1: Baseline Projection Set (Includes Tier 3) with 7% Investment Return

Valuation Date	7% Return on Investments Figures shown in \$ millions				
	AAL	MVA	UAL	ADC	Fund %
30-Jun					
2016	\$429.6	\$168.9	\$260.7	\$23.1	39%
2021	530.2	268.4	261.8	24.7	51%
2026	617.3	370.6	246.7	26.9	60%
2031	679.4	472.8	206.6	30.0	70%
2036	701.9	573.3	128.6	33.8	82%
2041	684.9	684.9	0.0	3.6	100%
2046	639.8	639.8	0.0	6.0	100%
2051	586.9	586.9	0.0	7.7	100%
2056	536.9	536.9	0.0	9.9	100%
2061	500.7	500.7	0.0	12.6	100%
2066	495.8	495.8	0.0	16.0	100%

Table 2: Baseline Projection (Includes Tier 3) with 6% Investment Return

Valuation Date	6% Return on Investments Figures shown in \$ millions				
	AAL	MVA	UAL	ADC	Fund %
30-Jun					
2016	\$429.6	\$168.9	\$260.7	\$23.1	39%
2021	530.2	258.0	272.2	25.5	49%
2026	617.3	346.5	270.8	29.1	56%
2031	679.4	435.0	244.4	34.6	64%
2036	701.9	530.8	171.1	43.5	76%
2041	684.9	680.5	4.4	9.6	99%
2046	639.8	634.0	5.8	12.3	99%
2051	586.9	581.6	5.3	13.5	99%
2056	536.9	532.2	4.7	15.2	99%
2061	500.7	496.4	4.3	17.6	99%
2066	495.8	491.7	4.1	20.9	99%

This work product was prepared solely for Washoe County for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other professional when reviewing Milliman's work product.

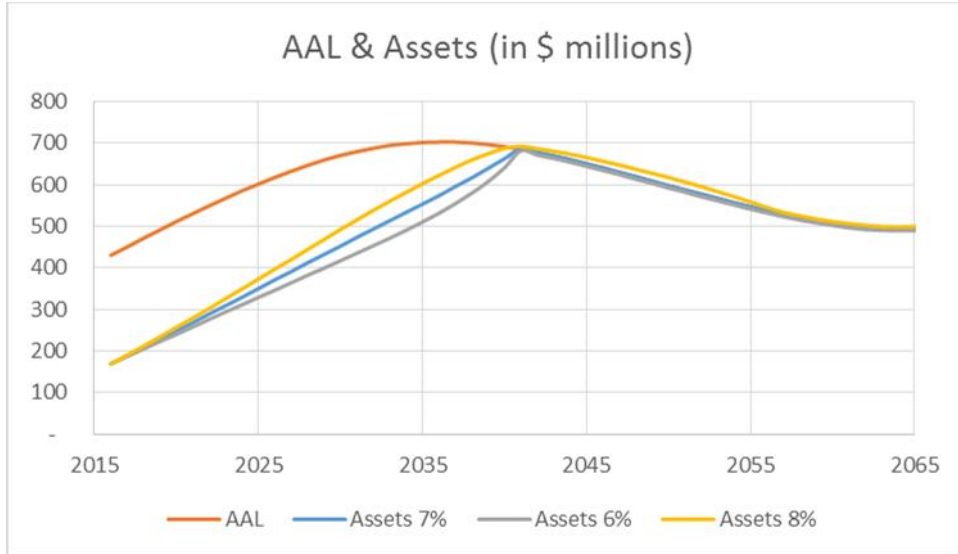


Table 3: Baseline Projection (Includes Tier 3) with 8% Investment Return

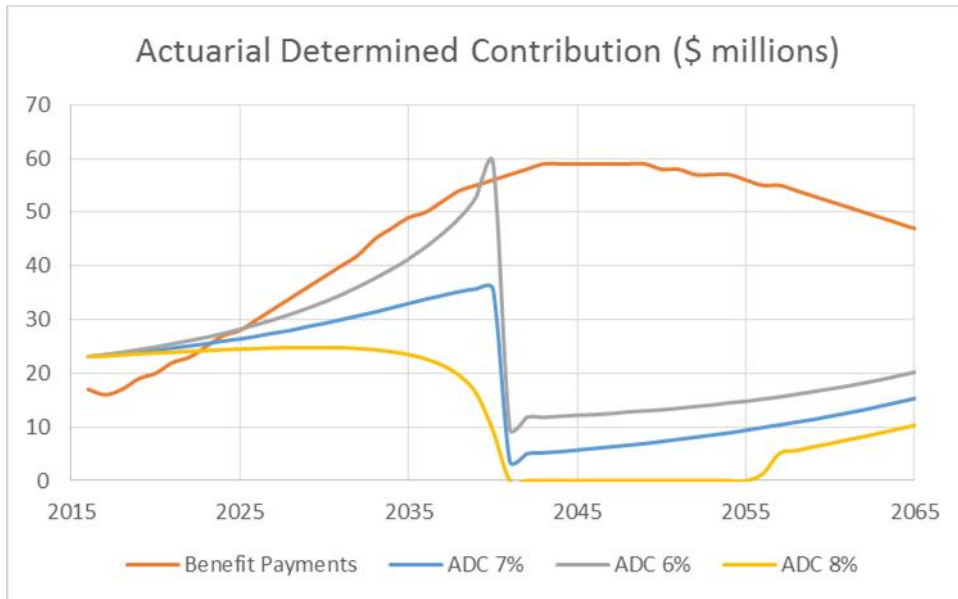
Valuation Date 30-Jun	8% Return on Investments Figures shown in \$ millions				
	AAL	MVA	UAL	ADC	Fund %
2016	\$429.6	\$168.9	\$260.7	\$23.1	39%
2021	530.2	279.1	251.1	23.9	53%
2026	617.3	396.5	220.8	24.6	64%
2031	679.4	514.9	164.5	24.8	76%
2036	701.9	621.8	80.1	22.7	89%
2041	684.9	691.8	0.0	0.0	101%
2046	639.8	656.1	0.0	0.0	103%
2051	586.9	605.8	0.0	0.0	103%
2056	536.9	545.2	0.0	1.3	102%
2061	500.7	505.8	0.0	7.6	101%
2066	495.8	500.9	0.0	11.1	101%

This work product was prepared solely for Washoe County for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other professional when reviewing Milliman's work product.

Baseline Graph 1: Assets and Liabilities with Tier 3



Baseline Graph 2: Annual Contributions & Benefit Payments with Tier 3



This work product was prepared solely for Washoe County for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other professional when reviewing Milliman's work product.

**Results: Tables and Graphs for Alternate Projection**

Table 1: Alternate Projection (Excludes Tier 3) with 7% Investment Return

Valuation Date 30-Jun	7% Return on Investments Figures shown in \$ millions					Fund %
	AAL	MVA	UAL	ADC		
2016	\$428.7	\$168.9	\$259.8	\$22.6		39%
2021	525.6	264.6	261.0	23.7		50%
2026	604.9	358.7	246.2	25.3		59%
2031	653.0	446.6	206.4	27.5		68%
2036	653.6	524.8	128.8	30.4		80%
2041	605.7	605.7	0.0	0.0		100%
2046	521.5	521.5	0.0	0.0		100%
2051	423.1	423.1	0.0	0.0		100%
2056	319.7	319.7	0.0	0.0		100%
2061	217.5	217.5	0.0	0.0		100%
2066	130.2	130.2	0.0	0.0		100%

Table 2: Alternate Projection (Excludes Tier 3) with 6% Investment Return

Valuation Date 30-Jun	6% Return on Investments Figures shown in \$ millions					Fund %
	AAL	MVA	UAL	ADC		
2016	\$428.7	\$168.9	\$259.8	\$22.6		39%
2021	525.6	254.3	271.3	24.5		48%
2026	604.9	335.0	269.9	27.4		55%
2031	653.0	409.9	243.1	32.1		63%
2036	653.6	484.4	169.2	39.6		74%
2041	605.7	601.9	3.8	4.4		99%
2046	521.5	516.5	5.0	5.3		99%
2051	423.1	419.1	4.0	4.3		99%
2056	319.7	316.6	3.1	3.3		99%
2061	217.5	215.3	2.2	2.3		99%
2066	130.2	129.0	1.2	1.4		99%

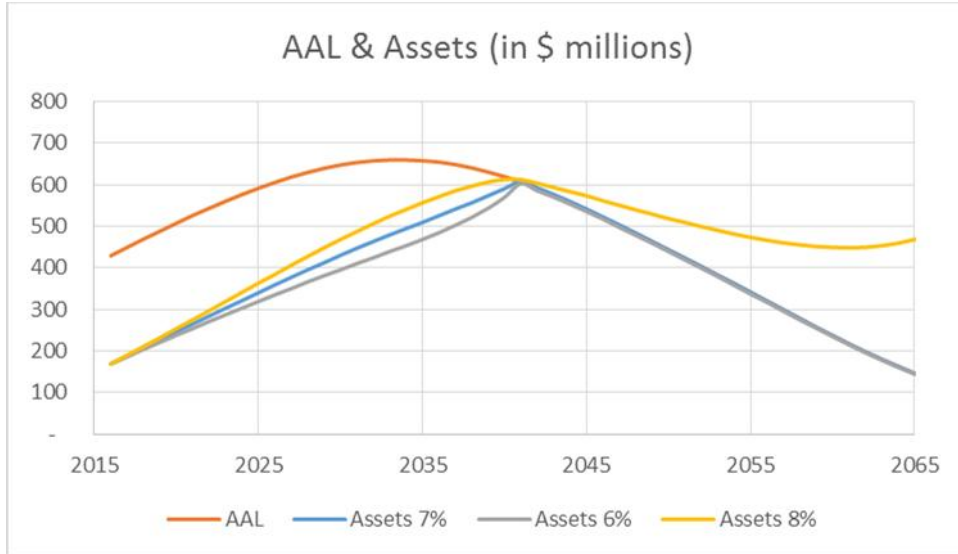
This work product was prepared solely for Washoe County for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other professional when reviewing Milliman's work product.

Table 3: Alternate Projection (Excludes Tier 3) with 8% Investment Return

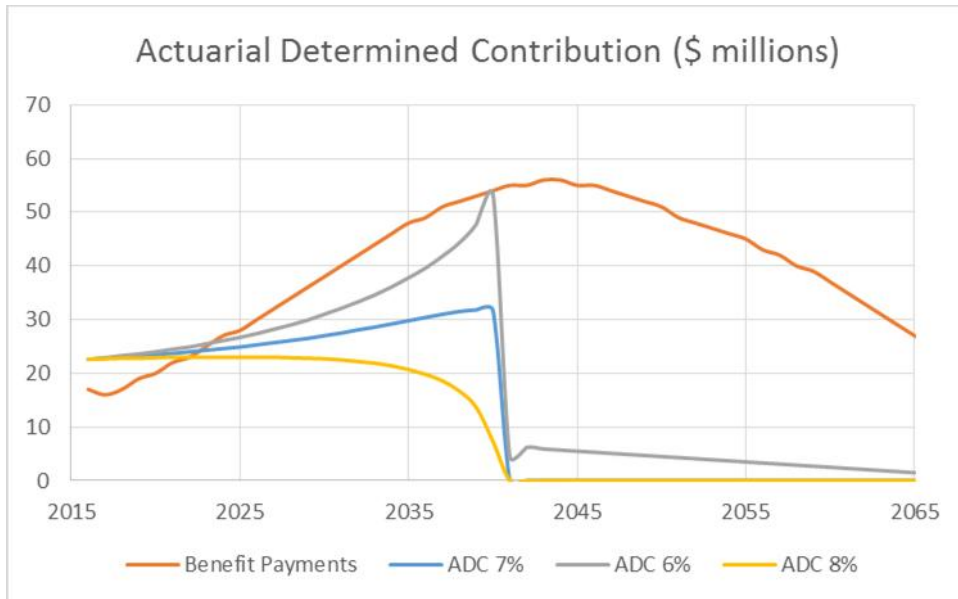
Valuation Date 30-Jun	8% Return on Investments Figures shown in \$ millions				
	AAL	MVA	UAL	ADC	Fund %
2016	\$428.7	\$168.9	\$259.8	\$22.6	39%
2021	525.6	275.3	250.3	23.0	52%
2026	604.9	384.2	220.7	23.0	64%
2031	653.0	487.4	165.6	22.5	75%
2036	653.6	571.0	82.6	19.8	87%
2041	605.7	611.8	0.0	0.0	101%
2046	521.5	561.5	0.0	0.0	108%
2051	423.1	508.5	0.0	0.0	120%
2056	319.7	466.3	0.0	0.0	146%
2061	217.5	448.0	0.0	0.0	206%
2066	130.2	478.8	0.0	0.0	368%

This work product was prepared solely for Washoe County for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other professional when reviewing Milliman's work product.

Alternate Graph 1: Assets and Liabilities Excluding Tier 3



Alternate Graph 2: Annual Contributions & Benefit Payments Excluding Tier 3



This work product was prepared solely for Washoe County for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other professional when reviewing Milliman's work product.

## Data, Assumptions, Plan Provisions and Methods

The projection results contained in this letter are estimates only. Except as otherwise described in this letter, these results are based on the data, plan provisions, actuarial assumptions, and methods used in our GASB 45 Actuarial Valuation for Washoe County as of July 1, 2016.

### Data

Our projections are based on the employee census and enrollment data provided to us for the latest actuarial valuation (as of July 1, 2016) of retiree health benefits. We projected the employee population assuming that employees would terminate employment and retire with the County at the same demographic rates as those described in our actuarial valuation.

In all scenarios, as employees terminate or retire, new employees are assumed to be hired such that the total employee headcount remains the same (there were 2,311 employees as of July 1, 2016) in 2017 and beyond. The age and gender distribution of new employees is assumed to be approximately the same as that of current SCFHP employees hired between July 1, 2011 and June 30, 2016. If actual employee turnover and retirement patterns are different than assumed, then our projections may differ significantly as well.

A summary of census data used for the July 1, 2016 Valuation is provided here:

	<u>Regular Headcount</u>	<u>Sheriff Headcount</u>	<u>Assumed Enrollment Rate Upon Retirement</u>
Active Employees			
Tier 1	355	87	100%
Tier 2	947	206	85%
Tier 3	613	103	50%
Current Retirees	<u>Headcount</u>		
Tier 1	1,348		
Tier 2	161		
Tier 3	3		

### Discount Rate

Our projections are based on a 7.00% discount rate, the same rate used in the July 1, 2016 actuarial valuation. This rate was selected by the County and reflects the investment policy and asset allocation of the State of Nevada's Retiree Benefit Investment Fund (RBIF).

### Assets

The County provided us with OPEB Trust asset information as of July 1, 2016. Asset values at future dates are projected based on expected contributions, benefit payments and investment income. For the Baseline Scenario we assumed investment income of 7% per year; for the Alternate Scenarios we assumed investment income of 6% and 8% per year. We assumed that the County will contribute exactly the ADC every year during the projection period.

### Other Assumptions

All other assumptions and actuarial methods used in the projections are the same as used in our July 1, 2016 valuation report.

This work product was prepared solely for Washoe County for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other professional when reviewing Milliman's work product.

High Deductible Health Plan Not Included

As of January 1, 2017, Washoe County began offering a High Deductible Health Plan to retirees. Since the data and plan provisions used for this analysis are as of July 1, 2016, the results contained herein do *not* reflect the new plan.

**Certification**

In preparing this letter, we relied, without audit, on information (some oral and some in writing) supplied by Washoe County staff. This information includes, but is not limited to, plan statutory provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with data used for other purposes. The analysis results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors the County have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the County and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the County. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the County and to reasonable expectations which, in combination, represent our best estimate of anticipated experience.

This letter is intended to be used only by the County for the specific purposes described herein. Milliman's work is prepared solely for the County's internal business use. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

- (a) Washoe County may provide a copy of Milliman's work, in its entirety, to the County's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit of the County.
- (b) Washoe County may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

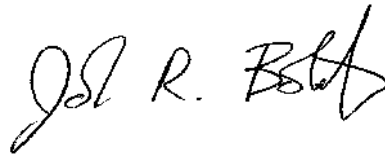
The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

Mr. Russell O. Morgan  
April 27, 2017  
Page 11

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, the report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Actuarial Standards of Practice of the American Academy of Actuaries. The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you have any questions or wish to discuss the report with me, please give me a call at (415) 394-3740.

Sincerely,

A handwritten signature in black ink that reads "John R. Botsford". The signature is written in a cursive style with a large, stylized initial "J".

John Botsford, FSA, MAAA

A handwritten signature in black ink that reads "Michael J. Iacoboni". The signature is written in a cursive style with a large, stylized initial "M".

Michael J. Iacoboni, ASA, MAAA

JB:MJI



**Appendix 1: Baseline Projection (Includes Tier 3) cash flows; figures shown in \$ millions**

Fiscal Year Beginning July 1	Benefit Payments	Asset Return: 7% Required Contributions	Asset Return: 8% Required Contributions	Asset Return: 6% Required Contributions
2016	\$17.1	\$23.1	\$23.1	\$23.1
2017	15.5	23.4	23.2	23.5
2018	16.9	23.7	23.4	23.9
2019	18.6	24.0	23.6	24.4
2020	20.1	24.3	23.8	24.9
2021	21.7	24.7	23.9	25.5
2022	23.2	25.1	24.1	26.1
2023	24.9	25.5	24.2	26.7
2024	26.7	26.0	24.4	27.4
2025	28.4	26.4	24.5	28.2
2026	30.2	26.9	24.6	29.1
2027	32.1	27.5	24.7	30.0
2028	34.2	28.0	24.8	31.0
2029	36.0	28.7	24.8	32.1
2030	38.2	29.3	24.8	33.3
2031	40.3	30.0	24.8	34.6
2032	42.5	30.7	24.6	36.1
2033	44.9	31.4	24.4	37.7
2034	47.0	32.2	24.0	39.4
2035	48.8	33.0	23.5	41.3
2036	50.4	33.8	22.7	43.5
2037	51.9	34.5	21.5	46.0
2038	53.8	35.2	19.6	48.9
2039	55.2	35.7	16.3	52.8
2040	56.2	35.7	9.3	59.2
2041	57.4	3.6	0.0	9.6
2042	58.3	5.0	0.0	11.8
2043	59.0	5.2	0.0	11.8
2044	59.3	5.4	0.0	12.0
2045	59.4	5.7	0.0	12.2
2046	59.5	6.0	0.0	12.3
2047	59.4	6.3	0.0	12.5
2048	59.0	6.6	0.0	12.8
2049	58.7	6.9	0.0	13.0
2050	58.4	7.3	0.0	13.2
2051	57.7	7.7	0.0	13.5
2052	57.3	8.1	0.0	13.8
2053	56.9	8.5	0.0	14.1
2054	56.6	8.9	0.0	14.5
2055	56.0	9.4	0.0	14.8
2056	55.4	9.9	1.3	15.2
2057	54.7	10.4	5.1	15.6
2058	54.1	10.9	5.6	16.1
2059	53.2	11.4	6.3	16.6
2060	52.2	12.0	6.9	17.1
2061	51.3	12.6	7.6	17.6
2062	50.3	13.2	8.2	18.2
2063	49.3	13.9	8.9	18.8
2064	48.4	14.6	9.6	19.5
2065	47.4	15.3	10.3	20.2
2066	46.6	16.0	11.1	20.9

This work product was prepared solely for Washoe County for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other professional when reviewing Milliman's work product.

**Appendix 2: Alternate Projection (Excludes Tier 3) cash flows; figures shown in \$ millions**

Fiscal Year Beginning July 1	Benefit Payments	Asset Return: 7% Required Contributions	Asset Return: 8% Required Contributions	Asset Return: 6% Required Contributions
2016	\$17.1	\$22.6	\$22.6	\$22.6
2017	15.5	22.8	22.7	22.9
2018	16.9	23.0	22.8	23.3
2019	18.5	23.2	22.8	23.6
2020	20.1	23.5	22.9	24.0
2021	21.7	23.7	23.0	24.5
2022	23.2	24.0	23.0	24.9
2023	24.8	24.3	23.0	25.5
2024	26.6	24.6	23.0	26.1
2025	28.3	24.9	23.0	26.7
2026	30.0	25.3	23.0	27.4
2027	31.9	25.7	23.0	28.2
2028	33.9	26.1	22.9	29.0
2029	35.7	26.5	22.8	29.9
2030	37.8	27.0	22.7	31.0
2031	39.8	27.5	22.5	32.1
2032	41.9	28.1	22.2	33.3
2033	44.2	28.6	21.9	34.6
2034	46.2	29.2	21.4	36.1
2035	47.8	29.8	20.7	37.8
2036	49.3	30.4	19.8	39.6
2037	50.6	31.0	18.6	41.8
2038	52.2	31.5	16.7	44.3
2039	53.3	31.8	13.7	47.7
2040	54.1	31.7	7.3	53.3
2041	55.0	0.0	0.0	4.4
2042	55.5	0.0	0.0	6.2
2043	55.7	0.0	0.0	5.9
2044	55.5	0.0	0.0	5.7
2045	55.1	0.0	0.0	5.5
2046	54.7	0.0	0.0	5.3
2047	54.0	0.0	0.0	5.1
2048	52.8	0.0	0.0	4.9
2049	51.7	0.0	0.0	4.7
2050	50.7	0.0	0.0	4.5
2051	49.3	0.0	0.0	4.3
2052	48.3	0.0	0.0	4.1
2053	47.1	0.0	0.0	3.9
2054	45.9	0.0	0.0	3.7
2055	44.7	0.0	0.0	3.5
2056	43.4	0.0	0.0	3.3
2057	42.0	0.0	0.0	3.1
2058	40.4	0.0	0.0	2.9
2059	38.7	0.0	0.0	2.7
2060	36.9	0.0	0.0	2.5
2061	35.0	0.0	0.0	2.3
2062	33.1	0.0	0.0	2.1
2063	31.1	0.0	0.0	1.9
2064	29.1	0.0	0.0	1.7
2065	27.1	0.0	0.0	1.5
2066	25.1	0.0	0.0	1.4

This work product was prepared solely for Washoe County for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other professional when reviewing Milliman's work product.

**Washoe County, Nevada OPEB Trust Board of Trustees  
Appointment History of Current Trustees**

<u>Trustee</u>	<u>Date of Appointment</u>	<u>End of Term *</u>	<u>Board Position **</u>
Darrell Craig	5/28/2013	5/27/2017	Beneficiary of Trust
Cathy Hill	6/28/2016	6/27/2020	Vice Chair 8/25/16 WC Comptroller
Mark Mathers	3/8/2016	3/7/2020	Chair 8/25/16 WC Budget Manager

\* Per the Trust Agreement for the Washoe County, Nevada OPEB Trust Fund, trustees shall be appointed for a minimum of 2 years and maximum of 4 years. BCC appointments for trustees Craig and Hill were silent as to term. Staff report for Trustee Mathers specified 4 year term.

\*\* Per the Administrative Rules and Procedures of the Board of Trustees of the Washoe County, Nevada OPEB Trust Fund, term of Chair and Vice-chair shall be the lesser of two years or the remainder of his or her tenure as trustee.

**TRUST AGREEMENT  
FOR  
WASHOE COUNTY, NEVADA  
OPEB TRUST FUND  
AMENDED EFFECTIVE JULY 1, 2016**

## **ARTICLE I.**

### Purpose of the Trust

This Trust is intended to provide the means to fund the post-retirement benefits provided by the employee benefit plans described herein. The Trust is intended to qualify as governmental trust established to provide an essential governmental function under Code Section 115 and is created pursuant to Nevada Revised Statutes § 287.017. The name of this Trust shall be the Washoe County, Nevada OPEB Trust Fund.

## **ARTICLE II.**

### Definitions

When used in this Trust, the following words shall have the following meanings, unless the context clearly indicates otherwise:

2.1 “Benefit Plan” means each of the employee post employment welfare benefit plans maintained by the Employers that are funded through this Trust and that are listed on Exhibit A hereto, which may be amended from time to time.

2.2 “Code” means the Internal Revenue Code of 1986, as amended.

2.3 “Dependents” means any spouse or other dependent of a former or retired employee of an Employer who is eligible to participate in any Plan, to the extent such spouse or other dependent is a “covered dependent” under the terms of the Plan.

2.4 “Effective Date” means the Effective Date of this restated Trust, which shall be February 8, 2011, which is the date on which the restated Trust is approved by the Washoe County Board of Commissioners.

2.5 “Employer” means each entity which is a local government, within the meaning of NRS 354.474, that is or becomes a participating employer in this Trust, as authorized by NAC 287.790(4) and as determined by the Trustee. In addition, each participating Employer must be an entity that is a state, a political subdivision of a state, or an entity the income of which is excluded from gross income under Code Section 115. The participating Employers shall be set forth on Exhibit B hereto, which may be amended from time to time.

2.6 “Investment Plan” means an investment plan developed by the Trustee pursuant to NRS 287.017(2)(g)(1) and NAC 287.788(2).

2.7 “NAC” means the Nevada Administrative Code, as amended from time to time.

2.8 “NRS” means the Nevada Revised Statutes, as amended from time to time.

2.9 “Participant” means any individual who is a former or retired employee of an Employer who is eligible to participate in a Plan and Dependents of such employees and former employees.

2.10 “Trust” and “Trust Fund” mean the Trust, as set forth in and by this document and all subsequent amendments thereto.

2.11 “Trust Sponsor” means Washoe County, Nevada.

2.12 “Trust Year” means the fiscal year ending on June 30 of each year.

2.13 “Trustee” means the person or persons appointed under Article VII and accepting the position as Trustee, and any duly appointed and qualified successor Trustees. The Trustee shall constitute the “board of trustees” as that term is used in NRS 287.017(2)(e).

2.14 Words used in the singular shall include the plural, words used in the plural shall include the singular, and words of one gender shall include other genders when the context so requires.

### **ARTICLE III.**

#### Participation

Each Participant who is eligible to participate in a Benefit Plan shall be eligible to participate in this Trust.

### **ARTICLE IV.**

#### Contributions

##### 4.1 Determination of Contribution:

- (a) This Trust shall be funded by contributions by Participants and/or the Employer, and all such contributions to the Trust, and any earnings on such contributions, shall be irrevocable and shall become the property of the Trust.
- (b) Contributions to this Trust shall be made in accordance with, and in amounts prescribed by, the Benefit Plan.
- (c) The Employer may annually commission actuarial studies that estimate the liabilities of the Benefit Plans for the ensuing five fiscal years. The Employer shall notify the Trustee of the level of funding it expects to contribute to the Trust Fund.

4.2 Funding Policy: The policy of the Trust Sponsor is that this Trust shall be funded by Participant and/or Employer contributions. Such funding shall be determined pursuant to NAC 287.786(1) in a manner consistent with the Code and any other applicable laws and

regulations, in accordance with generally accepted accounting principles, and on a sound actuarial basis.

4.3 To Whom Contributions are to be Paid: Contributions shall be paid to the Trustees and shall become a part of the Trust Fund. All contributions to the Trust Fund and any earnings thereon shall be used only to:

- (a) Provide for the benefits of Participants in accordance with the Benefit Plans; and
- (b) Pay the reasonable administrative expenses incident to the provision of those benefits and expenses incurred in the administration of the Trust.

4.4 Corpus of Trust: The Trust shall consist of contributions made to the Trust, together with investments and reinvestments of the proceeds thereof, and all earnings and profits thereon, if any, less any losses, and less any expenses charged and distributions made pursuant to the terms of the Trust.

4.5 Investment of Trust:

- (a) In accordance with the purpose of the Trust Fund stated in NRS 287.017(2)(a), the Trust Fund shall invest monies for the purpose of funding all or a portion of the unfunded actuarial accrued liabilities associated with future retirement welfare benefits under the Benefit Plans. The Trust Fund may be used to pay current retirement welfare benefits under the Benefit Plans.
- (b) The investment of the assets of the Trust Fund shall be limited to the Retirement Benefits Investment Fund established pursuant to NRS 355.220 and authorized pursuant to NRS 287.017(2)(g)(1); provided however, that the Trustees may direct that the assets of the Trust Fund be invested on a short-term basis in the Washoe County Investment Pool established pursuant to NRS 355.168 and authorized pursuant to NRS 287.017(2)(g)(2).
- (c) All interest, earnings, dividends and distributions with respect to the investment of the Trust Fund, less any expenses charged with respect to such investments, must be deposited in the Trust Fund.
- (d) The Trust Fund shall be maintained as a separate account and no other funds shall be co-mingled with the funds in the Trust Fund, except to the extent otherwise permitted by NRS 287.017(2)(h) and NAC 287.790(4).
- (e) Trust Fund monies shall not be used to finance debt of the Trust Sponsor and shall not be available for loans to other funds of the Trust Sponsor.

#### **ARTICLE V.**

##### Payments From Trust

5.1 Payments Directed by Employer: The Trustee must transfer funds from the Trust Fund to the account designated by the Employer upon the request of the Employer's governing body in accordance with the requirements of the Retiree Benefits Investment Board pursuant to NRS 355.220. The request must include:

- (a) An explanation of how the proposed transfer will be used to fulfill the requirements of the Benefit Plans;
- (b) A copy of the Employer's approved budget reflecting the authorization of retirement benefits;
- (c) Minutes of the meeting of the Employer's governing body during which the transfer was proposed; and
- (d) The signature of the chairperson of the Employer's governing body.

If the request and supporting documentation do not meet the criteria of this Section 5.1, the Trustee may delay transfer until the Employer's governing body corrects the request. Payments from the Trust may be made only to the extent that the Benefit Plan benefits for which such payment is made are benefits permitted under the NRS.

5.2 Trust for Exclusive Benefit of Participants; Reversion Prohibited: This Trust has been established for the exclusive benefit of the Participants and their Dependents. Under no circumstances shall any funds contributed to or held by the Trustees at any time revert to the benefit of the Employer, except upon termination of the Trust as provided in Article VIII.

5.3 Transfer of Trust Assets Permitted: Notwithstanding Section 5.2 above, the Employer's governing body may amend the Employer's Benefit Plan to reserve the classification of Participants eligible for benefits under the Trust, and terminate such Participants' participation in the Trust or transfer their coverage to another trust complying with the provisions of NRS 287.017 to the extent permitted under and in compliance with Code Section 115. In the event a classification of Participants is transferred to another such trust, the Trustees may determine the allocable portion of reserves held by the Trust attributable to such transferred Participants and authorize such portion of Trust assets be transferred to the new trust. Any such transferred Trust assets shall be used exclusively for the purpose of providing health and welfare benefits to the Participants so transferred and similarly situated participants. Upon the transfer of such Participants, any and all right of such Participants and their beneficiaries under this Trust shall terminate, except as provided in the Benefit Plan, to the extent not inconsistent with the terms of this Trust, and except as otherwise required by law.

## ARTICLE VI.

### Trustees - Appointment, Resignation, and Removal

6.1 Appointment Of Trustees: This Trust shall be administered by three or more Trustees who shall be appointed by the Trust Sponsor's governing body to act in a fiduciary capacity for the beneficiaries of the Trust, pursuant to NRS 287.017(2)(e) and NAC



287.788(1)(a). No member of the Trust Sponsor's governing body that creates the Trust may be appointed as Trustee. By signing this Trust, each Trustee hereby accepts the trusteeship and agrees to receive and hold the Trust solely for the uses and purposes set forth herein and solely in accordance with the terms hereof.

- (a) Pursuant to Section 4.5(b), assets of the Trust Fund shall be invested in the Retirement Benefits Investment Fund established pursuant to NRS 355.220; provided, however, that the Trustees may direct that the assets of the Trust Fund be invested on a short-term basis in the Washoe County Investment Pool established pursuant to NRS 355.168. As a result, the Trust Sponsor's governing body shall appoint at least three but no more than five Trustees who must include:
  - (1) At least one member who has a combination of education and experience of at least 5 (five) years in finance or economics;
  - (2) A public officer or employee of an Employer who manages the fiscal affairs of the Employer; and
  - (3) A beneficiary of the Trust.
- (b) A person appointed as a Trustee shall not have a substantial financial interest in the ownership or negotiation of securities or other financial instruments in which monies in the Trust Fund are invested.
- (c) Each Trustee shall be appointed for a term of at least two years but not to exceed four years. The Trust Sponsor's governing body may renew the term of any Trustee.

6.2 Resignation, Removal and Substitution of Trustees:

- (a) **Resignation and Removal:** Any Trustee may resign at any time upon 30 days' written notice to the Trust Sponsor's governing body. Any Trustee may be removed with or without cause at any time by the Trust Sponsor's governing body upon 30 days' written notice to such Trustee. The Trust Sponsor's governing body may remove a Trustee if the Trustee fails to attend two consecutive meetings or three meetings during a calendar year. Upon resignation or removal of any Trustee, the Trust Sponsor's governing body shall appoint a successor Trustee who shall have the same powers and duties as are conferred upon the Trustees appointed under this Trust. The Trust Sponsor's governing body may reappoint a Trustee and may alter the composition of the Trustees if required pursuant to Section 6.1.
- (b) **Successors' Liability:** No successor Trustee shall be liable or responsible for any acts or defaults of his or her predecessor or any predecessor co-Trustee, or for any losses or expenses resulting from or occasioned by anything done or neglected to be done in the administration of the Trust prior to his or her appointment as Trustee, nor shall a successor Trustee be required to inquire into or take any notice of the prior administration of the Trust.

6.3 Organization and Operation of Offices of Trustees:

- (a) The Trustees may adopt such procedures and regulations as they deem desirable for the conduct of their affairs.
- (b) The Trustees shall select a Chairman and Vice Chairman from among their membership.
- (c) The Chairman shall preside at all meetings of the Trustees. In case of the absence of the Chairman from any meeting of the Trustees or in case of the inability of the Chairman to act, the Vice Chairman shall perform the duties and acts authorized or required by the Chairman to be performed, as long as the inability of the Chairman to act may continue.
- (d) The Trust Sponsor's or the Employer's governing body shall provide the staff necessary to organize and notice meetings of the Trustees, take the minutes of the meetings, receive and disseminate financial reports of financial managers to the Trustees, and prepare financial reports and budgets for the Trustees.
- (e) The Trustees shall meet quarterly or at the call of the Chairman whenever business is presented.
- (f) A majority of the Trustees shall constitute a quorum of the Trustees for all purposes.
- (g) Except as provided in Section 4.5(c), all action by the Trustees at a meeting (and such meeting may be in person or a telephonic meeting) at which a quorum is present shall be by a majority of those present.
- (h) Any action to be taken without a meeting (either in person or telephonically) of the Trustees must be approved in writing by all of the Trustees.
- (i) Any action of the Trustees must be in writing.
- (j) No item of business shall be considered at a meeting of the Trustees unless it shall first have been entered upon the agenda for that meeting, provided, however, that items not appearing on the agenda may be taken up with the approval of a majority of the Trustees present when it has been determined that the matter is an emergency as permitted under NRS Chapter 241.
- (k) No member of the Trustees can bind the Trustees by word or action unless the Trustees have designated such member as the Trustees' agent for some specific purpose and for that purpose only.

- (l) In the event of a deadlock in any vote of the Trustees with respect to the operation or administration of the Trust, then the matter at issue shall remain in status quo until the next meeting of the Trustees. If the Trustees do not resolve such deadlock among themselves prior to the next meeting of Trustees, the question or matter shall again be presented at such next meeting. If at such next meeting the Trustees shall still be deadlocked and remain so until such meeting be adjourned, then, upon written notice of any Trustee to the other Trustees, the Trustees shall, within 30 days after receipt of such notice by the Trustees, appoint an independent fiduciary solely for the purpose of deciding upon the deadlocked matter. Such independent fiduciary shall render its decision on the matter, which decision shall be implemented as if decided at a meeting of the Trustees.
- (m) Any member of the Trustees may request a roll call vote of the Trustees, which shall be recorded in the minutes of the meeting.

## ARTICLE VII.

### Trustees - Duties and Powers

7.1 Duties and Powers of Trustees--In General: Subject to the requirements imposed by law, the Trustees shall be fiduciaries who shall have all powers necessary or advisable to carry out the provisions of this Trust and all inherent, implied, and statutory powers now or subsequently provided by law and shall be subject to the duties imposed on fiduciaries under applicable law. The Trustees shall be responsible for the management and control of the Trust Fund. The Trustees shall formulate and execute appropriate investment policies to govern the Investment Plan of the Trust Fund consistent with the requirements of NRS 287.017 and Sections 4.5(b) or (c) of this Trust. The Trustees shall decide all questions arising in the administration, interpretation, and application of the Trust, except as may be reserved under this Trust to the Trust Sponsor or an Employer. In addition:

- (a) As required by NRS 287.017(2)(e)(1), the Trust shall be administered in accordance with generally accepted accounting principles and actuarial studies applicable to the future provision of benefits to Participants;
- (b) To the extent required by NRS 287.017(2)(f)(3) or any similar applicable regulation, the Trustees shall cause the Trust to be audited each Trust Year by an independent certified public accountant, and the results of such audit shall be reported to the Employer;
- (c) As permitted by NRS 287.017, the Trust Fund assets attributable to the Employer's Benefit Plan or Benefit Plans may be pooled for the purposes of investment with the asset of any other employer and of any other trust fund established pursuant to NRS 287.017; provided, however, that each employer's interest in the Trust (1) is accounted for separately from the interest of any other employer, (2) is used to provide benefits only to the participants covered by the plan or plans of such employer; and (3) is not subject to the liabilities of any other employer.

- (d) In accordance with NRS 287.017 and Section 4.1(c) of this Trust, the Trustees shall submit a budget incorporating the level of funding to the Trust Fund to the Employer's governing body for its consideration, approval, and inclusion in the overall tentative and final budgets of the Employer's governing body. The tentative budget submitted by the Trustee must incorporate the amount of contributions to the Trust determined pursuant to NAC 287.786(1). The Employer's governing body may modify its budget at its discretion.

7.2 Duties and Powers of Trustees--Investment: To the extent permitted under NRS 287.017, the Trustees shall have the power to invest and/or reinvest any and all money or property of any description at any time held by them and constituting a part of the Trust, without previous application to, or subsequent ratification of, any court, tribunal, or commission, or any federal or state governmental agency, in such investments as are permitted under the express terms of this Trust.

None of the earnings of the Fund shall inure to the benefit of any Trustee or any private person, except that a Trustee or other individual may be a beneficiary of the Trust through participation in the Benefit Plan. A Trustee shall not be interested, directly or indirectly, as principal, partner, agent or otherwise, in any contract or expenditure created by the Trustees, or in the profits or results thereof.

In addition, to the extent permitted under NRS 287.017 and as provided in NAC 287.790(1)(a), the Trustees shall have the following specific powers:

- (a) To invest Trust assets in a "Retirement Benefits Investment Fund" established pursuant to NRS 355.220 and authorized pursuant to NRS 287.017(2)(g)(1) and Section 4.5(b); provided, however, that the Trustees may direct that the Trust assets be invested on a short-term basis in the "Washoe County Investment Pool" established pursuant to NRS 355.168 and authorized pursuant to NRS 287.017(2)(g)(2) and Section 4.5(b).
- (b) To collect and receive any and all money and other property of whatsoever kind or nature due or owing or belonging to the Trust Fund.
- (c) To cause any securities or other property to be registered in, or transferred to, the individual name of Trustee or in the name of one or more of its nominees, or to retain them in unregistered form, but the books and records of the Trust shall at all times show that all such investments are a part of the Trust Fund.
- (d) To settle, compromise or submit to arbitration any claims, debts or damages due or owing to or from the Trust; to commence or defend suits or legal proceedings whenever, in its judgment, any interest of the Trust requires it; and to represent the Trust in all suits or legal proceedings in any court of law or equity or before any other body or tribunal, insofar as such suits or proceedings relate to any property forming part of the Trust Fund or to the administration of the Trust Fund.

- (e) Generally, to do all acts, whether or not expressly authorized, which the Trustee deems necessary, but acting at all times according to the provisions of Nevada law to the extent permitted under NRS 287.017(2)(e), which provides the Trustees with all powers and duties that may be exercised by a nonprofit corporation under Nevada laws, but prohibits the Trust from borrowing money.
- (f) To file any tax returns required of the Trust.

Notwithstanding the above, the Trustees may not deposit the assets of the Trust Fund in the Retirement Benefits Investment Fund established pursuant to NRS 355.220, unless the Trustees obtain an opinion from the Employer's legal counsel that the investment of those Trust assets will not violate the provisions of Section 10 of Article 8 of the Constitution of the State of Nevada. Fiduciary responsibility for assets of the Trust Fund invested in the Retirement Benefits Investment Fund remains with the Trustees and not with the Retirement Benefits Investment Board. In addition, the Trustees have no authority to negotiate or otherwise determine the benefits afforded the beneficiaries of the Trust Fund pursuant to the Benefit Plans.

7.3 Valuation of Trust Fund: As of the last day of each Trust Year, the Trustees shall determine the fair market value of all assets of the Trust Fund.

7.4 Advice and Assistance to Trustees: The Trustees may employ such staff and may contract for the provision of such management, investment and other services, including without limitation, the services of accountants, actuaries and investment managers, as the Trustees determine necessary for the administration of the Trust. In addition, the Trustees may retain and consult with legal counsel, who may be counsel for the Employer or the Trustees' own counsel with respect to the meaning or construction of the Trust or the Trustees' obligations or duties. The Trustees shall be protected from any responsibility with respect to any action taken or omitted by them in good faith pursuant to the advice of such counsel, to the extent permitted by law.

7.5 Records and Accounts of the Trustees: The Trustees shall keep a record of all the Trustees' proceedings and shall keep all such books of account records, and other data as may be necessary in the administration and conduct of this Trust, including records to reflect the affairs of this Trust, to determine the amount of the respective Participants' interests in the Trust Fund, and to determine the amount of all benefits payable under this Trust. Subject to the requirements of law, any person dealing with the Trustees may rely on, and shall incur no liability in relying on, a certificate or memorandum in writing signed by the Trustees as evidence of any action taken or resolution adopted by the Trustees. The Trustees' records and accounts shall be open to inspection by the Employer's governing body at all reasonable times during business hours. The books and records of the Trust shall be kept in accordance with generally accepted accounting principles and the end of the fiscal year of the Trust shall be the Trust Year. After the close of each year of the Trust, the Trustees shall render a statement of assets and liabilities of the Trust Fund for such year.

7.6 Fees and Expenses: The Trustees may be paid such reasonable compensation as provided pursuant to Section 14 of Chapter 287 of the NAC. In addition, the Trustees shall be reimbursed for any necessary and reasonable expenses, including reasonable counsel and accounting fees, as well as the expense of the audit required pursuant to NRS 287.017 and Section 7.1(b) of this Trust, incurred by the Trustees in the administration of the Trust Fund. Such compensation and expenses may be paid from the Trust Fund. All taxes of any kind that may be levied or assessed under existing or future laws upon, or in respect of, the Trust Fund or the income thereof shall be paid by the Trustees from the Trust Fund.

## ARTICLE VIII.

### Continuance, Termination, and Amendment of Trust

8.1 Termination of Trust: This Trust shall continue in full force and effect for such time as may be necessary to accomplish the purposes for which it is created. The expectation of the Trust Sponsor is to continue this Trust indefinitely, but the continuance of the Trust is not assumed as a contractual obligation by any Employer. The right is reserved to each Employer's local governing body to terminate the Employer's participation in this Trust in whole or in part at any time. In addition, the right is reserved to the Trust Sponsor's governing body to terminate this Trust in whole or in part at any time, including the termination of any Employer's participation in this Trust.

8.2 Disposition of Trust Upon Termination: Upon the termination of the Trust, to the extent that the Trust assets are not transferred to a successor trust pursuant to Section 5.3, the Trustee shall hold the Trust Fund until it is completely exhausted by paying those benefits provided under the Benefit Plans and paying the reasonable expenses of the Trust, including expenses incurred in the termination and liquidation of the Trust; provided, however, that upon the complete satisfaction of all obligations under the Benefit Plans and the satisfaction of all liabilities of the Trust, any remaining Trust Fund assets may be transferred to the Employer as determined by the Trustee and in compliance with all applicable laws.

8.3 Amendments to Trust: At any time the Trust Sponsor's governing body may amend this Trust for any purpose by delivering to the Trustees signed copies of such amendment. Such amendment shall be effective as of the date specified by the Trust Sponsor's governing body, or if no date is specified, then on the first day of the next succeeding Trust Year.

## ARTICLE IX.

### Miscellaneous

9.1 Trust Not Subject to Creditors' Claims: No assignment of any benefit under the Trust will be recognized or permitted; nor shall any such benefit or any assets of the Trust Fund be subject to attachment, garnishment or the claims of any creditors of any Employer or any Participant or beneficiary of the Trust.

9.2 Text to Control: The headings of articles and sections are included solely for convenience of reference. If any conflict between any heading and the text of this Trust exists, the text shall control.

9.3 Severability: If any provision of this Trust is illegal, invalid or unenforceable for any reason, such illegality, invalidity or unenforceability shall not affect the remaining provisions. On the contrary, such remaining provisions shall be fully severable, and this Trust shall be construed and enforced as if such illegal, invalid or unenforceable provisions never had been inserted in the agreement.

9.4 Applicable Law: All questions, disputes or other issues relating to the Trust including but not limited to the interpretation, administration, operation and/or application of the Trust or its provisions shall be governed by the laws of the State of Nevada.

9.5 Changes in Governing Law: To the extent any provision in this Trust is included in compliance with the requirements of the NRS or the NAC, if any change to such requirement is made in the NRS or the NAC, this Trust Agreement shall be deemed to be amended to the extent required to reflect the corresponding change in the NRS or the NAC, provided that such deemed amendment does not cause the Trust to violate Code Section 115.

9.6 Execution in Counterparts. This Trust may be executed in two or more counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same agreement (and all signatures need not appear on any one counterpart), and this Trust will become effective when one or more counterparts has been signed by each party and delivered to the other party.

This restated Trust has been executed this 28 day of June, 2016.

**WASHOE COUNTY, NEVADA**

By: [Signature]  
Title: Chair  
Date: 6/28/16

**TRUSTEES**

Printed Name: Mark Mathers  
Signature: [Signature]  
Date: 10/27/16

Printed Name: Darrell B. Cray  
Signature: [Signature]  
Date: 10-27-16

Printed Name: Cathy Hill  
Signature: [Signature]  
Date: 10-27-16



EXHIBIT A  
BENEFIT PLANS FUNDED THROUGH TRUST

1. Washoe County Health Benefit Program (which includes health, dental, vision, life and AD&D coverages).
2. Washoe County's State of Nevada Public Employee Benefit Plan (which, as of the effective date of the Trust, is closed to new members).
3. Truckee Meadows Fire Protection District Retiree Group Medical Plan.

4. EXHIBIT B

PARTICIPATING EMPLOYERS

1. Washoe County, Nevada: Participation effective on the original Effective Date of the Trust.
2. Truckee Meadows Fire Protection District: Participation effective upon approval of Trust by Truckee Meadows Fire Protection District Board of Fire Commissioners.