

**Carson City**  
**Request for Board Action**

**Date Submitted:** 03/10/2015

**Agenda Date Requested:** 03/19/2015

**Time Requested:** 20 minutes

**To:** Mayor and Supervisors

**From:** Nick Providenti, Director of Finance

**Subject Title:** For Possible Action: Discussion and Possible Action to direct staff to proceed with the establishment of an Other Post-Employment Benefits (OPEB) Trust Fund pursuant to NRS 287.017 and NAC 287.760 through 287.792. (Nick Providenti)

**Staff Summary:** Staff will make a presentation regarding the benefits of establishing an OPEB Trust Fund pursuant to NRS 287.017 and NAC 287.760 through 287.792, to pay for retiree life and health insurance benefits. Currently the benefits are paid out of the City's Group Medical Insurance Fund (an Internal Service Fund).

**Type of Action Requested:** (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

**Does this action require a Business Impact Statement:** ( ) Yes ( X ) No

**Recommended Board Action:** I move to direct staff to proceed with the establishment of an Other Post-Employment Benefits (OPEB) Trust Fund pursuant to NRS 287.017 and NAC 287.760 through 287.792.

**Explanation for Recommended Board Action:** The Nevada Revised Statutes and the Nevada Administrative Code allows for the establishment, by a Resolution of the governing body, of an OPEB Trust fund which can be used, within the limitations of the City's budget, to accumulate monies in the trust fund, in such an amounts as the Board determines to be appropriate to provide, in whole or in part, the funding necessary for any future retirement benefits to which the retired employees of the City and the spouses and dependents may be entitled pursuant to the benefits plan of the local government.

**Applicable Statute, Code, Policy Rule or Regulation:** NRS 287.017, NAC 287.760 - 287.792

**Fiscal Impact:** Estimated at \$20,000 (not including actual contributions to the Trust)

**Explanation of Impact:** Attorney's Fees estimated at \$10,000 (one-time), Annual Audit Fees estimated at \$5,000, custodial fees - % of assets under management – estimated at \$5,000.

**Funding Source:** Group Medical Internal Service Fund.

**Supporting Material:** Presentation, NRS 287.017, NAC 287.760 – 287.792

**Alternatives:** Not to direct staff to establish an OPEB Trust

Prepared By: Nick Providenti

Reviewed By: : \_\_\_\_\_ Date: \_\_\_\_\_  
(Department Head) : Nicholas Manzo Date: 3/10/15  
(City Manager) : \_\_\_\_\_ Date: 3/10/15  
(District Attorney) : \_\_\_\_\_ Date: 3/10/15  
(Finance Director) : Paul Blaustein Date: 3/10/15

**Board Action Taken:**

Motion: \_\_\_\_\_ 1) \_\_\_\_\_ Aye/Nay \_\_\_\_\_  
2) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)

# OPEB Internal Service VS OPEB Trust Fund

Pros and Cons – Staff  
Recommendations

# What is OPEB?

- OPEB is defined as Other Post Employment Benefits
- OPEB are benefits that an employee will begin to receive at the start of retirement including subsidies for healthcare premiums and life insurance premiums. This does not include pension benefits paid to the retired employee.

# OPEB Internal Service Fund (Current Method)

- Pro's
  - Budget Flexibility
  - Easy to manage – we've been doing this for years
- Con's
  - Savings are not protected
  - Savings can not offset OPEB Liabilities
    - They are not protected funds, so GASB does not allow “non-protected” funds to offset the OPEB Liability

# **OPEB Trust Fund (Proposed Method)**

- Pro's
  - Assets are protected
  - The OPEB Trust will offset future benefit costs
  - The OPEB Trust can be used to reduce the annual OPEB Liability
  - Internally it would run virtually the same as the Internal Service Fund does now
    - EE and ER Contributions would go to the Trust
    - Benefits would be paid out of the Trust

# **OPEB Trust Fund (Proposed Method)**

- Con's
  - A Trust is a legally separate entity, so it would require a new board of trustees
  - It would require additional costs:
    - Attorney's Fees to establish the Trust (est. \$10,000)
    - Annual Audit Fees (est. \$5,000)
    - Annual Custodian-Investment Management Fees (typically a % of fees under management)

# **OPEB TRUST FUND**

## **How it Works**

- Trust is established per NRS 287.017
- City would continue to pay the approximately \$1 million in annual benefits to retirees
- City would fund the OPEB Trust initially with \$500K
- City would fund an additional \$300 - \$400K annually to help reduce the OPEB Liability
- The Trust is required to be audited annually by a CPA
- The assets of the Trust are managed by a Board of Trustees
- The assets would be invested with the RBIF (Retirement Benefits Investment Fund)

# Solution/Recommendation

The OPEB Trust allows for:

- Protection of money
- An offset to the actuarial determined Liability
  - Which can not be offset by the Internal Service Fund, unless we start saving large amounts of cash
  - 1% of Salaries Annually to start, approximately \$300,000 - \$400,000
- Security for the employees that their retirement benefits will be available when they retire.
- Future cash flow flexibility, as plan contributions are flexible, so in lean years, we can reduce or eliminate the annual contribution, and draw from previous savings to pay retiree benefits.

# OPEB Trust Fund

- Questions???



**NRS 287.017 Trust fund for future retirement benefits of local governmental employees and their spouses and dependents.**

1. Notwithstanding any other provision of law, the governing body of any local government which provides retirement benefits to retired employees of that local government and the spouses and dependents of those employees may, in addition to any other power granted by law, establish a trust fund for that purpose in accordance with the provisions of this section.

2. If the governing body of a local government establishes a trust fund pursuant to this section:

(a) That local government may, within the limitations of its budget, make contributions to the trust fund in such an amount as it determines, in accordance with generally accepted accounting principles, to be appropriate to provide, in whole or in part, the funding necessary for any future retirement benefits to which the retired employees of that local government and the spouses and dependents of those employees may be entitled pursuant to the benefits plan of that local government.

(b) All contributions to the trust fund, and any interest and income earned on the money in the trust fund, must be held in trust and used only to:

(1) Provide, for the benefit of retired employees of that local government and the spouses and dependents of those employees, retirement benefits in accordance with the benefits plan of that local government; and

(2) Pay any reasonable administrative expenses incident to the provision of those benefits and the administration of the trust.

(c) All contributions to the trust fund are irrevocable and become the property of the beneficiaries of the trust.

(d) The assets of the trust fund are not subject to the claims of any creditors of:

(1) That local government;

(2) The administrator of the benefits plan of that local government; or

(3) The beneficiaries of the trust.

(e) The trust fund must be administered by a board of trustees appointed by the governing body of that local government to act in a fiduciary capacity for the beneficiaries of the trust. The board of trustees shall be deemed to be a governmental entity for the purposes of chapter 239 of NRS and a public body for the purposes of chapter 241 of NRS, and the members of the board of trustees shall be deemed to be public officers for the purposes of chapter 281A of NRS. Neither the trust nor the board of trustees shall be deemed to be a local government for the purposes of chapter 350 or 354 of NRS, and except as otherwise provided in this section and NRS 355.220, no statutory limitation on the investment of public money shall be deemed to apply to the trust. The governing body:

(1) Must require the board of trustees to administer the trust in accordance with generally accepted accounting principles and actuarial studies applicable to the future provision of retirement benefits to retired employees and the spouses and dependents of those employees; and

(2) May authorize the board of trustees to employ such staff and contract for the provision of such management, investment and other services, including, without limitation, the services of accountants, actuaries, attorneys and investment managers, as are necessary for the administration of the trust fund.

(f) The constituent documents that establish the trust must:

(1) Set forth the powers and duties of the board of trustees, which may include any powers and duties that may be exercised by a nonprofit corporation under the laws of this State, but which must not include the power to borrow money or be inconsistent with the provisions of this section;

(2) Establish a procedure for resolving expeditiously any deadlock that arises among the members of the board of trustees; and

(3) Provide for an audit of the trust by an independent certified public accountant at least annually, the results of which must be reported to the governing body of that local government.

(g) Subject to the provisions of paragraph (h) and except as otherwise provided in paragraph (i), the assets of the trust fund or any portion of those assets may, as directed by the board of trustees appointed pursuant to paragraph (e):

(1) Be deposited in or withdrawn from the Retirement Benefits Investment Fund established pursuant to NRS 355.220;

(2) Be invested in any investment which is authorized for a local government pursuant to NRS 355.170; or

(3) Be invested in any stocks or other equity securities or bonds or other debt securities which:

(I) Are traded on a public securities market;

(II) Are approved by the Committee on Local Government Finance or included in any category of stocks or other equity securities or bonds or other debt securities which is approved by the Committee on Local Government Finance; and

(III) Persons of prudence, discretion and intelligence acquire or retain for their own account,

↳ except that in no case may the assets of the trust fund include more than 5 percent of the equity or debt of any single business entity and in no case may more than 5 percent of the assets of the trust fund be invested in the equity or debt of any single business entity.

(h) The assets of the trust fund may be pooled for the purposes of investment with the assets of any trust funds established by any other local governments pursuant to this section only if each participating local government's proportionate share of the pool of assets:

(1) Is accounted for separately;

(2) Is used to provide retirement benefits solely to the retired employees of that local government and the spouses and dependents of those employees; and

(3) Is not subject to any liabilities of any other local governments.

(i) The board of trustees appointed pursuant to paragraph (e) shall not deposit any of the assets of the trust fund in the Retirement Benefits Investment Fund established pursuant to NRS 355.220 unless the board obtains an opinion from the legal counsel for that local government that the investment of those assets in accordance with NRS 355.220 will not violate the provisions of Section 10 of Article 8 of the Constitution of the State of Nevada.

3. The Committee on Local Government Finance may, in the manner prescribed for state agencies in chapter 233B of NRS, adopt such regulations as it determines to be appropriate for the administration and interpretation of the provisions of this section.

4. As used in this section:

(a) "Benefits plan" means a plan established by a local government or required by law for the provision of retirement benefits to retired employees of a local government and the spouses and dependents of those employees.

(b) "Local government" has the meaning ascribed to it in NRS 354.474.

(c) "Retirement benefits" means any retirement benefits other than a pension and includes, without limitation, life, accident or health insurance, or any combination of such benefits.

(Added to NRS by 2007, 900)

**NAC 287.760 Definitions.** (NRS 287.017) As used in NAC 287.760 to 287.792, inclusive, unless the context otherwise requires, the words and terms defined in NAC 287.762 to 287.774, inclusive, have the meanings ascribed to them in those sections.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

**NAC 287.762 "Benefits plan" defined.** (NRS 287.017) "Benefits plan" has the meaning ascribed to it in NRS 287.017.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

**NAC 287.764 "Board of trustees" defined.** (NRS 287.017) "Board of trustees" means the persons appointed by a governing body to administer a trust fund established pursuant to NRS 287.017.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

**NAC 287.766 "Governing body" defined.** (NRS 287.017) "Governing body" means the governing body of a local government.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

**NAC 287.768 "Local government" defined.** (NRS 287.017) "Local government" has the meaning ascribed to it in NRS 287.017.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

**NAC 287.770 "Professional fund manager" defined.** (NRS 287.017) "Professional fund manager" means a person or entity that provides investment management services, including, without limitation, the implementation of investment strategies and the management of an investment portfolio.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

**NAC 287.772 "Retirement benefits" defined.** (NRS 287.017) "Retirement benefits" has the meaning ascribed to it in NRS 287.017.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

**NAC 287.774 "Trust fund" defined.** (NRS 287.017) "Trust fund" means a trust fund established pursuant to NRS 287.017.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

**NAC 287.776 Resolution to establish trust fund; periodic reports.** (NRS 287.017)

1. A trust fund must be established by a resolution of the governing body, which must include specific statements regarding:

(a) The purpose of the trust fund;

(b) A statement that all contributions to the trust fund, including any interest and income earned on the money in the trust fund, are held in trust, are irrevocable and may be used only to:

(1) Provide, for the benefit of retired employees of that local government and the spouses and dependents of those employees, retirement benefits in accordance with the benefits plan of that local government; and

(2) Pay any reasonable administrative expenses incident to the provision of those benefits and the administration of the trust fund;

(c) The sources of the money expected to be deposited in the trust fund;

(d) The appointment by the governing body of a board of trustees, including, without limitation, the number of members of the board of trustees and their terms of office, as determined pursuant to NAC 287.778;

(e) A statement that the powers, duties, rights and obligations of the board of trustees will conform to the requirements of NRS 287.017 and NAC 287.760 to 287.792, inclusive;

(f) A statement that, except as otherwise provided in paragraph (h) of subsection 2 of NRS 287.017, no other money will be commingled with the money in the trust fund and that the trust fund will be maintained as a separate account; and

(g) A statement that the money in the trust fund will not be used to finance debt of the local government and will not be available for loans to other funds of the local government.

2. A copy of the resolution adopted pursuant to subsection 1 must be filed with the Department of Taxation within 30 days after its adoption by the governing body. The Department of Taxation shall report at

least annually to the Committee on Local Government Finance regarding the trust funds established during the reporting period.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

**NAC 287.778 Board of trustees: Appointment and terms of members. (NRS 287.017)**

1. In appointing a board of trustees:

(a) If the assets of the trust fund will only be deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of NRS 287.017, the governing body shall appoint at least three but not more than five persons to the board of trustees, including:

(1) One or more persons who each have a combination of education and experience in finance or economics that totals 5 years or more;

(2) A public officer or employee of the local government who manages the fiscal affairs of the local government; and

(3) A beneficiary of the benefits plan of the local government.

(b) If the assets of the trust fund will be invested only in investments authorized for a local government pursuant to subparagraph (2) of paragraph (g) of subsection 2 of NRS 287.017, or in such investments and deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of NRS 287.017, the governing body shall appoint at least three but not more than five persons to the board of trustees, including:

(1) One or more persons who each have a combination of education and experience in finance or economics that totals 5 years or more;

(2) A public officer or employee of the local government who manages the fiscal affairs of the local government; and

(3) A beneficiary of the benefits plan of the local government who has a combination of education and experience in finance or economics that totals 5 years or more.

(c) If the assets of the trust fund qualify to be invested pursuant to subsection 2 of NAC 287.790, the governing body shall appoint five persons to the board of trustees, including:

(1) Two persons who have experience in the securities exchange market;

(2) A public officer or employee of the local government who manages the fiscal affairs of the local government;

(3) A person who is not an employee of the local government, who has a combination of education and experience in finance or economics that totals 7 years or more; and

(4) A beneficiary of the benefits plan of the local government who has a combination of education and experience in finance or economics that totals 7 years or more.

2. A person may not be appointed to the board of trustees pursuant to this section if the person:

(a) Has a substantial financial interest in the ownership or negotiation of the securities or other financial instruments in which the assets of the trust fund are invested.

(b) Is a member of the governing body that established the trust fund.

3. A resolution adopted by two or more governing bodies to form a pooled trust pursuant to paragraph (h) of subsection 2 of NRS 287.017 may include a provision for appointment of a member of the board of trustees of a participating governing body as a member of the board of trustees of the pooled trust.

4. The term of a member of a board of trustees appointed pursuant to this section must be at least 2 years, but not more than 4 years.

5. The governing body may reappoint a member of the board of trustees, and may alter the composition of the board of trustees determined pursuant to subsection 1 if required pursuant to NAC 287.790.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

**NAC 287.780 Board of trustees: Selection and duties of chair and vice chair; meetings; quorum; voting. (NRS 287.017)**

1. The members of a board of trustees shall select a chair and vice chair from the members of the board of trustees.

2. The chair of the board of trustees shall:

(a) Preside at all meetings of the board of trustees; and

(b) Perform the duties incident to the office and such other duties as may be prescribed by the board of trustees from time to time.

3. The vice chair shall:

(a) Perform such duties as from time to time may be assigned to him or her by the chair or by the board of trustees; and

(b) In the absence of the chair, or in the event of the chair's inability or refusal to act, as determined by the majority of the board of trustees, perform the duties of the chair.

4. The board of trustees shall meet quarterly or at the call of the chair when business is presented. The governing body may remove a member of the board of trustees if the member fails to attend two consecutive meetings or any three meetings during a calendar year.

5. The board of trustees shall comply with the provisions of chapter 241 of NRS.

6. A majority of the members of the board of trustees constitutes a quorum for all purposes.

7. Any member of the board of trustees may request a roll call vote of record.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

**NAC 287.782 Board of trustees: Restrictions. (NRS 287.017)**

1. The board of trustees may not negotiate or otherwise determine the retirement benefits provided to the beneficiaries of the trust fund.

2. A member of the board of trustees may not bind the board of trustees by word or action unless the board of trustees has, in its corporate capacity, designated such member as its agent for a specific purpose and for that purpose only.

3. The earnings of the trust fund shall not inure to the benefit of any member of the board of trustees except that a member of the board of trustees may be a beneficiary of the trust fund through participation in his or her employer's benefits plan.

4. A member of the board of trustees shall not be interested, directly or indirectly, as principal, partner, agent or otherwise in any contract entered into or expenditure authorized by the board of trustees, or in the profits or results thereof.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

**NAC 287.784 Board of trustees: Compensation of members; staffing; provision for expenses. (NRS 287.017)**

1. A governing body may provide for the payment to members of the board of trustees of:

(a) Compensation of not more than \$80 for each day or portion of a day that the member is actually engaged in the work of the board of trustees; and

(b) The per diem allowance and travel expenses normally provided for officers and employees of the local government, if any, for each day or portion of a day that the member is actually engaged in the work of the board of trustees.

2. The governing body shall provide to the board of trustees the staff necessary to assist the board of trustees in carrying out its powers and duties, including, without limitation, staff to organize and provide notice of the meetings of the board of trustees, take the minutes of such meetings, receive and disseminate financial reports of the professional fund managers of the trust fund, if any, and prepare financial reports and budgets for the board of trustees.

3. The governing body shall provide for the necessary and reasonable expenses of the board of trustees, including, without limitation, the costs of the annual audit required pursuant to NAC 287.786.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

**NAC 287.786 Determination of annual contributions; annual budgeting and auditing. (NRS 287.017)**

1. The governing body shall annually inform the board of trustees of the amount of the contributions that the governing body expects to make to the trust fund. In determining such a contribution, the governing body may:

(a) Commission actuarial studies that estimate the liabilities of the benefits plan of the local government for the ensuing 5 fiscal years; or

(b) Use an alternative method of calculation that is allowed by generally accepted accounting principles and which is performed or commissioned by the governing body.

↳ The results of any such studies or calculations must be completed before March 1 of each year in order that the amount of the contributions to the trust fund is determined before completion of the tentative budget of the board of trustees for submission to the governing body pursuant to subsection 2.

2. The board of trustees shall annually submit a tentative budget to the governing body for its consideration, approval and inclusion in the tentative and final budgets of the governing body. The tentative budget submitted by the board of trustees must incorporate the amount of contributions determined pursuant to subsection 1. The governing body may modify the tentative budget of the board of trustees at its discretion.

3. The board of trustees shall cause the trust fund to be audited annually. The books, records and accounts of the trust fund may be audited by the same person or entity that audits the books, records and

accounts of the local government. The governing body shall incorporate the results of the audit into the annual audit report of the local government.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

**NAC 287.788 Contract with professional fund manager; investment plan. (NRS 287.017)**

1. The board of trustees may contract with a professional fund manager if the assets of the trust fund are invested:

(a) In an investment which is authorized for a local government pursuant to subparagraph (2) of paragraph (g) of subsection 2 of NRS 287.017.

(b) Pursuant to subsection 2 of NAC 287.790.

2. Unless all the assets of the trust fund will only be deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of NRS 287.017, the board of trustees shall develop an investment plan for the trust fund in consultation with a professional fund manager, if the board has entered into a contract with such a person pursuant to subsection 1, or with any other investment management advisor retained by the board of trustees. The investment plan must be approved as to its conformity with this subsection by the Committee on Local Government Finance before the investment of any assets of the trust fund. The investment plan must:

(a) Include formal investment policies consistent with the requirements of NRS 287.017 and NAC 287.760 to 287.792, inclusive, including, without limitation, policies governing acceptable risks, diversification requirements and the fundamental processes for regulating the investment of the assets of the trust fund.

(b) Include processes governing the selection and monitoring of the staff and any professional fund manager or other investment management advisor assisting the board of trustees in the administration of the trust fund that are sufficient to ensure such staff, professional fund managers and other advisors have appropriate expertise and exhibit appropriate fiduciary behavior for such positions.

(c) Include appropriate investment training for members of the board of trustees and staff to ensure that they are knowledgeable in the prevailing investment practices.

(d) Include travel policies for participation in investment training for members of the board of trustees and staff that support the need for training and are defensible in the context of the interests of the public and the beneficiaries of the trust fund.

(e) Include an organizational plan for the selection and retention of competent investment expertise among the staff and in professional fund managers and other advisors, and incorporate a competitive process for the selection of both staff and professional fund managers and advisors.

(f) Provide for the development of and annual review by the board of trustees of the asset allocation strategy of the investment plan and the positioning of classes of assets in the investment portfolio of the trust fund in light of general market trends and valuations.

(g) Provide, on at least an annual basis, for a formal evaluation of the role or potential role of passive or indexed investment strategies applicable to the investment portfolio of the trust fund, and of appropriate strategies to minimize the costs of the administration of the trust fund, including, without limitation, the costs of transactions, professional fund managers and other advisors and investment training.

(h) Provide for a periodic review of investment-related practices, including, without limitation, services provided by brokers and unconventional investment strategies, in the context of fiduciary standards and the interests of economy.

(i) Establish formal benchmarks for the performance of the portfolio and managed accounts that are specific to the assigned role of the manager of the portfolio or account.

(j) Provide for the regular evaluation of the performance of the portfolio using consistent, documented and reliable disciplines, and establish clear criteria and procedures for selection and termination of investments by managers.

(k) Provide for regular communications on investment results to the governing body in a clear and intelligible format.

3. Approval by the Committee on Local Government Finance of the investment plan required in subsection 2 does not create or establish any fiduciary responsibility between the Committee on Local Government Finance and the trust fund or its beneficiaries.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

**NAC 287.790 Deposit and investment of assets; maintenance as separate account; prohibited uses; reimbursement of administrative expenses. (NRS 287.017)**

1. Except as otherwise provided in subsection 4, if the market value of the investment portfolio of a trust fund at the end of a fiscal year is \$100,000,000 or less, the assets of the trust fund may only be:

(a) Deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of NRS 287.017; and

(b) Invested in any investment which is authorized for a local government pursuant to subparagraph (2) of paragraph (g) of subsection 2 of NRS 287.017.

2. Except as otherwise provided in subsection 4, if the market value of the investment portfolio in a trust fund at the end of a fiscal year is more than \$100,000,000, the assets of the trust fund may be:

(a) Deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of NRS 287.017;

(b) Invested in any investment which is authorized for a local government pursuant to subparagraph (2) of paragraph (g) of subsection 2 of NRS 287.017; and

(c) Invested in any stocks or other equity securities or bonds or other debt securities which meet the requirements of subparagraph (3) of paragraph (g) of subsection 2 of NRS 287.017.

3. If the market value of the investment portfolio of a trust fund that is invested pursuant to subsection 2 falls below \$100,000,000 at the end of a fiscal year, the board of trustees:

(a) Is not required to liquidate any investments described in paragraph (c) of subsection 2.

(b) Shall invest the assets of the trust fund in the manner set forth in subsection 1 until the market value of the portfolio is more than \$100,000,000.

4. The assets of a pooled trust authorized pursuant to paragraph (h) of subsection 2 of NRS 287.017 may only be deposited in the Retirement Benefits Investment Fund established pursuant to NRS 355.220.

5. All interest, earnings, dividends and distributions received from the investment of assets in the trust fund, minus the expenses charged for such investments, must be deposited into the trust fund.

6. Except as otherwise provided in paragraph (h) of subsection 2 of NRS 287.017, the trust fund must be maintained as a separate account, and no other money may be commingled with the money in the trust fund.

7. Money in the trust fund must not be used to finance the debt of the local government and must not be used for loans to other funds of the local government.

8. Reasonable charges may be assessed to the trust fund for reimbursement of the direct expenses incurred by the board of trustees in administering the trust fund.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

#### **NAC 287.792 Requests for transfers of money. (NRS 287.017)**

1. Except as otherwise provided in subsection 2, the board of trustees shall, upon request of the governing body, transfer money from the trust fund to an account designated by the governing body not later than 10 business days after the first day of the month following receipt of the request by the board of trustees. A request by the governing body pursuant to this subsection must include, without limitation:

(a) An explanation of the manner in which the proposed transfer will be used to fulfill the requirements of the benefits plan of the local government;

(b) A copy of the budget of the local government for the current fiscal year, which demonstrates that expenditures for retirement benefits are authorized by the governing body pursuant to an agreement between the local government and its employees;

(c) Minutes of the meeting of the governing body at which the transfer was proposed; and

(d) The signature of the chairperson of the governing body.

2. If the request by the governing body does not meet the requirements of this section, the board of trustees may delay transfer of the money until the governing body has complied with the requirements.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)