

NOTICE OF PUBLIC MEETING

AGENDA

CLARK COUNTY OPEB BOARD OF TRUSTEES

**WEDNESDAY, AUGUST 29, 2018, 3:00 PM
PINYON ROOM, GOVERNMENT CENTER, 6th FLOOR
500 SOUTH GRAND CENTRAL PARKWAY, LAS VEGAS, NEVADA**

This meeting has been properly noticed and posted in the following locations:		Agenda Also Available At:	
CC Government Center 500 S. Grand Central Pkwy Las Vegas, NV (Principal Office)	Regional Justice Center 200 Lewis Ave, 1 st Fl. Las Vegas, NV	City of Las Vegas 400 E. Stewart Ave Las Vegas, NV	City of No. Las Vegas 2200 Civic Center Dr. No. Las Vegas, NV
Third Street Building 309 S. Third St. Las Vegas, NV	Paradise Park Pool & Center 4775 McLeod Dr. Las Vegas, NV	City of Henderson 240 Water St. Henderson, NV	City of Boulder City 400 California Ave. Boulder City, NV
Winchester Park & Center 3130 S. McLeod Dr Las Vegas, NV	Desert Breeze Park & Community Ctr. 8275 Spring Mtn. Rd Las Vegas, NV	City of Mesquite 10 E. Mesquite Blvd. Mesquite, NV	Clark County Regional Govt. Ctr. 101 Civic Way Laughlin, NV

- Items on the agenda may be taken out of order.
- The OPEB Board of Trustees may combine two or more agenda items for consideration.
- The OPEB Board of Trustees may remove an item from the agenda or delay discussion relating to an item at any time.

The main agenda is available on Clark County's website, <http://www.ClarkCountyNV.gov>. For copies of agenda items and supporting backup materials, please contact Leah Dwyer at (702) 455-3327.

CALL TO ORDER

Comments by the General Public

This is a period devoted to comments by the general public about items on this agenda. If you wish to speak to the OPEB 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. Comments will be limited to three minutes. Speakers must clearly state their name (last name spelled for the record) and address. No action may be taken on a matter not listed on the posted agenda. If any member of the OPEB Board of Trustees wishes to extend the length of a presentation, this will be done by the Chair or the Board by majority vote.

1. Approval of agenda. (For possible action)
2. Approval of the minutes of the Clark County, Nevada OPEB Trustee meeting on June 27, 2018. (For possible action)
3. Approval of the Clark County OPEB Trust Budget and forecasted contributions for fiscal year end June 30, 2019. (For possible action)

4. Receive a report on financial statements as of and for the year ending June 30, 2018. (For possible action)
5. Receive report on the status of the GASB 75 actuarial valuation. (For possible action)
6. Receive a report from FTN on recommended corpus balance.
7. Discussion of the Quarterly Investment Report from FTN Financial Main Street Advisors. (For possible action)
8. Trustee's/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 Clark County, Nevada OPEB Trust participants in accordance with the benefit plans. (No discussion on this item will take place among Trustees.)

Comments by the General Public

A period devoted to comments by the general public about matters relevant to the OPEB Board of Trustees' jurisdiction will be held. No action may be taken on a matter not listed on the posted agenda. Comments will be limited to three minutes. Speakers must clearly state their name (last name spelled for the record) and address. If any member of the OPEB Board of Trustees wishes to extend the length of a presentation, this will be done by the Chair or the Board by majority vote.

OPEB Board of Trustees

CLARK COUNTY, NEVADA

Jessica Colvin
Chair
Laura Fitzpatrick
Vice-Chair
David Dobrzynski
Trustee
Joseph Piurkowski
Trustee

CALL TO ORDER

The public meeting of the Clark County OPEB Board of Trustees meeting was called to order by Jessica Colvin, Chief Financial Officer on Wednesday, June 27, 2018 at 3:00 P.M. in the Pinyon Room, Clark County Government Center, 6th floor, 500 South Grand Central Parkway, Las Vegas, Nevada. This public meeting was properly noticed and posted.

ATTENDEES:

Jessica Colvin, Chair
Laura Fitzpatrick, Vice Chair
Joseph Piurkowski, Department of Aviation
David Dobrzynski,
Rick Phillips, FTN Financial, Chief Investment Officer
Anna Danchik, Clark County, Comptroller
Elizabeth Vorce, Clark County, Principle Accountant
Drew Solomon, Clark County, Principle Management Analyst

There were no comments from the general public, as no public present.

1. Approval of Agenda (For possible action)

- Motion made by Ms. Fitzpatrick to approve the Agenda for June 27, 2018 – motion passed unanimously

2. Approval of the minutes of the Clark County, Nevada OPEB Trustee meeting from April 24, 2018. (For possible action)

- A motion was made by Mr. Piurkowski to approve the minutes from the April 24, 2018 meeting - motion passed unanimously.

3. Discuss appointments of OPEB Trustees (For possible action)

- David Dobrzynski to replace George Stevens to the Clark County OPEB Board of Trustees for a term set to expire June 30, 2020.

4. **Approval of the engagement letter from Eide Bailly for audit services for the year ended June 30, 2017. (For possible action)**
 - Motion made by Ms. Fitzpatrick to approve engagement letter from Eide Bailly– motion passed unanimously

5. **Receive a report on financial statements as of and for the nine months ending March 31, 2018. (For possible action)**
 - Ms. Colvin summarized the financial statements. No action taken.

6. **Receive report on the status of the GASB 75 actuarial valuation. (For possible action)**
 - Ms. Colvin explained the actuarial study is in process and should be completed for the next meeting.

7. **Approval of the Clark County OPEB Trust Budget and forecasted contributions for fiscal year end June 30, 2019. (For possible action)**
 - No Action Taken

8. **Discussion of the Quarterly Investment Report from FTN Financial Main Street Advisors. (For possible action)**
 - Mr. Phillips summarized the Quarterly Investment Report dated March 31, 2018 and the Economic/Market update dated June 27, 2018.

9. **Trustee's/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 Clark County, Nevada OPEB Trust participants in accordance with the benefit plans. (No discussion on this item will take place among Trustees.)**
 - FTN to provide an analysis of the corpus required in order to fund the annual retiree subsidy.
 - Receive a report on the status of the actuarial valuation.
 - Receive a report on the status of the annual audit.

Comments by the General Public

A period devoted to comments by the general public about matters relevant to the OPEB Board of Trustees' jurisdiction will be held. No action may be taken on a matter not listed on the posted agenda. Comments will be limited to three minutes. Speakers must clearly state their name (last name spelled for the record) and address. If any member of the OPEB Board of Trustees wishes to extend the length of a presentation, this will be done by the Chair or the Board by majority vote.

There were no comments from the general public.

There being no further business, the meeting was adjourned at 4:17 P.M.

Clark County, Nevada OPEB Trust Fund
 Budget
 For the Fiscal Year Ended June 30, 2019

	<u>FY19 Budget</u>	<u>Clark County</u>	<u>Department of Aviation</u>
Additions			
Contributions			
Employer - Clark County	\$ 13,700,000	\$ 13,700,000	\$ -
Employer - Department of Aviation	10,381,750	-	10,381,750
Total contributions	<u>24,081,750</u>	<u>13,700,000</u>	<u>10,381,750</u>
Investment income (loss)			
Interest	30,000	24,596	5,404
Net increase (decrease) in fair value of investments	-		
Total investment income (loss)	<u>30,000</u>	<u>24,596</u>	<u>5,404</u>
Less investment expense	<u>(30,000)</u>	<u>(24,596)</u>	<u>(5,404)</u>
Net investment income (loss)	<u>-</u>	<u>-</u>	<u>-</u>
Total additions	<u>24,081,750</u>	<u>13,700,000</u>	<u>10,381,750</u>
Deductions			
Benefits			
Administrative expenses			
Accounting services	750	615	135
Audit fees	21,500	17,627	3,873
Continuing education	2,400	1,968	432
Bank fees	1,100	902	198
Insurance	10,000	8,199	1,801
Retiree benefits	3,424,770	2,674,745	750,025
Trustee fees	480	394	86
Other	5,500	4,509	991
Total administrative expenses	<u>3,466,500</u>	<u>2,708,958</u>	<u>757,542</u>
Change in plan net assets	20,615,250	10,991,042	9,624,208
Net Assets Held in Trust for Other Postemployment Benefits			
Beginning of year	<u>101,659,652</u>	<u>83,348,100</u>	<u>18,311,552</u>
End of year	<u>\$ 122,274,902</u>	<u>\$ 94,339,142</u>	<u>\$ 27,935,760</u>

Clark County, Nevada
OPEB Trust Fund
Statement of Changes in Plan Net Assets
For the Period July 1, 2017 through June 30, 2018 - Budget to Actual

	Clark County	Department of Aviation	Total	YTD Budget	Favorable (Unfavorable) Variance
Additions					
Contributions					
Employer - Clark County	\$ -	\$ -	\$ -	\$ -	\$ -
Employer - Department of Aviation	-	-	-	-	-
Total contributions	-	-	-	-	-
Investment income (loss)					
Interest	1,875,406	412,026	2,287,432	30,000	2,257,432
Net increase (decrease) in fair value of investments	4,630,324	1,017,281	5,647,605	-	5,647,605
Total investment income (loss)	6,505,730	1,429,307	7,935,037	30,000	7,905,037
Less investment expense	(29,557)	(6,494)	(36,051)	(30,000)	(6,051)
Net investment income (loss)	6,476,173	1,422,813	7,898,986	-	7,898,986
Total additions	<u>6,476,173</u>	<u>1,422,813</u>	<u>7,898,986</u>	<u>-</u>	<u>7,898,986</u>
Deductions					
Administrative expenses					
Accounting services	-	-	-	750	750
Audit fees	-	-	-	21,500	21,500
Continuing education	-	-	-	2,400	2,400
Bank fees	68	15	83	1,100	1,017
Insurance	-	-	-	10,000	10,000
Retiree benefits	-	-	-	6,165,755	6,165,755
Trustee fees	197	43	240	480	240
Other	-	-	-	5,500	5,500
Total administrative expenses	<u>265</u>	<u>58</u>	<u>323</u>	<u>6,207,485</u>	<u>6,207,162</u>
Change in plan net assets	<u>6,475,908</u>	<u>1,422,755</u>	<u>7,898,663</u>	<u>(6,207,485)</u>	<u>14,106,148</u>
Net Assets Held in Trust for Other Postemployment Benefits					
Beginning of year	<u>78,152,872</u>	<u>17,170,162</u>	<u>95,323,034</u>	<u>95,323,565</u>	<u>(531)</u>
End of year	<u>\$ 84,628,780</u>	<u>\$ 18,592,917</u>	<u>\$ 103,221,697</u>	<u>\$ 89,116,080</u>	<u>\$ 14,105,617</u>

Clark County, Nevada
OPEB Trust Fund
Statement of Plan Net Assets
June 30, 2018

	<u>Clark County</u>	<u>Department of Aviation</u>	<u>Total</u>
Assets			
Cash and investments			
Cash	\$ 39,650	\$ 8,711	\$ 48,361
State of Nevada RBIF	84,363,459	18,534,626	102,898,085
Clark County Investment Pool	227,583	50,000	277,583
Interest receivable	743	163	906
Total assets	<u>84,631,435</u>	<u>18,593,500</u>	<u>103,224,935</u>
Liabilities			
Accrued expenses	<u>2,655</u>	<u>583</u>	<u>3,238</u>
Net Assets Held in Trust for Other Postemployment Benefits	<u>\$ 84,628,780</u>	<u>\$ 18,592,917</u>	<u>\$ 103,221,697</u>



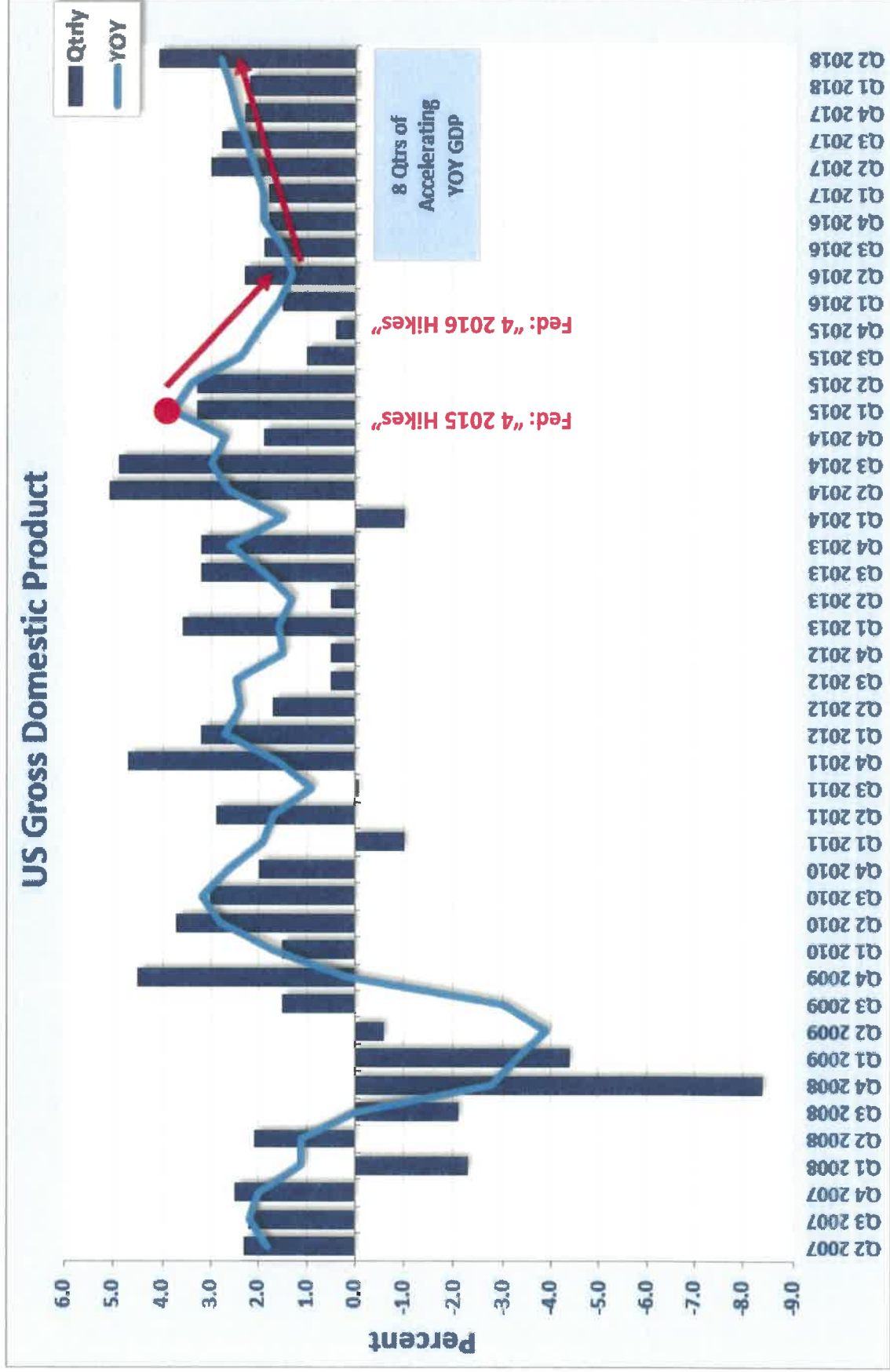
Clark County

OPEB Board of Trustees

Economic/Market Update

August 29, 2018

GDP: Strong 2nd Quarter...GDP Projected to Slow

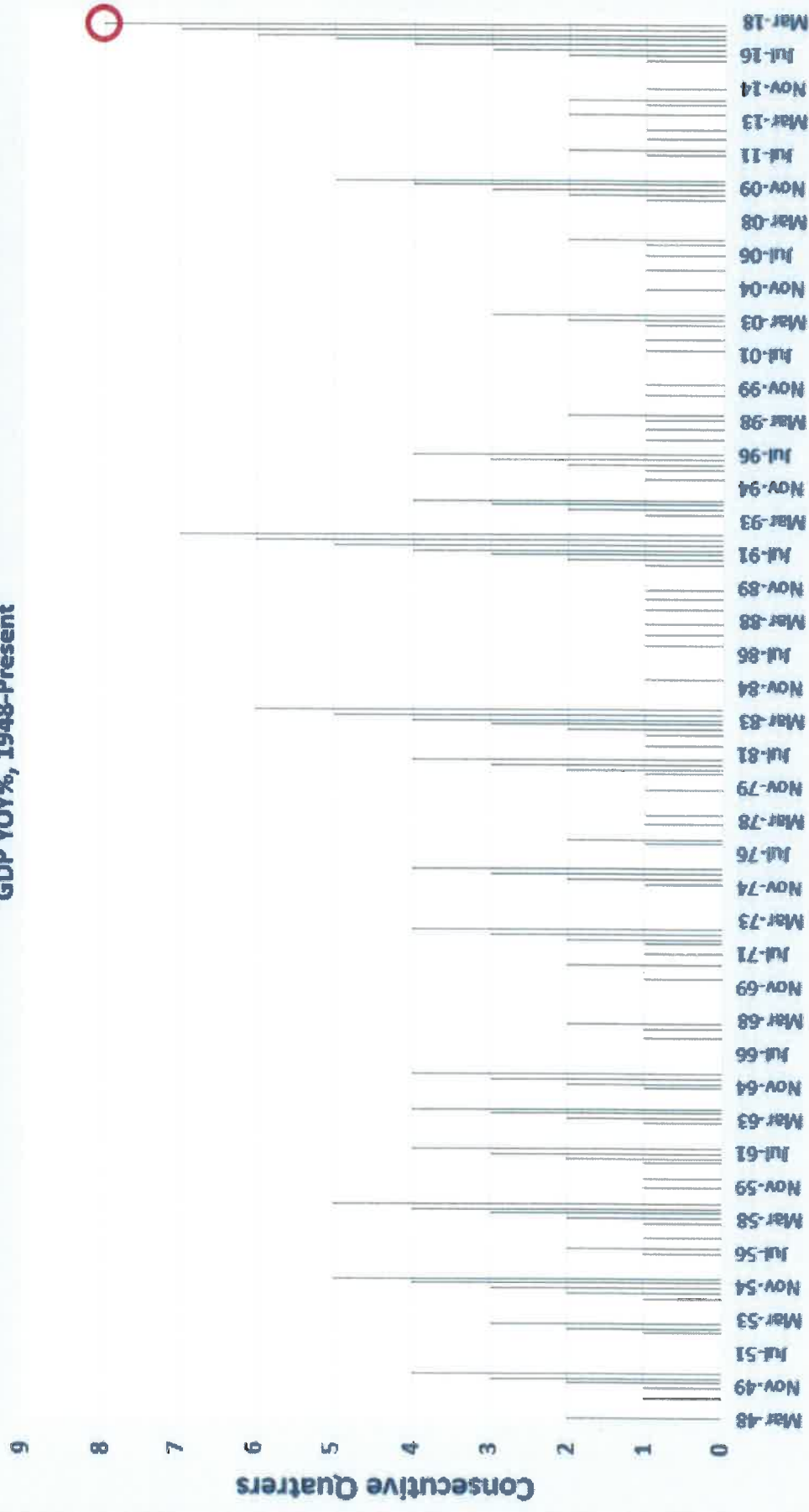


Source: Bloomberg

GDP: A Record Was Broken

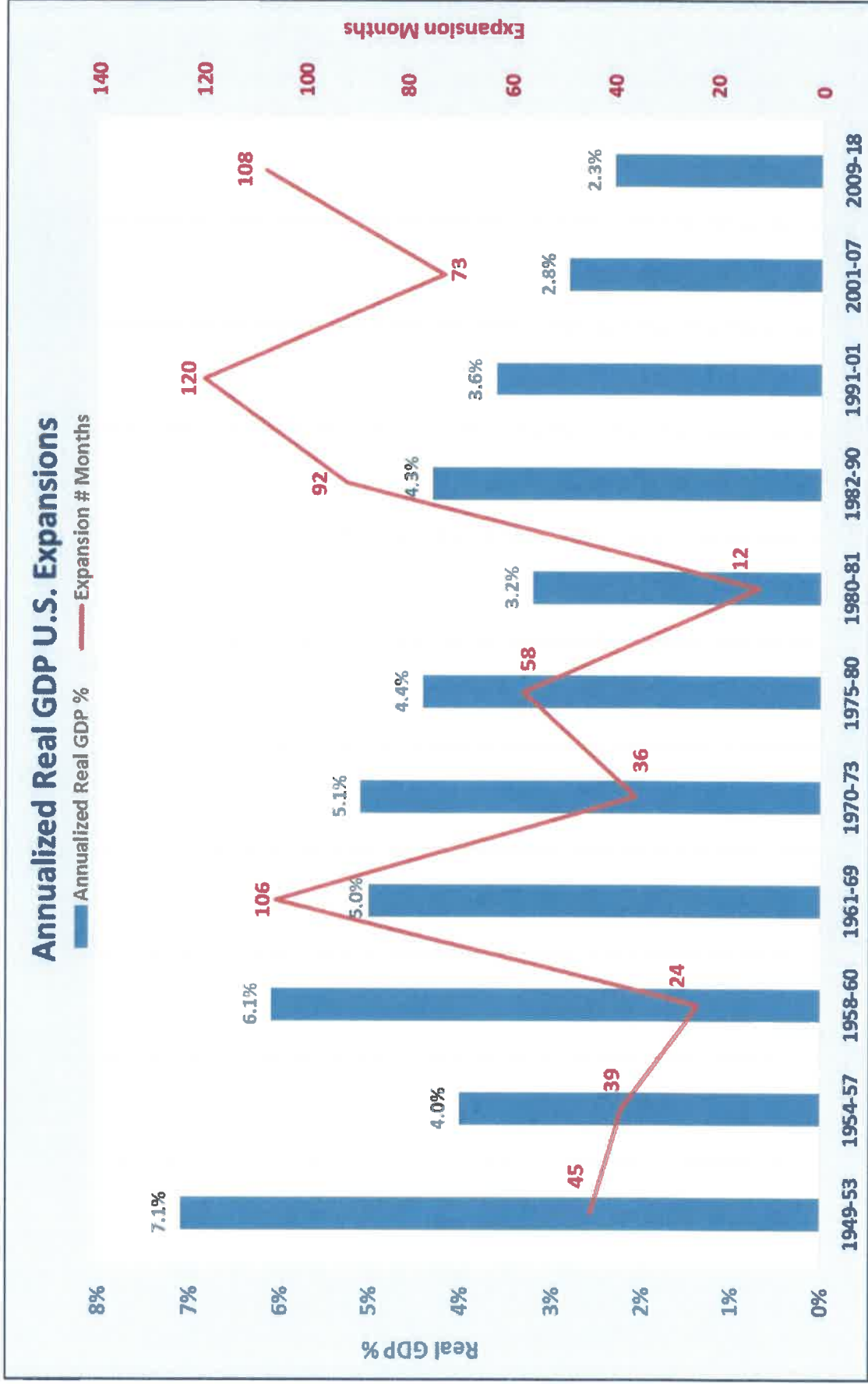
Consecutive Quarters of Accelerating US YOY GDP Growth

GDP YOY%, 1948-Present



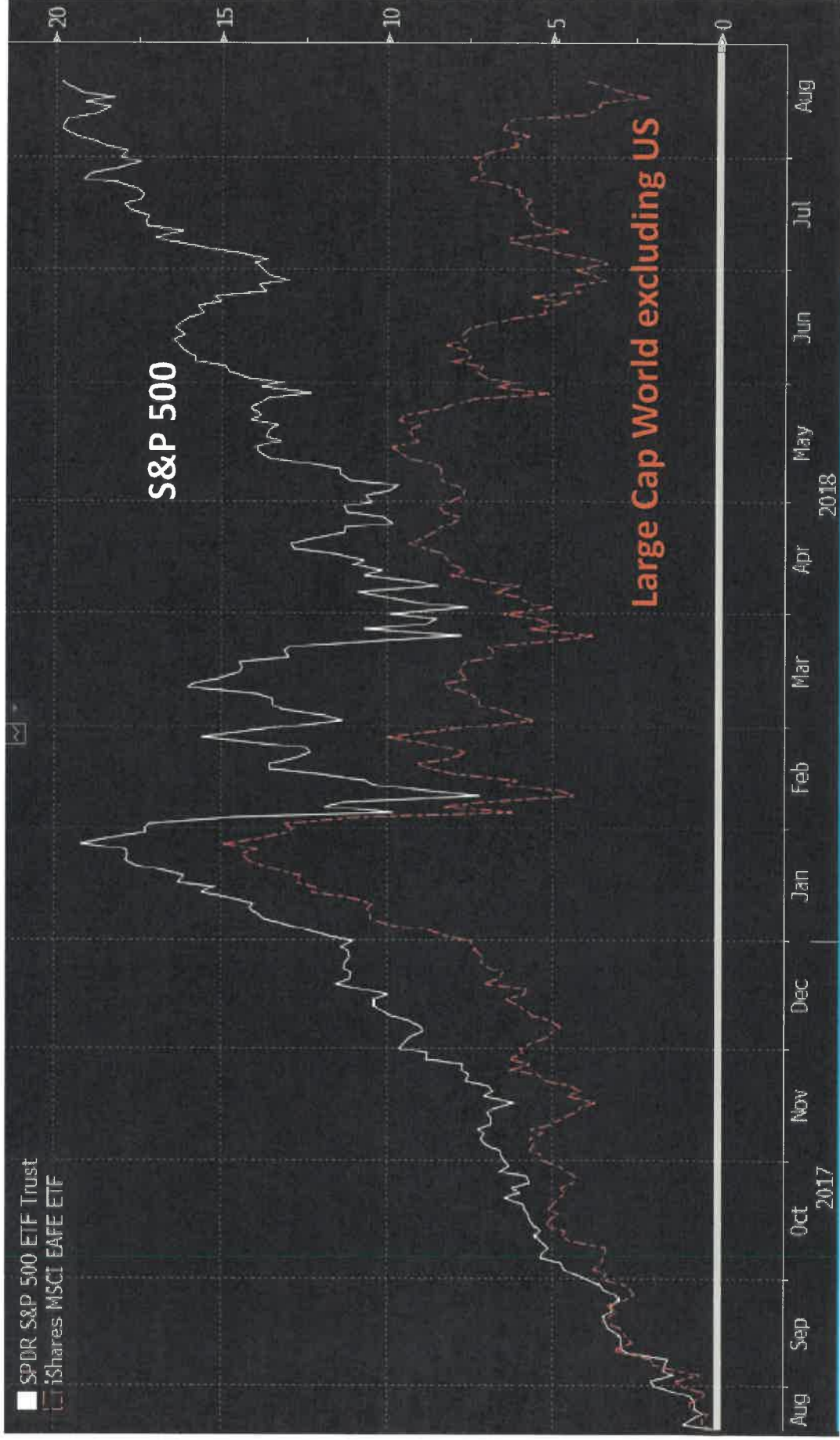
Source: Bloomberg

This Expansion: Second Longest, but Weakest



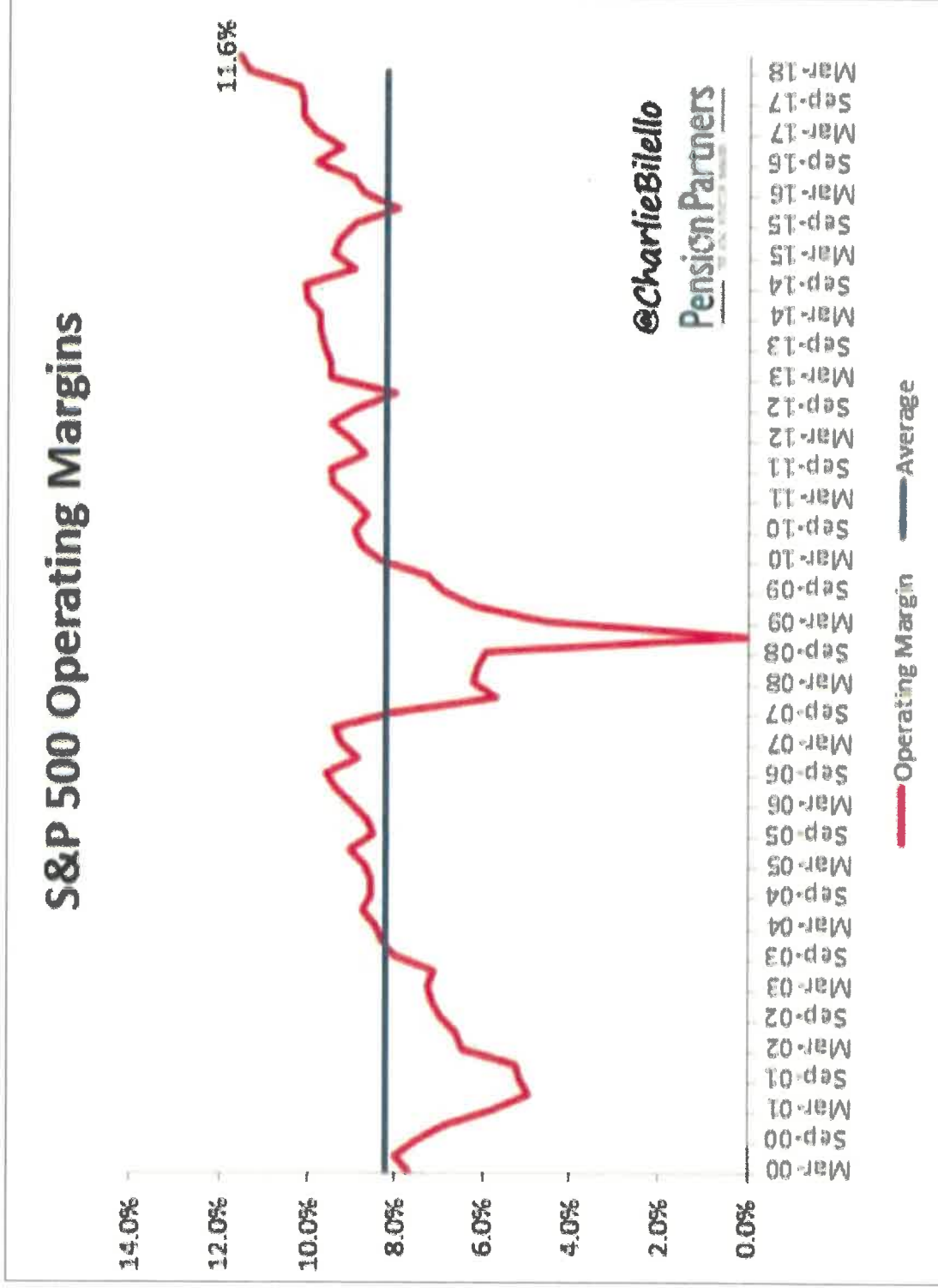
Source: Bloomberg

The “Global Synchronized Recovery” Has Faded

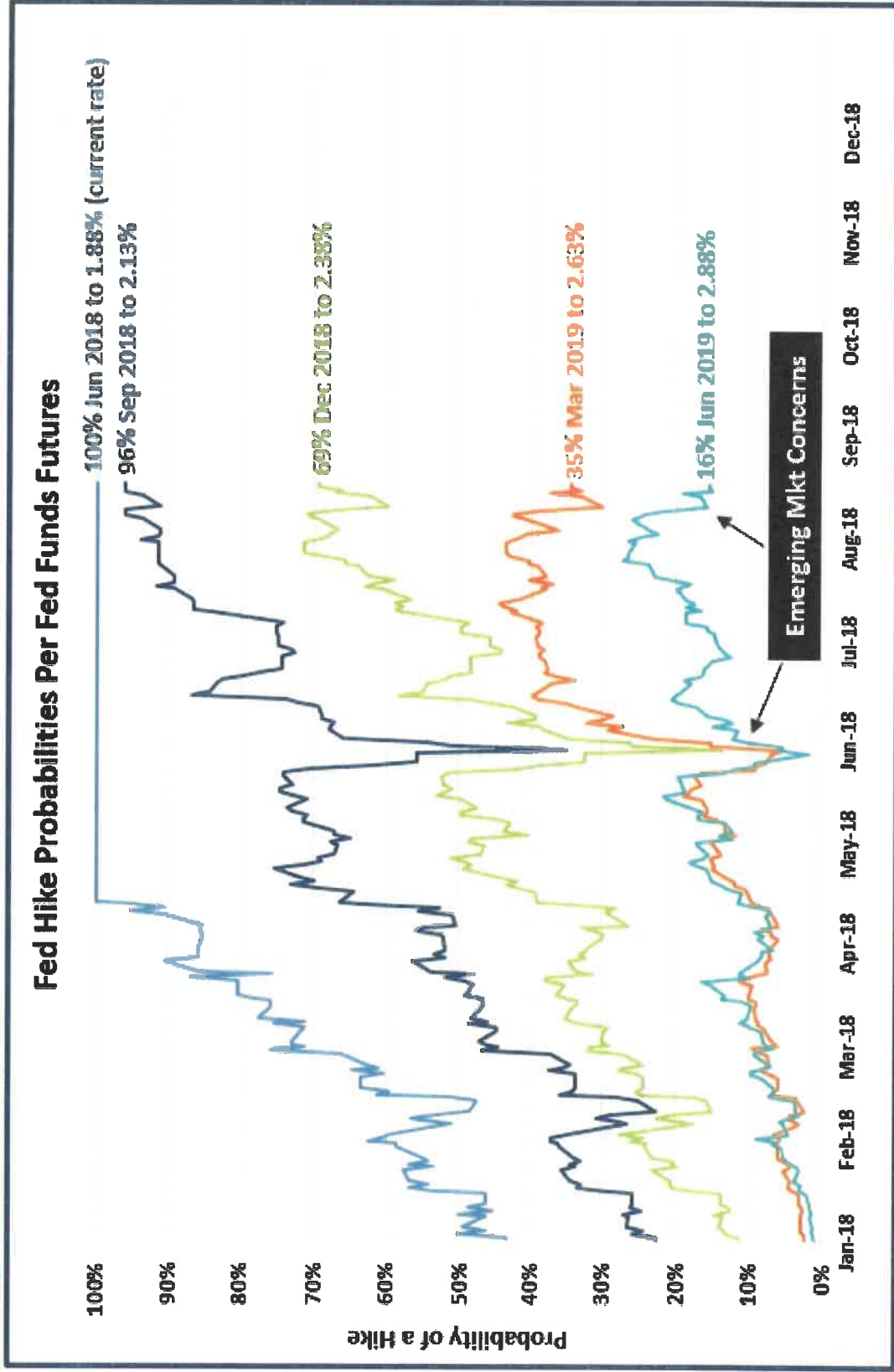


Source: Bloomberg

S&P Operating Margins at an All Time High



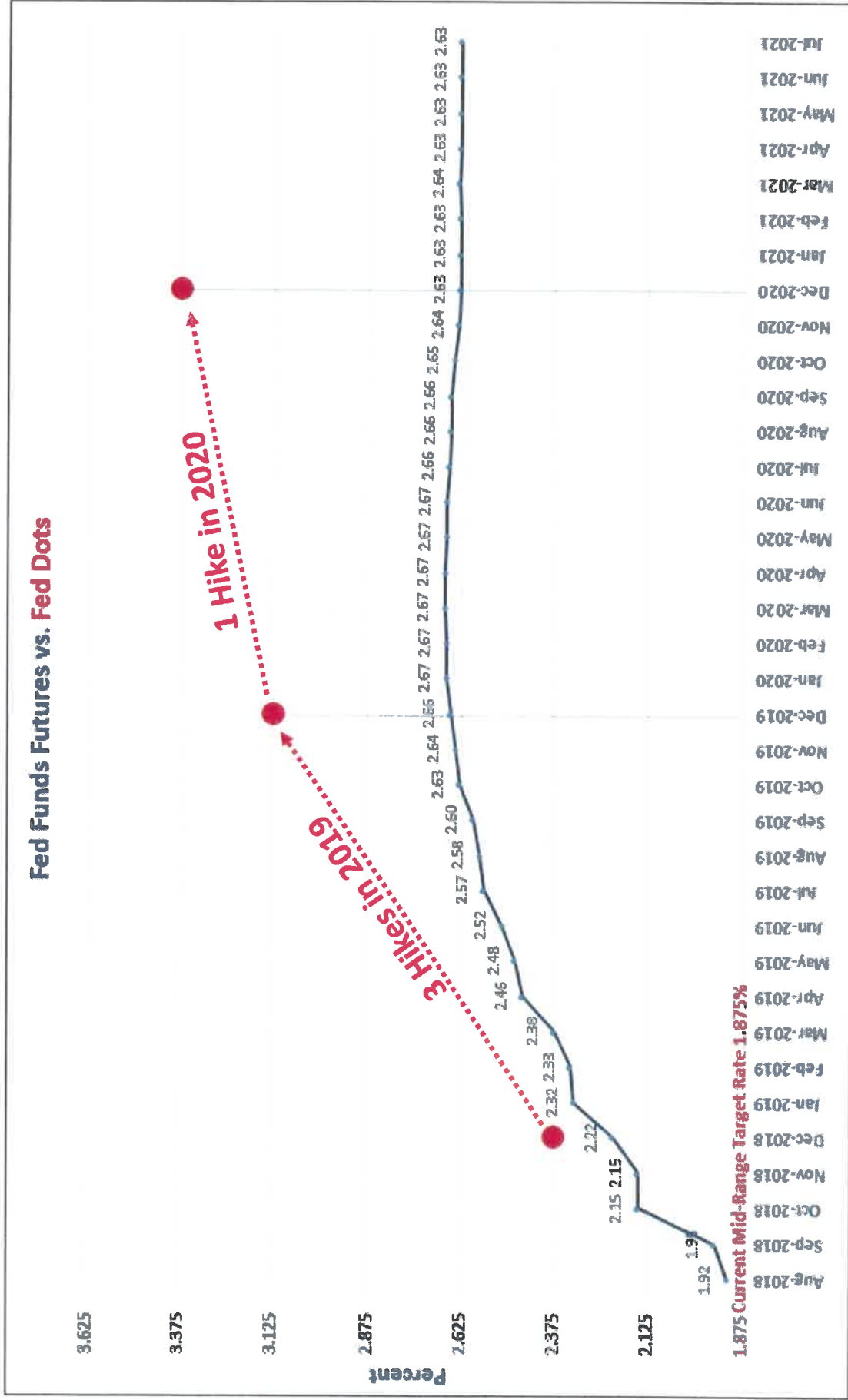
Fed Funds Hike Probabilities



As of 8/17/18

Source: CBOE

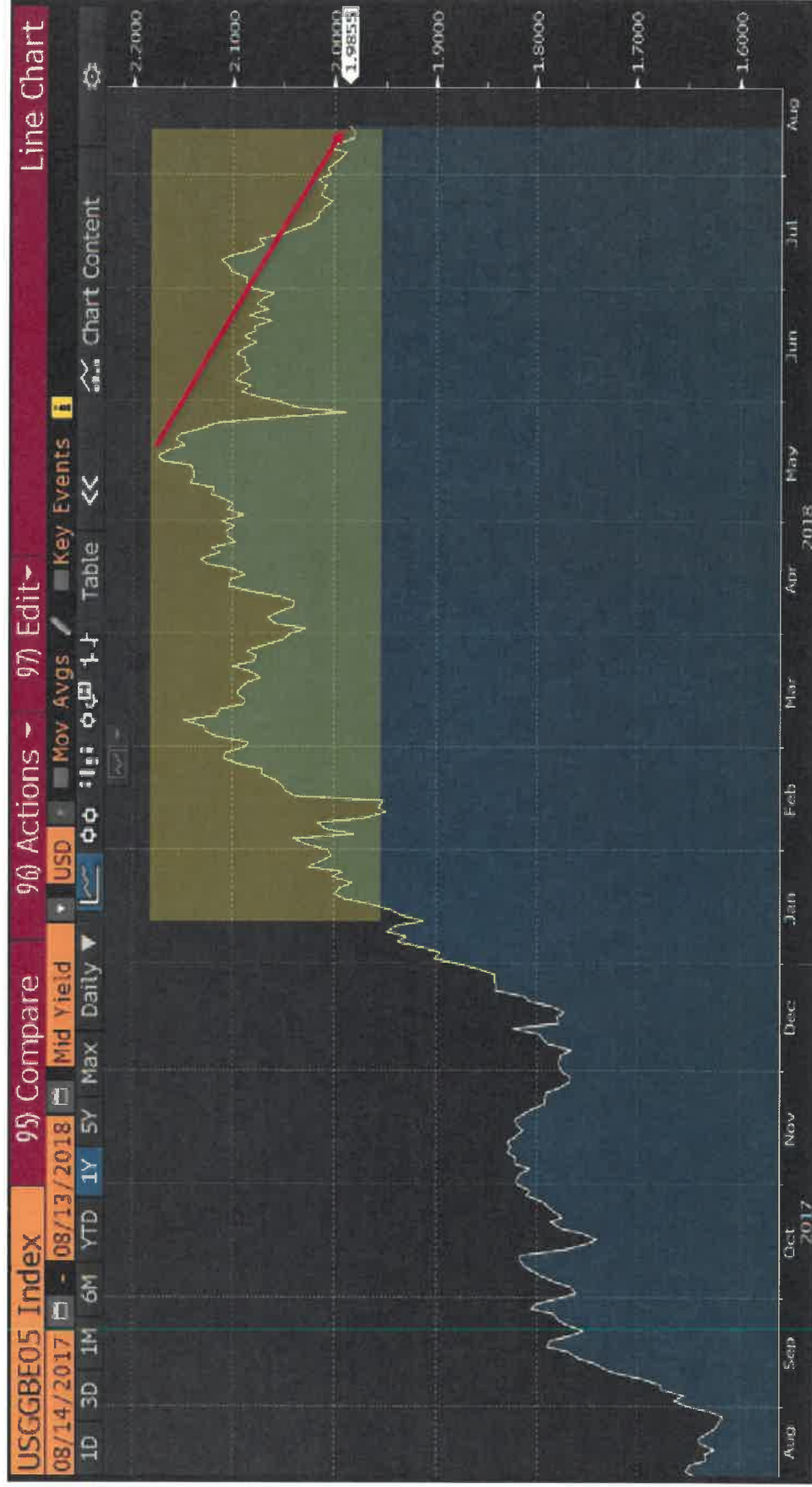
Fed Funds Futures vs. Fed Dots



As of 8/16/2018

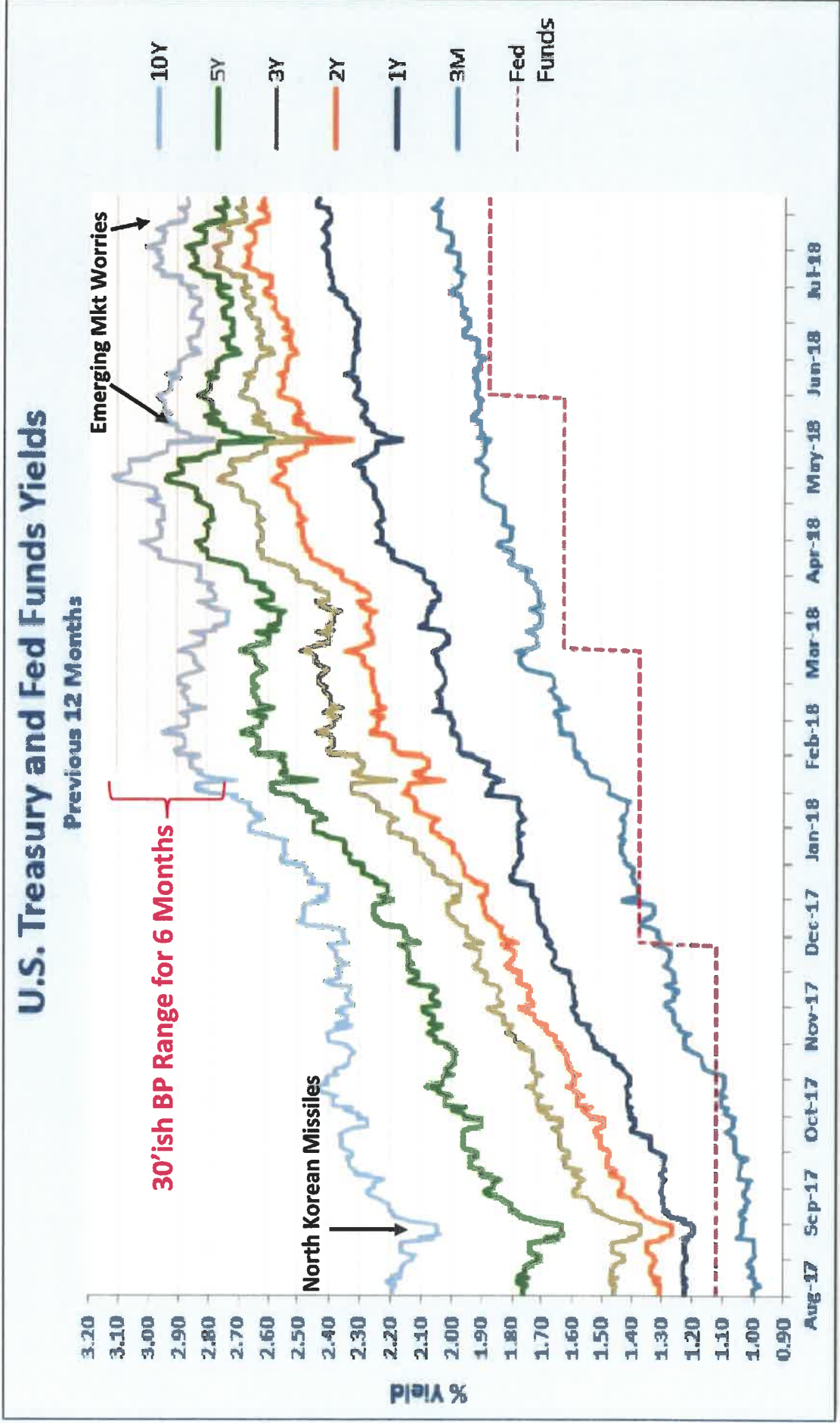
Source: Bloomberg

5 Year Expected Inflation Rate



Source: Bloomberg

US Treasury and Fed Funds

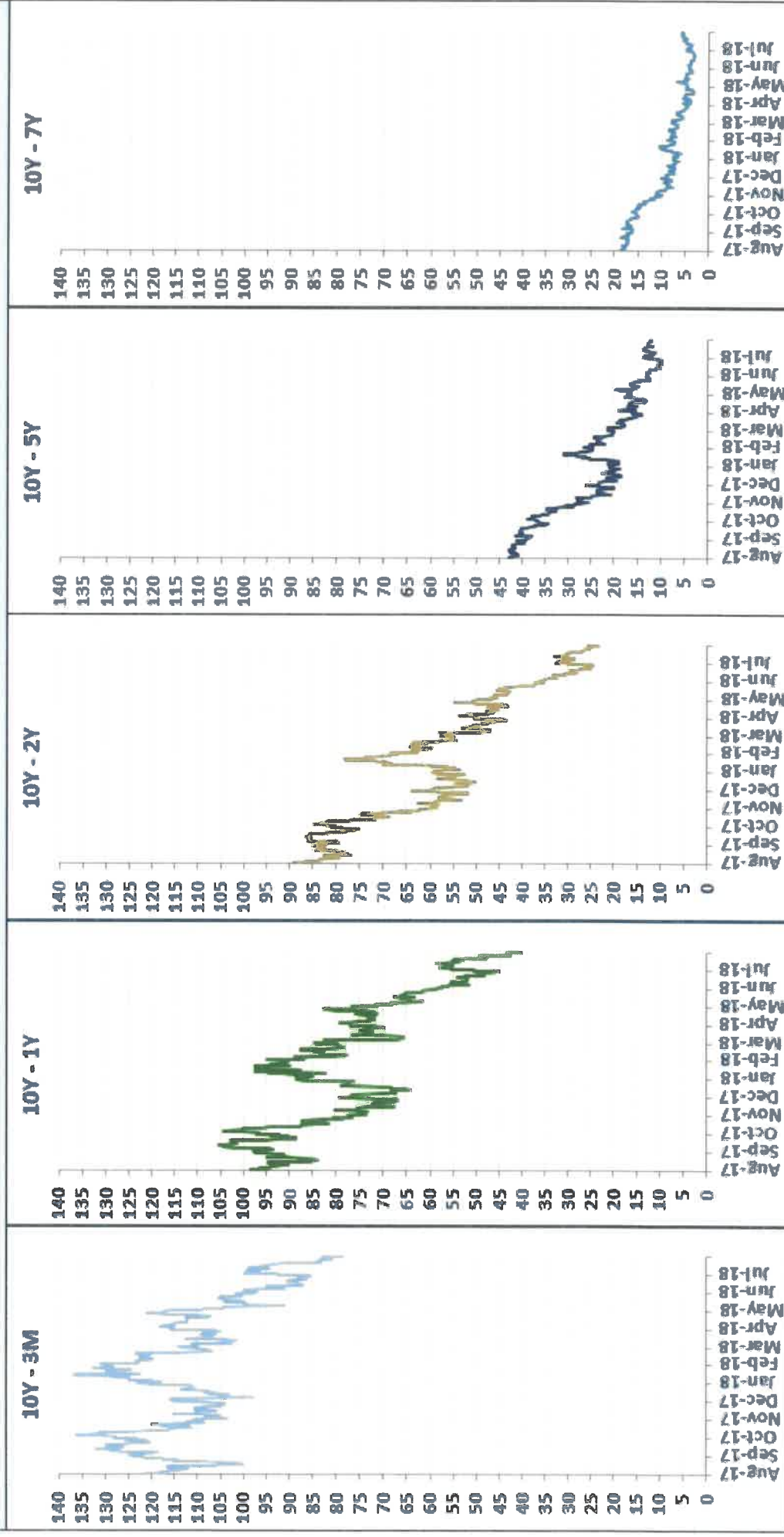


As of: 08/17/18

Source: Bloomberg

US Treasury Spreads Pointing to Slower Growth

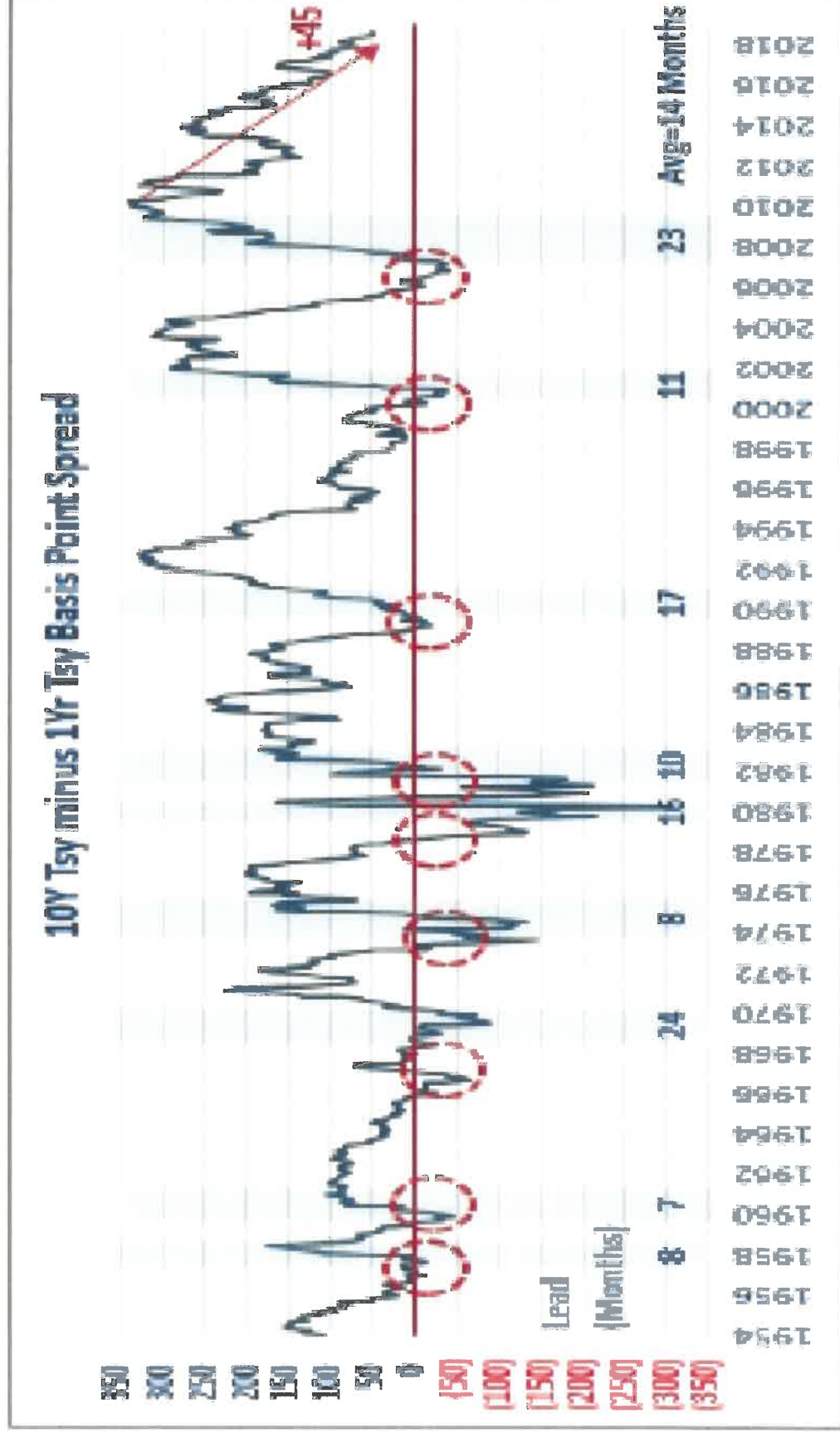
U.S. Treasury Curve Spreads the Past 12 Months



As of 8/17/18

Source: Bloomberg

10Yr-1Yr Treasury Spread: Recession Predictor



Source: Bloomberg

Disclosure

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Client Management Team

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Quarterly Investment Report

Clark County OPEB Trust

June 2018

Sector	Current Market Value	Prior Qtr Market Value	Period Change
U.S. Stocks - RBIF	52,030,218.98	50,786,061.49	1,244,157.49
U.S. Bonds -RBIF	28,992,160.80	28,710,559.57	281,601.23
International Stocks - RBIF	20,948,819.71	21,297,453.47	(348,633.76)
Cash Equivalents - RBIF	926,885.55	539,609.47	387,276.08
Clark County Inv Pool (Fixed Income)	278,394.73	277,527.19	867.54
Total	103,176,479.77	101,611,211.19	1,565,268.58

Cost vs Market Value

Market Value	103,176,479.77
Book Value	83,162,344.59
Variance	20,014,135.18

Total Gain/Loss % 24.07%

Since Inception

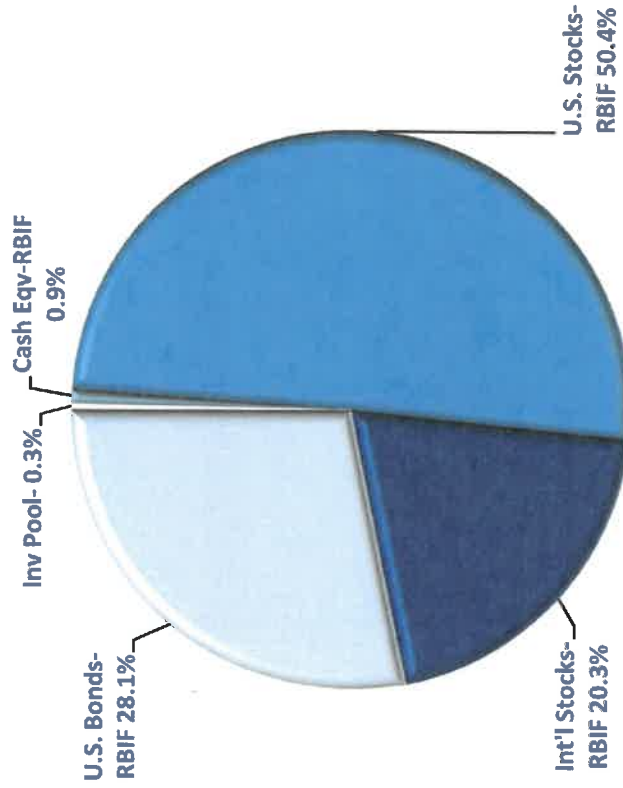
Annualized Gain/Loss% 7.04%

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 1/30/15

Total Asset Allocation

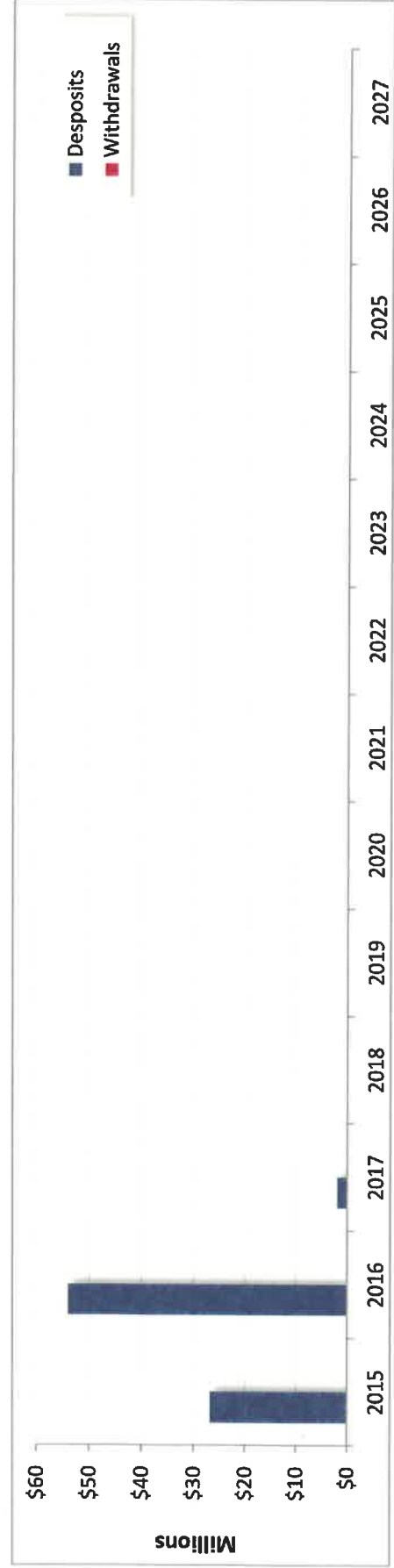


Fiscal Year Contributions/Withdrawals to RBIF in \$Millions

Month	Fiscal Year 2015		Fiscal Year 2016		Fiscal Year 2017		Fiscal Year 2018		Fiscal Year 2019		Fiscal Year 2020	
	Dep	Withdrl	Dep	Withdrl	Dep	Withdrl	Dep	Withdrl	Dep	Withdrl	Dep	Withdrl
July			4.50									
August			4.50									
September			4.50									
October			4.50									
November			4.50									
December			4.50		2.00							
January	4.48		4.50									
February	4.48		4.50									
March	4.48		4.50									
April	4.48		4.50									
May	4.48		4.50									
June	4.48		4.50									
Total	26.88	0.00	54.00	0.00	2.00	0.00	0.00	0.00				

Fiscal Year Contributions/Withdrawals to RBIF - \$Millions

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
82.9	0.0	2.0	0.0										84.9

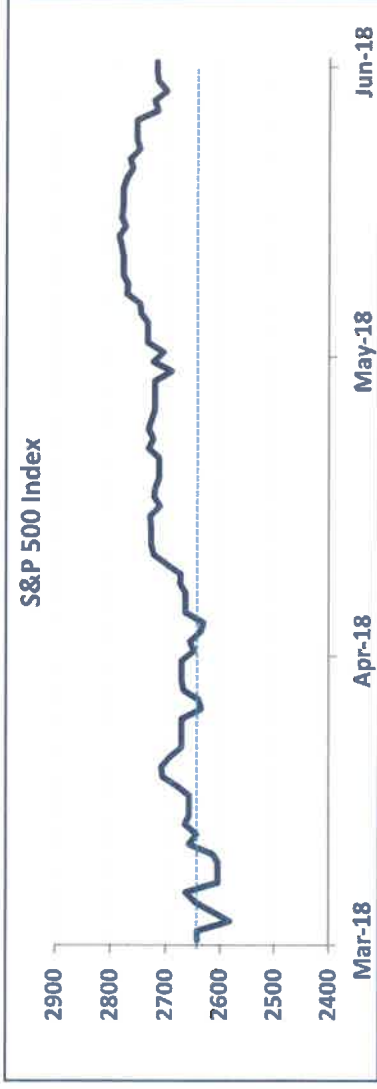


S&P 500 (Domestic Stocks)

Quarterly Return: 3.43%

Key Points

- Inflation concerns
- Stronger Earnings
- Moderated growth

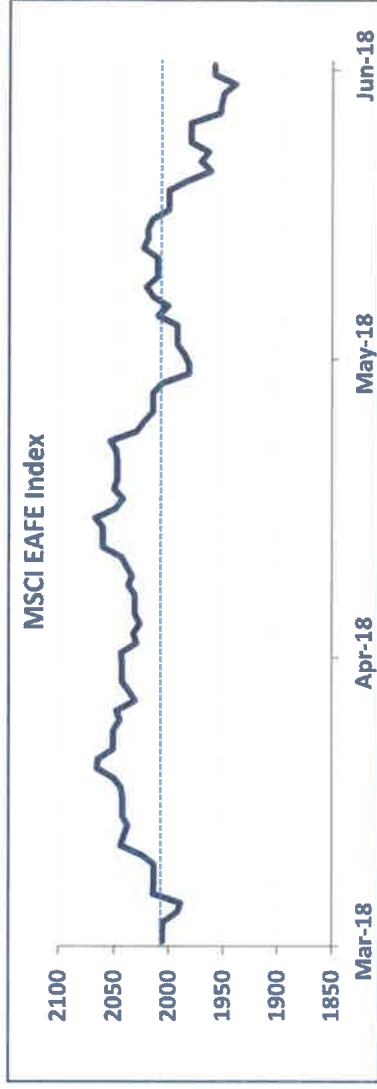


MSCI EAFE (International Stocks)

Quarterly Return: (1.05%)

Key Points

- Trade War
- Accommodative central banks
- Slower growth

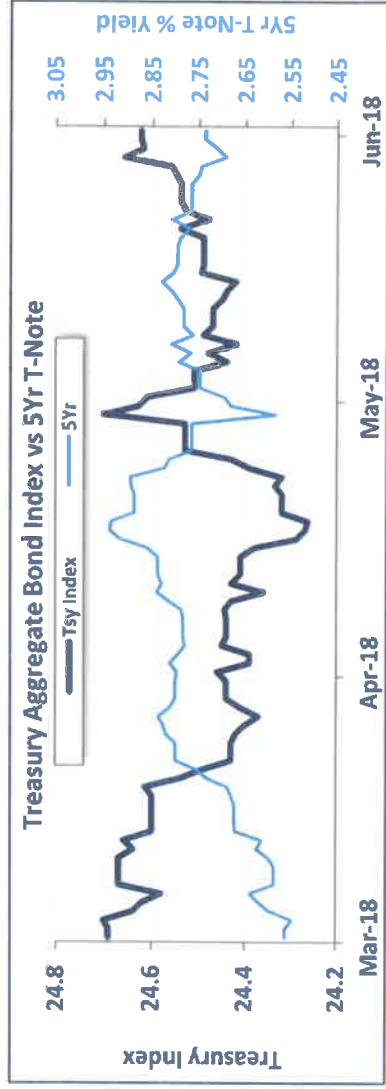


BAML US Treasury Bond Index (Domestic Fixed-Income)

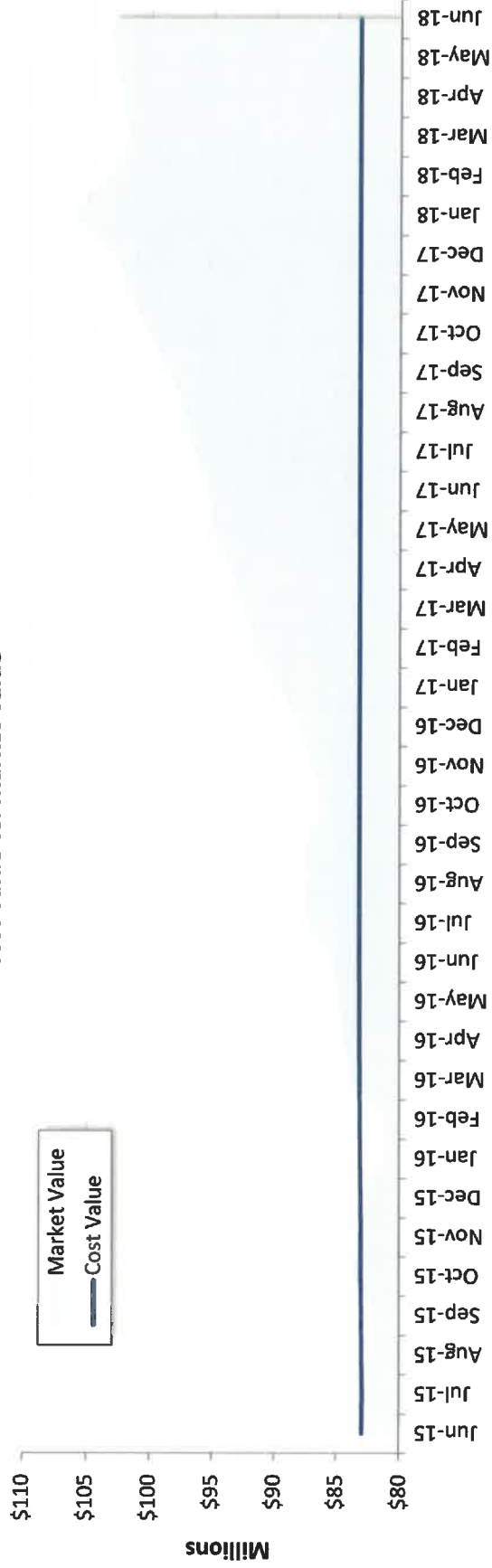
Quarterly Return: 0.22%

Key Points

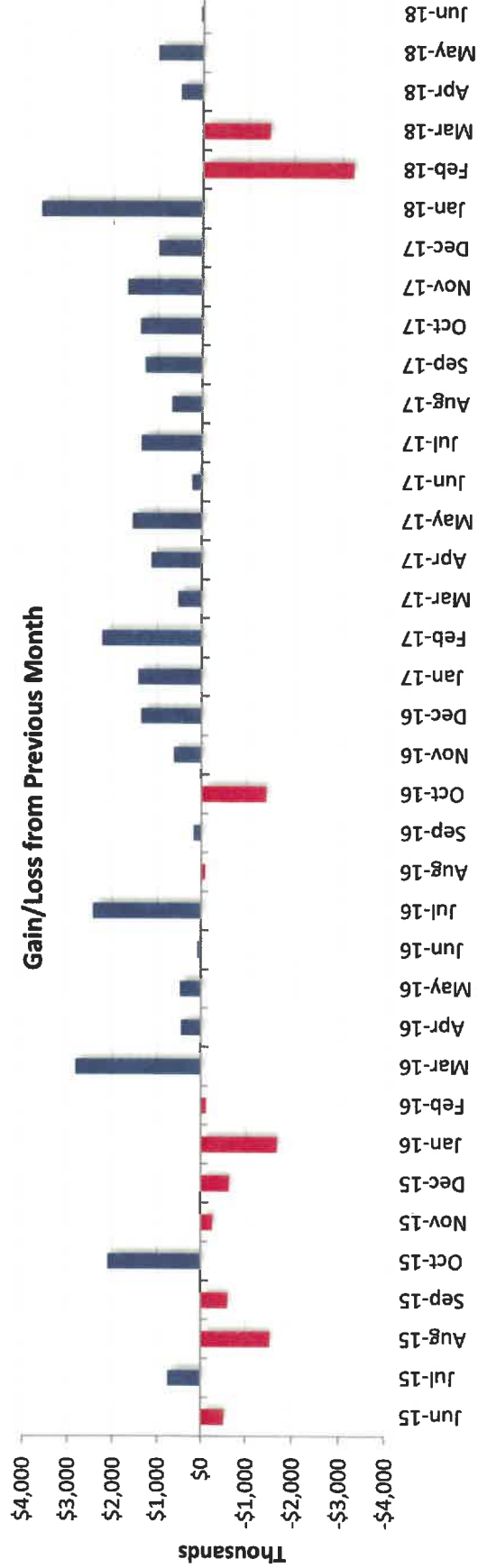
- Higher inflation expectations
- Potential more aggressive Fed
- Improved GDP



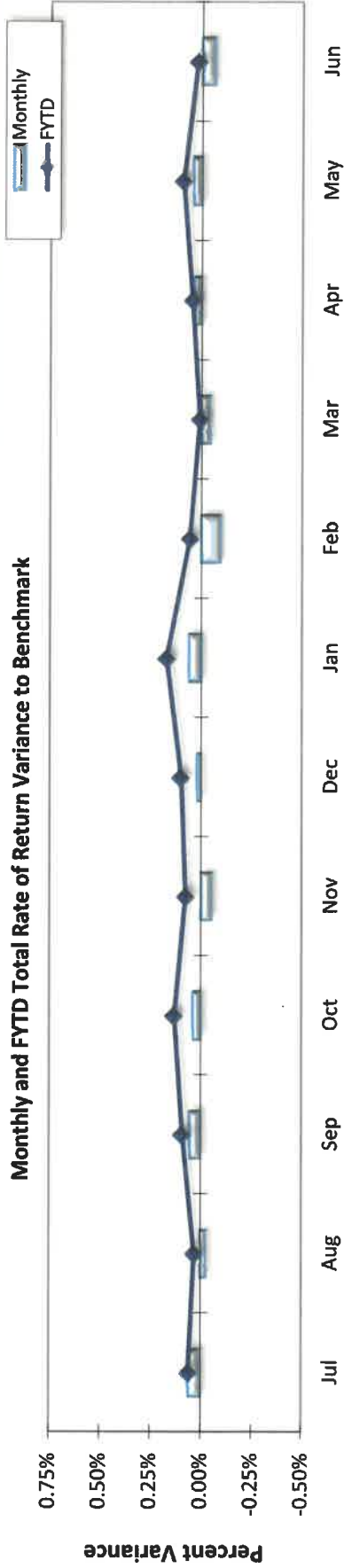
Cost Value vs. Market Value



Gain/Loss from Previous Month

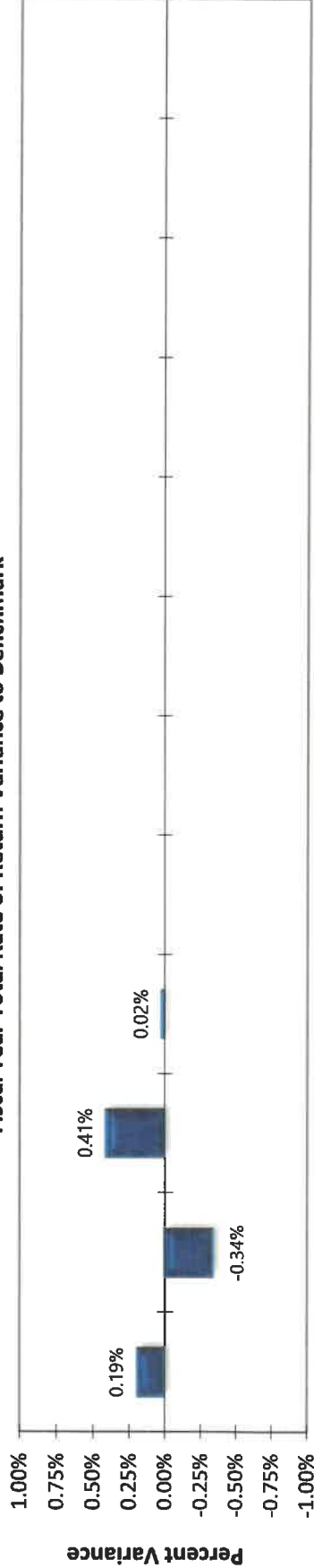


Monthly and FYTD Total Rate of Return Variance to Benchmark



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
RBIF Portfolio	1.729%	0.436%	1.334%	1.425%	1.690%	0.978%	3.526%	-3.054%	-1.422%	0.487%	0.993%	0.058%
RBIF Benchmark	1.666%	0.463%	1.279%	1.386%	1.744%	0.958%	3.463%	-2.958%	-1.377%	0.452%	0.952%	0.122%
Monthly Variance	0.063%	-0.028%	0.055%	0.039%	-0.054%	0.020%	0.063%	-0.096%	-0.045%	0.035%	0.041%	-0.065%
FYTD Variance	0.063%	0.035%	0.092%	0.133%	0.078%	0.100%	0.172%	0.059%	0.010%	0.047%	0.092%	0.022%

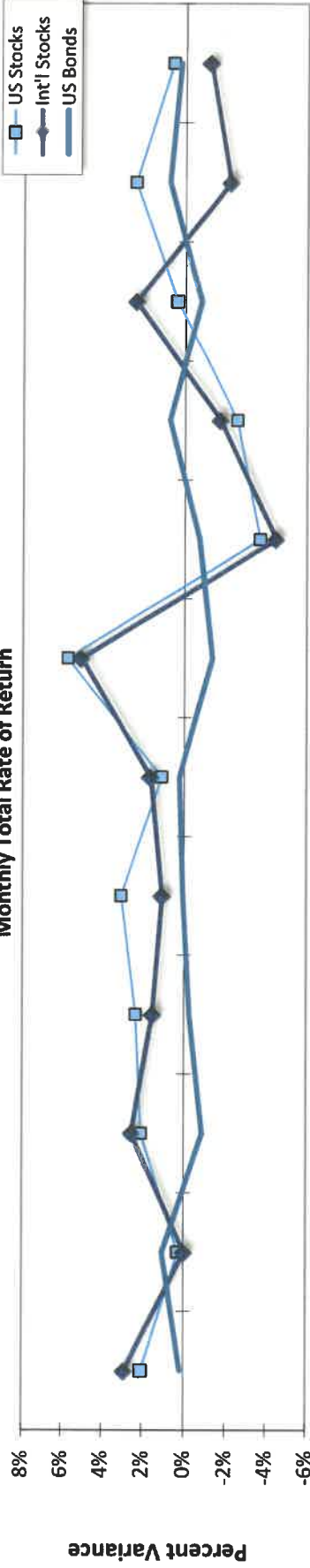
Fiscal Year Total Rate of Return Variance to Benchmark



FYTD	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
RBIF Portfolio	2.61%	1.59%	12.51%	8.33%								
Benchmark	2.42%	1.93%	12.10%	8.31%								
Yearly Variance	0.19%	-0.34%	0.41%	0.02%								

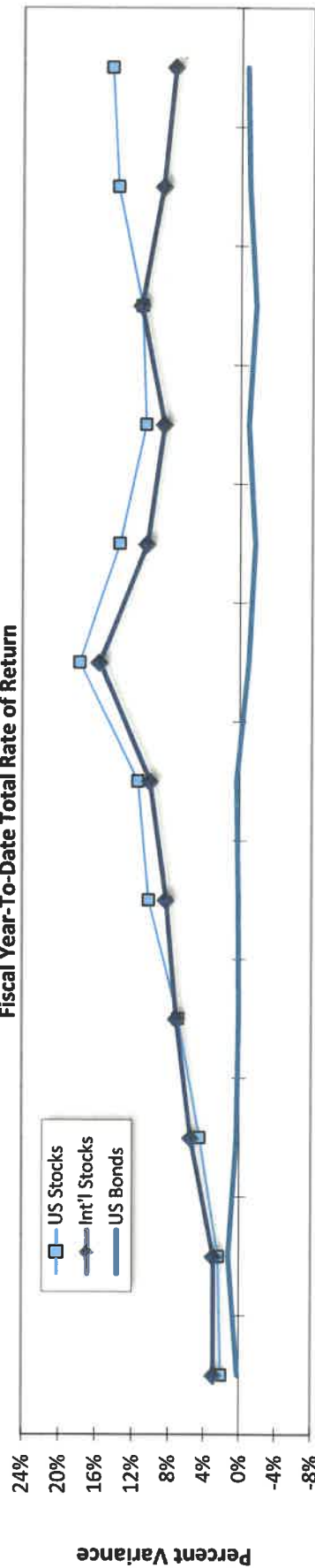
Benchmark: 49% S&P 500, 30% Barclays Aggregate Bond, 21% MSCI EAFE -- RBIF Returns are net of fees
FY 2015 Started for the month ending February 2015

Monthly Total Rate of Return



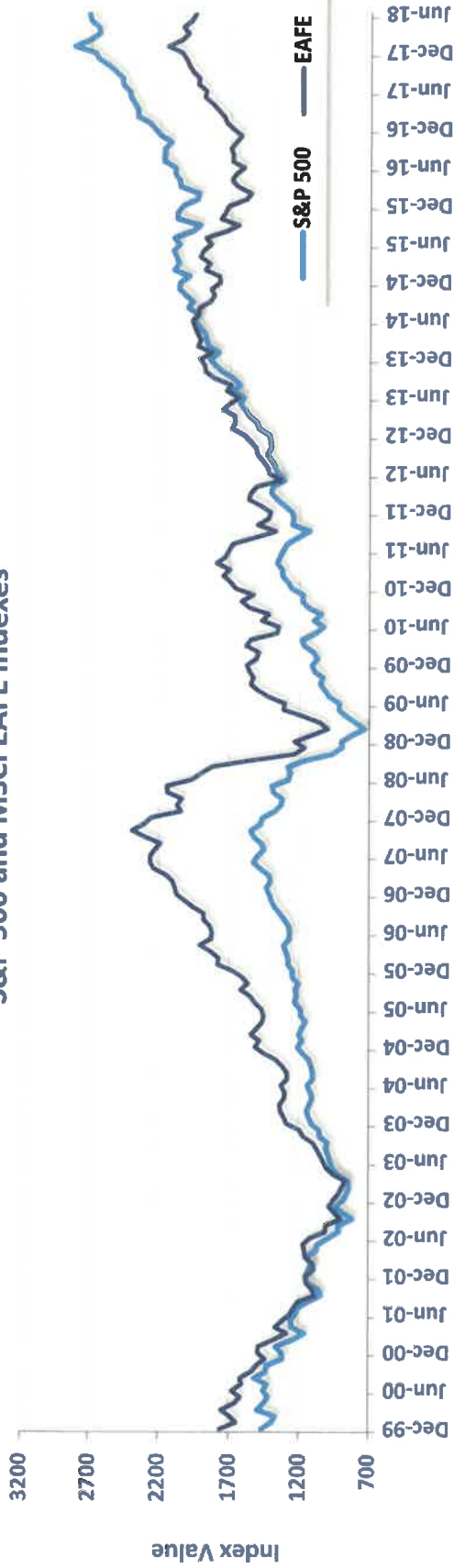
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
U.S. Stocks	2.05%	0.30%	2.06%	2.33%	3.06%	1.10%	5.72%	-3.69%	-2.54%	0.38%	2.41%	0.62%
Int'l Stocks	2.90%	0.00%	2.54%	1.53%	1.07%	1.63%	5.03%	-4.48%	-1.71%	2.37%	-2.19%	-1.18%
U.S. Bonds	0.17%	1.05%	-0.88%	-0.26%	0.06%	0.25%	-1.32%	-0.70%	0.75%	-0.78%	0.77%	0.23%

Fiscal Year-To-Date Total Rate of Return

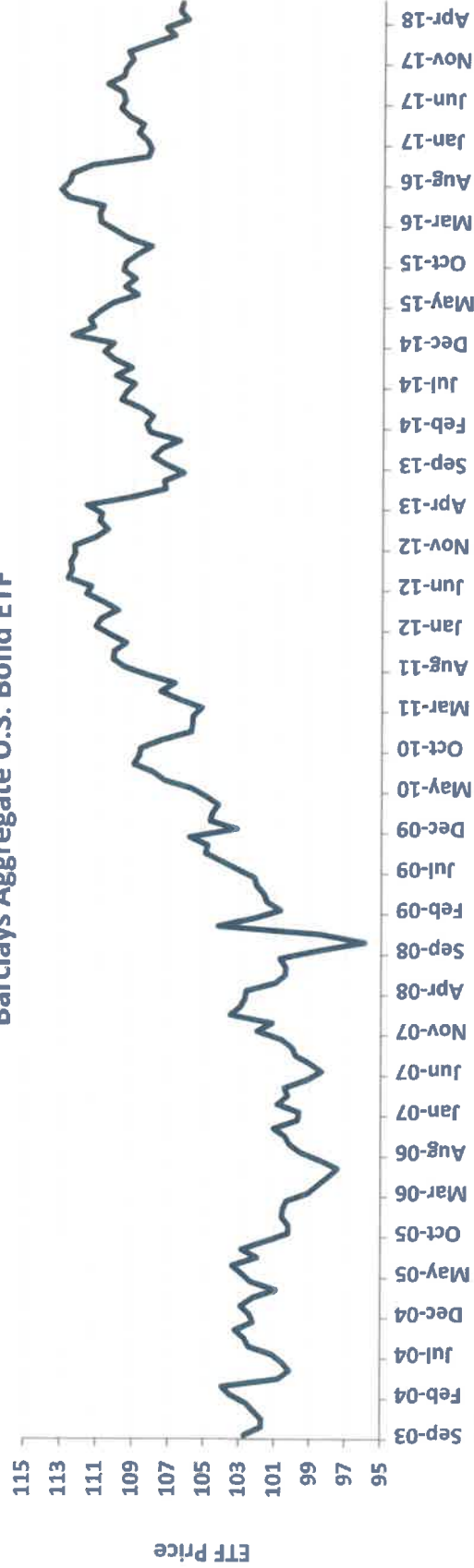


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
U.S. Stocks	2.05%	2.37%	4.48%	6.91%	10.19%	11.40%	17.78%	13.43%	10.56%	10.98%	13.65%	14.35%
Int'l Stocks	2.90%	2.89%	5.50%	7.12%	8.27%	10.03%	15.56%	10.38%	8.50%	11.07%	8.54%	7.36%
U.S. Bonds	0.17%	1.22%	0.33%	0.07%	0.13%	0.38%	-0.94%	-1.64%	-0.90%	-1.67%	-0.92%	-0.69%

S&P 500 and MSCI EAFE Indexes



Barclays Aggregate U.S. Bond ETF



Report Source Data:

RBIF: Bank of New York Mellon

Benchmark: Bloomberg

Clark County Investment Pool: FTN Main Street

RBIF Information:

RBIF investments are overseen by Nevada PERS personnel

Investment object is to generate an 8% long-term return, exceeding CPI by 4.5%

Asset classes will be rebalanced according to range triggers shown on page 2

Rebalancing funding source/destination shall be those asset classes furthest away from their targets

Glossary:

S&P 500: S&P index capturing large-cap U.S. based companies

MSCI EAFE: MSCI index capturing large and mid-cap equities across developed markets in EAFE (Europe, Australasia, and the Far East), excluding the U.S. and Canada

Barclays Aggregate Treasury Index: ETF which seeks to track the investment results of an index composed of U.S. Treasury bonds and notes

Barclays Aggregate Bond: Barclays index which tracks an index of U.S. investment-grade government (including mortgage-backed) and corporate bonds

ETF: Exchange traded fund, is a marketable security that tracks an index, such as the Barclays Aggregate Bond Index

Investment Pool: Short-term, high quality fixed income pool overseen by the Clark County Treasurer

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