



Las Vegas Valley Water District, Nevada OPEB Trust Board of Trustees

Special Meeting
December 3, 2020
10:30 AM

Board of Trustees
John J. Entsminger
Kevin Bethel
Charles Scott

Date Posted: November 25, 2020

Pursuant to Governor Sisolak's Emergency Directive 006,
Section 1, there will be no physical location for the meeting.
The meeting can be listened to by dialing 1-323-776-6758,
Conference ID 370 152 738#

The Las Vegas Valley Water District makes reasonable efforts to assist and accommodate persons with physical disabilities who desire to attend the meeting. For assistance, call Kathy Flanagan at (702) 823-9489 at least 24 hours prior to the meeting.

THIS MEETING HAS BEEN PROPERLY NOTICED AND POSTED IN THE FOLLOWING LOCATIONS:

LAS VEGAS VALLEY WATER DISTRICT
1001 S. Valley View Boulevard
Las Vegas, Nevada

CLARK COUNTY GOVERNMENT CENTER
500 S. Grand Central Parkway
Las Vegas, Nevada

REGIONAL JUSTICE CENTER
200 Lewis Avenue
Las Vegas, Nevada

All items listed on this agenda are for action by the Board of Trustees of the Las Vegas Valley Water District, Nevada OPEB Trust ("Board of Trustees"). Items may be taken out of order. The Board of Trustees may combine two or more agenda items for consideration, and/or remove an item from the agenda or delay discussions relating to an item on the agenda at any time.

COMMENTS BY THE GENERAL PUBLIC

NO ACTION MAY BE TAKEN: This is the period devoted to comments by the general public pertaining to items on this agenda. If you wish to speak to the Board of Trustees about items within its jurisdiction, but not appearing on this agenda, you must wait until the "Comments by the General Public" period listed at the end of this agenda. Please limit your comments to three minutes or less.

ITEM NO.

1. *For Possible Action:* Approve the agenda with the inclusion of any emergency items and/or deletion of items, and approve the minutes of the Board of Trustees meeting of April 23, 2019.
2. *For Possible Action:* Receive a presentation on the OPEB Trust Fund and direct staff as appropriate.

COMMENTS BY THE GENERAL PUBLIC

NO ACTION MAY BE TAKEN: At this time, the Board of Trustees will hear general comments from the public on matters under the jurisdiction of the subcommittee. Please limit your comments to three minutes or less.

**LAS VEGAS VALLEY WATER DISTRICT
NEVADA OPEB TRUST
SPECIAL MEETING
APRIL 23, 2019
MINUTES**

CALL TO ORDER 10:00 a.m., Mead Conference Rooms Las Vegas Valley Water District,
1001 S. Valley View Boulevard, Las Vegas, Nevada

TRUSTEES PRESENT

John Entsminger
Kevin Bethel
Charles Scott

Unless otherwise indicated, all members present voted in the affirmative.

COMMENTS BY THE GENERAL PUBLIC

There were no persons wishing to speak.

ITEM NO.

- 1. *For Possible Action:* Approve agenda with inclusion of any emergency items and/or deletion of items.**

FINAL ACTION: A motion was made by Kevin Bethel to approve the agenda for this meeting. The motion was approved.

- 2. *For Possible Action:* Select a Chair and Vice Chair for a two-year term.**

FINAL ACTION: A motion was made by Charles Scott to appoint John Entsminger as Chair and Kevin Bethel as Vice Chair. The motion was approved.

3. ***For Information Only:*** Receive a presentation regarding the Las Vegas Valley Water District, Nevada OPEB Trust Fund, including its purpose, statutory authority, benefits, and board member responsibilities.

Kevin Bethel, Chief Financial Officer, gave an overview of the Other Post-Employment Benefits (OPEB) Trust, including its establishment, funding of the Trust, earnings on investments and the role of the Board of Trustees. The presentation is attached to these minutes.

- 4. *For Possible Action:* Approve the Trust Agreement for the Las Vegas Valley Water District, Nevada OPEB Trust Fund between the District and the Board of Trustees with an initial funding of up to \$30,000,000.**

FINAL ACTION: A motion was made by Charles Scott to approve the Trust Agreement. The motion was approved.

- 5. *For Possible Action:* Approve the Intrastate Interlocal Contract Between Public Agencies, in substantially the same form as attached hereto, between the State of Nevada, Retirement Benefits Investment Board and the Las Vegas Valley Water District, Nevada OPEB Trust Fund, and approve an initial transfer of up to \$30,000,000 to the Retirement Benefits Investment Fund.**

FINAL ACTION: A motion was made by Charles Scott to approve the Interlocal Contract. The motion was approved.

- 6. *For Possible Action:* Adopt a resolution authorizing the District's Chief Financial Officer or designee to perform administrative management and contracting duties of the Las Vegas Valley Water District, Nevada OPEB Trust Fund, sign trust-related documents on behalf of the Board of Trustees, and to provide for the compensation of trustees not employed by the District.**

FINAL ACTION: A motion was made by Charles Scott to adopt the resolution. The motion was approved.

COMMENTS BY THE GENERAL PUBLIC

There were no persons wishing to speak.

Adjournment

There being no further business to come before the subcommittee, the meeting adjourned at 10:12 a.m.

Copies of all original agenda items and minutes, including all attachments, are on file in the General Manager's office at the Las Vegas Valley Water District, 1001 South Valley View Boulevard, Las Vegas, Nevada.

Las Vegas Valley Water District

NEVADA OPEB TRUST BOARD OF TRUSTEES

December 3, 2020

Other Post-Employment Benefits (OPEB) Trust

ABOUT THE PLAN

Other Post Employment Benefits (OPEB) consist of health insurance benefits that employees receive when they retire.

- Historically, the District funded retiree health benefits on a “Pay-as-you-go” basis.
 - Health care insurance premiums for eligible retirees are paid each year as part of payroll-related costs.
- Prior to establishment and initial funding of the OPEB Trust, the District’s unfunded liability on June 30, 2018 was estimated at \$41.2 million.

OPEB TRUST

NRS 287.017 authorizes local governments to create an irrevocable trust fund to help fund retiree health benefits.

- Staff received approval on November 6, 2018, from the LVVWD Board of Trustees to:
 - Establish the OPEB Trust with up to \$30 million of funding using unrestricted reserves.
 - Appoint a Board of Trustees in compliance with Nevada Administrative Code.
 - Approve an initial contribution and review subsequent contributions via the annual budget to additionally fund the obligation.

OPEB TRUST

- The OPEB Trust Fund was established in March 2019.
- Board of Trustees approved an initial contribution of *up to* \$30.0 million.
 - Staff made the initial contribution of \$20.0 million to the OPEB Trust in June 2019.
- Currently, 87% of investments are invested with the Nevada Retirement Benefits Investment Fund (RBIF) as approved by NRS and the Board of Trustees.
- As of June 30, 2020, OPEB liabilities are funded at 64% of the actuarially determined OPEB liability.

Fiscal Year 2020 Financial Review

| | As of June 30, | |
|--|----------------------|----------------------|
| | 2020 | 2019 |
| ASSETS | | |
| Cash and cash equivalents | \$ 2,626,042 | \$ 17,500,000 |
| Nevada Retirement Benefits Investment Trust | 18,249,185 | 2,512,456 |
| Total cash and investments | 20,875,227 | 20,012,456 |
| TOTAL ASSETS | 20,875,227 | 20,012,456 |
| TOTAL LIABILITIES | - | - |
| NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS | <u>\$ 20,875,227</u> | <u>\$ 20,012,456</u> |

| | For the years ending June 30, | |
|---|-------------------------------|----------------------|
| | 2020 | 2019 |
| ADDITIONS | | |
| Employer contributions | \$ - | \$ 20,000,000 |
| Total contributions | | |
| Investment earnings: | | |
| Interest | 420,260 | 426 |
| Net change in fair value of investments | 446,806 | 12,032 |
| Total investment earnings | 867,066 | 12,458 |
| Less investment expense | (3,526) | (2) |
| Net investment earnings | 863,540 | 12,456 |
| Total additions | 863,540 | 20,012,456 |
| DEDUCTIONS | | |
| Administrative and general | 769 | - |
| INCREASE IN NET POSITION | <u>\$ 862,771</u> | <u>\$ 20,012,456</u> |

Nevada RBIF Performance

Retirement Benefits Investment Fund

June 30, 2020

Preliminary Performance

| Asset Class | Market Value | Target Allocation | Actual Allocation | FYTD Return | One Year | 3 Years | 5 Years | 10 Years | Since Inception (2008) |
|-------------------------------------|-----------------------|-------------------|-------------------|-------------|-------------|-------------|-------------|-------------|------------------------|
| U.S. Stocks- S&P 500 Index | \$ 320,925,118 | 50.5% | 53.2% | 7.4% | 7.4% | 10.7% | 10.7% | 14.0% | 9.1% |
| Market Return | | | | 7.5% | 7.5% | 10.7% | 10.7% | 14.0% | 9.0% |
| Int'l Stocks- MSCI World x US Index | \$ 134,021,105 | 21.5% | 22.2% | -4.8% | -4.8% | 1.1% | 2.3% | 6.3% | 2.0% |
| Market Return | | | | -5.4% | -5.4% | 0.8% | 2.0% | 5.7% | 1.8% |
| U.S. Bonds- U.S. Bond Index | \$ 146,239,458 | 28.0% | 24.2% | 10.2% | 10.2% | 5.5% | 4.1% | 3.6% | 3.9% |
| Market Return | | | | 10.2% | 10.2% | 5.5% | 4.0% | 3.4% | 3.8% |
| | \$ 2,657,641 | 0.0% | 0.4% | | | | | | |
| Total RBIF Fund | \$ 603,843,322 | 100.0% | 100.0% | 6.7% | 6.7% | 7.7% | 7.3% | 9.3% | 6.5% |
| Market Return | | | | 6.0% | 6.0% | 7.4% | 7.1% | 9.2% | 6.5% |

OPEB Portfolio Summary – 9/30/2020

| Sector | Current Market Value | Prior Qtr Market Value | Period Change |
|-----------------------------|----------------------|------------------------|---------------------|
| Wells Fargo Bank Account | 2,626,458.82 | 2,626,042.17 | 416.65 |
| Cash Equivalents - RBIF | 105,167.69 | 104,998.13 | 169.56 |
| U.S. Bonds -RBIF | 5,507,850.75 | 4,447,500.64 | 1,060,350.12 |
| U.S. Stocks - RBIF | 9,704,600.09 | 9,673,514.81 | 31,085.28 |
| International Stocks - RBIF | 4,011,377.99 | 4,022,171.24 | (10,793.25) |
| Total | 21,955,455.34 | 20,874,226.98 | 1,081,228.36 |

Cost vs Market Value

| | |
|-----------------|---------------------|
| Market Value | 21,955,455.34 |
| Book Value | 20,126,042.17 |
| Variance | 1,829,413.17 |

Total Gain/Loss % **9.09%**
Since Inception

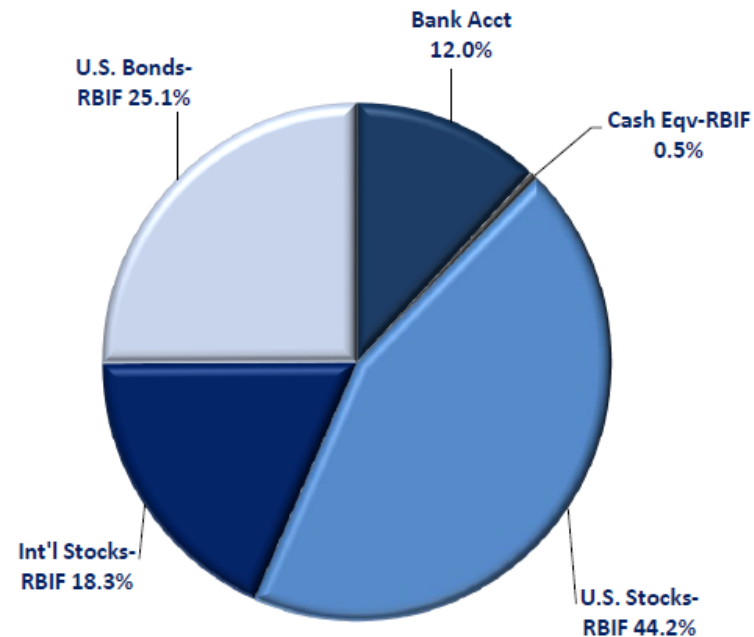
Annualized Return **7.18%**
Since Inception

| RBIF Allocations | Target | Range |
|----------------------|--------|-------------|
| U.S. Equity | 49% | 46.5%-54.0% |
| International Equity | 21% | 19.0%-23.5% |
| U.S. Bonds | 30% | 25%* |

*Rebalance minimum

Note: First deposit into RBIF was 6/30/2019

Total Asset Allocation



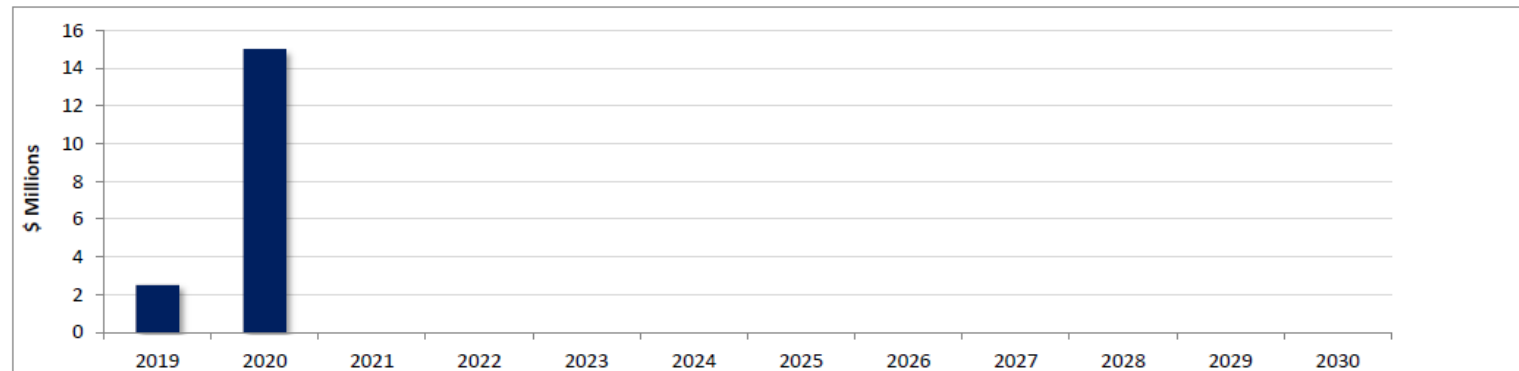
OPEB Contribution History - RBIF

Fiscal Year Contributions to RBIF

| Month | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 | FY29 |
|-------|------|------|------|------|------|------|------|------|------|------|------|
| Jul | | | | | | | | | | | |
| Aug | | 5.0 | | | | | | | | | |
| Sep | | 2.5 | | | | | | | | | |
| Oct | | 2.5 | | | | | | | | | |
| Nov | | 2.5 | | | | | | | | | |
| Dec | | 2.5 | | | | | | | | | |
| Jan | | | | | | | | | | | |
| Feb | | | | | | | | | | | |
| Mar | | | | | | | | | | | |
| Apr | | | | | | | | | | | |
| May | | | | | | | | | | | |
| Jun | 2.5 | | | | | | | | | | |
| Total | 2.5 | 15.0 | | | | | | | | | |

Fiscal Year Contributions to RBIF - Millions

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | Total |
|------|-------|------|------|------|------|------|------|------|------|------|------|------|-------|
| 2.50 | 15.00 | 0.00 | | | | | | | | | | | 17.50 |





**LAS VEGAS VALLEY
WATER DISTRICT™**