

NOTICE OF PUBLIC MEETING

AGENDA

CLARK COUNTY OPEB BOARD OF TRUSTEES

FRIDAY, JUNE 13, 2014, 9:00 AM
GOLD ROOM, GOVERNMENT CENTER, 4th 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.
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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 Carrie Delatorre at (702) 455-3895.

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. Select the Clark County, Nevada OPEB Trust Board of Trustees Chair and Vice Chairman.(For possible action)
3. Review and discuss fiscal year 2015 budget preparation, SS-4 Application, and future meeting dates. (For possible action)
4. Receive and discuss the following Retirement Benefits Investment Fund (RBIF) documents. (For possible action)

- The audited annual report for Retirement Benefits Investment Fund at June 30, 2013
 - The Retirement Benefits Investment Fund Investment Objectives and Policies
 - Contribution/withdrawal instructions
5. Approve the Interlocal agreement between the Clark County OPEB Board of Trustees and the Retirement Benefits Investment Board (RBIB). (For possible action)
 6. 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.

Application for Employer Identification Number

OMB No. 1545-0003

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)

EIN

▶ See separate instructions for each line. ▶ Keep a copy for your records.

Type or print clearly.	1 Legal name of entity (or individual) for whom the EIN is being requested Clark County, Nevada OPEB Trust Fund	
	2 Trade name of business (if different from name on line 1)	3 Executor, administrator, trustee, "care of" name Jessica Colvin
	4a Mailing address (room, apt., suite no. and street, or P.O. box) 500 S Grand Central Pky Box 551210	5a Street address (if different) (Do not enter a P.O. box.)
	4b City, state, and ZIP code (if foreign, see instructions) Las Vegas, NV 89155-1210	5b City, state, and ZIP code (if foreign, see instructions)
	6 County and state where principal business is located Clark County, Nevada	
	7a Name of responsible party Clark County	7b SSN, ITIN, or EIN 88-6000028
8a Is this application for a limited liability company (LLC) (or a foreign equivalent)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		8b If 8a is "Yes," enter the number of LLC members ▶
8c If 8a is "Yes," was the LLC organized in the United States? <input type="checkbox"/> Yes <input type="checkbox"/> No		
9a Type of entity (check only one box). Caution. If 8a is "Yes," see the instructions for the correct box to check.		
<input type="checkbox"/> Sole proprietor (SSN) _____ <input type="checkbox"/> Estate (SSN of decedent) _____ <input type="checkbox"/> Partnership <input type="checkbox"/> Plan administrator (TIN) _____ <input type="checkbox"/> Corporation (enter form number to be filed) ▶ _____ <input type="checkbox"/> Trust (TIN of grantor) _____ <input type="checkbox"/> Personal service corporation <input type="checkbox"/> National Guard <input type="checkbox"/> State/local government <input type="checkbox"/> Church or church-controlled organization <input type="checkbox"/> Farmers' cooperative <input type="checkbox"/> Federal government/military <input type="checkbox"/> Other nonprofit organization (specify) ▶ _____ <input type="checkbox"/> REMIC <input type="checkbox"/> Indian tribal governments/enterprises <input checked="" type="checkbox"/> Other (specify) ▶ Local government IRC 115 Trust Group Exemption Number (GEN) if any ▶		
9b If a corporation, name the state or foreign country (if applicable) where incorporated	State	Foreign country
10 Reason for applying (check only one box)		
<input type="checkbox"/> Started new business (specify type) ▶ _____ <input type="checkbox"/> Hired employees (Check the box and see line 13.) <input checked="" type="checkbox"/> Created a trust (specify type) ▶ local government IRC 115 <input type="checkbox"/> Compliance with IRS withholding regulations <input type="checkbox"/> Created a pension plan (specify type) ▶ _____ <input type="checkbox"/> Other (specify) ▶ _____		
11 Date business started or acquired (month, day, year). See instructions. September 1, 2014		12 Closing month of accounting year June
13 Highest number of employees expected in the next 12 months (enter -0- if none). If no employees expected, skip line 14.		14 If you expect your employment tax liability to be \$1,000 or less in a full calendar year and want to file Form 944 annually instead of Forms 941 quarterly, check here. (Your employment tax liability generally will be \$1,000 or less if you expect to pay \$4,000 or less in total wages.) If you do not check this box, you must file Form 941 for every quarter. <input type="checkbox"/>
Agricultural 0	Household 0	
15 First date wages or annuities were paid (month, day, year). Note. If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year) ▶ N/A		
16 Check one box that best describes the principal activity of your business.		
<input type="checkbox"/> Construction <input type="checkbox"/> Rental & leasing <input type="checkbox"/> Transportation & warehousing <input type="checkbox"/> Accommodation & food service <input type="checkbox"/> Wholesale-agent/broker <input type="checkbox"/> Real estate <input type="checkbox"/> Manufacturing <input type="checkbox"/> Finance & insurance <input checked="" type="checkbox"/> Other (specify) Post employment health benefits <input type="checkbox"/> Wholesale-other <input type="checkbox"/> Retail		
17 Indicate principal line of merchandise sold, specific construction work done, products produced, or services provided.		
18 Has the applicant entity shown on line 1 ever applied for and received an EIN? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," write previous EIN here ▶		

Third Party Designee	Complete this section only if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.	
	Designee's name	Designee's telephone number (include area code) ()
	Address and ZIP code	Designee's fax number (include area code) ()
Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.		Applicant's telephone number (include area code) (702) 455-3324
Name and title (type or print clearly) ▶ Jessica Colvin, Trustee		Applicant's fax number (include area code) (702) 455-5794
Signature ▶		Date ▶

ANNUAL FINANCIAL REPORT
of the
RETIREMENT BENEFITS INVESTMENT FUND
(a Component Unit of the State of Nevada)

For the Fiscal Year Ended
June 30, 2013

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Casey, Neilson & Associates, LLC
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Retirement Benefits Investment Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the Retirement Benefits Investment Fund ("RBIF"), a component unit of the State of Nevada, which comprise the Statement of Net Position as of June 30, 2013, and the related Statement of Changes in Net Position, 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 audits 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 of 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 entity'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 entity'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 financial position of the Retirement Benefits Investment Fund as of June 30, 2013, and the changes in financial position thereof for the year then ended in accordance 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 management's discussion and analysis on pages 5 through 7 be presented to supplement the basic financial statements. Such information, although not 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 regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise RBIF's financial statements. The supplementary schedule of participating entities on page 21 is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of participating entities is fairly stated in all material respects in relation to the financial statements as a whole.

Casey Nalor & Associates, LLC

Carson City, Nevada
October 7, 2013

RETIREMENT BENEFITS INVESTMENT FUND
2013 ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) of the financial performance of the Retirement Benefits Investment Fund (RBIF or Fund) provides an overview of the Fund's financial activities for the fiscal year ended June 30, 2013. The MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts. Readers are encouraged to consider the information presented in conjunction with the financial statements as a whole, which follow the MD&A.

RBIF was created during the 2007 Legislative Session, was effective July 1, 2007, and received its first investment contribution in January 2008. The purpose of the Fund is to invest contributions made by participating entities to support financing of other post employment benefits at some time in the future. Monies received by the Fund from participating entities are not held in a fiduciary capacity. At June 30, 2013, there were six participating entities: the Public Employees' Benefits Program of Nevada, Washoe County School District, Truckee Meadows Water Authority, Washoe County, the City of Las Vegas, and the Tahoe Douglas Fire Protection District.

Overview of Financial Statements

The basic financial statements consist of: the Statement of Net Position, the Statement of Changes in Net Position, the Notes to the Financial Statements, and Supplementary Information.

The **Statement of Net Position** includes all of the Fund's assets, liabilities, and the net position at the end of the fiscal year.

The **Statement of Changes in Net Position** reports additions to and deductions from the Fund during the fiscal year presented. Over time the increase or decrease in net position serves as a useful indicator of the health of the Fund's financial position.

The **Notes to the Financial Statements** provide additional information that is required by generally accepted accounting principles.

The **Supplementary Information** following the notes to the financial statements consists of a schedule of participating entities.

Financial Highlights

- Total contributions were \$15,414,900 during fiscal year 2013, a decrease of 28.1% from fiscal year 2012. In 2012 Tahoe Douglas Fire Protection District (TDFP) joined RBIF and made an initial contribution of \$2.5 million. In 2011 Washoe County (WCOT) joined RBIF and made an initial contribution of \$76.1 million.
- There were no distributions in fiscal year 2013.

RETIREMENT BENEFITS INVESTMENT FUND
2013 ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Net investment gain was \$19,437,370 during fiscal year 2013, as compared to a gain of \$3,669,944 during fiscal year 2012.
- Total investments at fair value as of June 30, 2013, were \$182,179,209, an increase of 25.0% from fiscal year 2012.

Financial Analysis

The following are summary comparative statements of the Fund:

CONDENSED STATEMENTS OF NET POSITION

	As of June 30, 2013	As of June 30, 2012	As of June 30, 2011	Percentage Increase/ (Decrease) from 2012 to 2013
Cash and cash equivalents	\$ 3,618,695	\$ 10,725,936	\$ 13,305,789	(66.3) %
Receivables	2,674,824	749,458	892,192	256.9
Investments, at fair value	182,179,209	145,751,032	122,037,264	25.0
Total assets	<u>188,472,728</u>	<u>157,226,426</u>	<u>136,235,245</u>	19.9
Accounts payable and accrued expenses	24,182	22,648	15,082	6.8
Pending trades payable	4,369,902	7,944,288	12,034,491	(45.0)
Total liabilities	<u>4,394,084</u>	<u>7,966,936</u>	<u>12,049,573</u>	(44.9)
Net investment in capital assets	184,078,644	149,259,490	124,185,672	23.3
Total net position	<u>\$ 184,078,644</u>	<u>\$ 149,259,490</u>	<u>\$ 124,185,672</u>	23.3 %

RETIREMENT BENEFITS INVESTMENT FUND
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MANAGEMENT'S DISCUSSION AND ANALYSIS

CONDENSED STATEMENTS OF CHANGES IN NET POSITION
For the Years Ended June 30,

	2013	2012	2011	Percentage Increase/ (Decrease) from 2012 to 2013
ADDITIONS				
Contributions	\$ 15,414,900	\$ 21,437,080	\$ 86,923,111	(28.1) %
Net investment gain	19,437,370	3,669,944	11,373,154	429.6
Other income	174	312	1,235	(44.2)
Total additions	<u>34,852,444</u>	<u>25,107,336</u>	<u>98,297,500</u>	38.8
DEDUCTIONS				
Administrative expense	33,290	33,518	35,604	(0.7)
Total deductions	<u>33,290</u>	<u>33,518</u>	<u>35,604</u>	(0.7)
Change in net position	34,819,154	25,073,818	98,261,896	38.9
Net position, beginning of year	149,259,490	124,185,672	25,923,776	20.2
Net position, end of year	<u>\$ 184,078,644</u>	<u>\$ 149,259,490</u>	<u>\$ 124,185,672</u>	23.3 %

The net position increased by \$34.8 million during fiscal year 2013. This can be attributed primarily to two items: contributions of \$15.4 million and net investment gain of \$19.4 million during fiscal year 2013.

The Fund generated a 12.9% return (net of fees) this year, which is above the investment objective of 8.0%. During the fiscal year RBIF's U.S. stocks were up 20.6%, international stocks increased 18.6%, U.S. bonds decreased 0.9%, and international bonds decreased 5.9%. RBIF's portfolio had 99% of its assets allocated to these securities.

RETIREMENT BENEFITS INVESTMENT FUND
2013 ANNUAL FINANCIAL REPORT

STATEMENT OF NET POSITION

June 30, 2013

(With Comparative Totals for June 30, 2012)

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 3,618,695	\$ 10,725,936
Receivables	<u>2,674,824</u>	<u>749,458</u>
Investments, at fair value:		
Fixed income securities	41,964,486	44,101,191
Marketable equity securities	87,152,793	60,117,375
International securities	<u>53,061,930</u>	<u>41,532,466</u>
Total investments	<u>182,179,209</u>	<u>145,751,032</u>
Total assets	<u>188,472,728</u>	<u>157,226,426</u>
LIABILITIES		
Accounts payable and accrued expenses	24,182	22,648
Pending trades payable	<u>4,369,902</u>	<u>7,944,288</u>
Total liabilities	<u>4,394,084</u>	<u>7,966,936</u>
NET POSITION	<u>\$ 184,078,644</u>	<u>\$ 149,259,490</u>

The accompanying notes are an integral part of these financial statements.

RETIREMENT BENEFITS INVESTMENT FUND
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STATEMENT OF CHANGES IN NET POSITION

For the Year Ended June 30, 2013

(With Comparative Totals for the Year Ended June 30, 2012)

	<u>2013</u>	<u>2012</u>
ADDITIONS		
Contributions from public entities	\$ 15,414,900	\$ 21,437,080
Investment income:		
Net appreciation (depreciation) in fair value of investments	14,723,458	(123,491)
Interest and dividend income	4,748,976	3,824,600
	<u>19,472,434</u>	<u>3,701,109</u>
Less investment expense	35,064	31,165
	<u>19,437,370</u>	<u>3,669,944</u>
Total net investment gain (loss)		
Other income:		
Other income	174	312
Total other income	<u>174</u>	<u>312</u>
Total additions	<u>34,852,444</u>	<u>25,107,336</u>
DEDUCTIONS		
Distributions:		
Other expenses	33,290	33,518
Total deductions	<u>33,290</u>	<u>33,518</u>
CHANGE IN NET POSITION	34,819,154	25,073,818
NET POSITION:		
Beginning of year	<u>149,259,490</u>	<u>124,185,672</u>
End of year	\$ <u><u>184,078,644</u></u>	\$ <u><u>149,259,490</u></u>

The accompanying notes are an integral part of these financial statements.

RETIREMENT BENEFITS INVESTMENT FUND
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies and Fund Asset Matters

Financial Reporting Entity

The Retirement Benefits Investment Fund (RBIF) is governed by a seven-member Board. The Board consists of the same governor-appointed individuals who serve on the Public Employees' Retirement Board. Furthermore, they serve on the Retirement Benefits Investment Board (RBIB or Board) in an ex officio capacity and without any additional compensation.

The Board for the fiscal year ended June 30, 2013, consisted of the following members:

Mark R. Vincent	Chairman	2014
James Green	Vice Chairman	2013
Chris Collins	Member	2014
Bart Mangino	Member	2013
Rusty McAllister	Member	2015
David Olsen	Member	2013
Katherine Ong	Member	2015

Terms expire on June 30 of the year noted.

The Board currently consists of the following members:

Mark R. Vincent	Chairman	2014
Chris Collins	Vice Chairman	2014
Al Martinez	Member	2017
Rusty McAllister	Member	2015
Audrey Noriega	Member	2017
David Olsen	Member	2017
Katherine Ong	Member	2015

Terms expire on June 30 of the year noted.

The Fund has developed criteria in accordance with standards issued by the Governmental Accounting Standards Board (GASB) to determine whether participating state or public agencies, boards, and commissions should be included within its financial reporting entity as component units. A component unit is defined as a legally separate organization for which officials of the Fund are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the Fund are such that exclusion would cause the Fund's financial statements to be misleading or incomplete.

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NOTES TO FINANCIAL STATEMENTS

In accordance with GASB, the following criteria are used when evaluating financial accountability: The ability of the Fund to appoint a voting majority of the organization's governing body and (1) the ability to impose its will on the other organization, or (2) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Fund. In addition, RBIF may be financially accountable if an organization is fiscally dependent on the Fund regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

RBIF has no relationship with another entity that meets the above criteria and has not included any other entity as a component unit of its financial reporting entity.

RBIF is classified as a component unit of the State of Nevada for financial reporting purposes in accordance with the provisions of GASB.

Basis of Accounting

The accompanying financial statements of RBIF have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America. RBIF has adopted the pronouncements of GASB, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Fund uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded in the accounting period in which they are earned and become measurable. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Financial Statement Presentation

Comparative data shown for the prior year has been extracted from the June 30, 2012 financial statements and has been presented to facilitate financial analysis but is not considered full disclosure of transactions for that year.

Fund Oversight

The Fund was established per NRS 355.220 and is administered by RBIF. An annual financial report, which includes the independent auditor's opinion, is presented to and accepted by RBIF. RBIF is not registered with the Securities and Exchange Commission (SEC) as an investment company, nor is it so required, as it is a public fund.

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NOTES TO FINANCIAL STATEMENTS

Cash, Cash Equivalents, and Derivatives

Cash and cash equivalents (other short-term investments) include cash on deposit and highly liquid financial instruments with original maturities of three months or less.

Derivatives are instruments (securities or contracts) whose value is dependent on such things as stock or bond prices, interest rate levels or currency exchange rates, and are reported at fair value. The types of derivatives used and limits on their use are defined in the Fund's Investment Objectives and Policies. Only foreign currency forward contracts are permitted to reduce foreign currency risk. All other derivatives are prohibited within the Fund.

Investments

The Board serves as the administrator of the Fund. RBIF's assets are managed in accordance with RBIF's investment objectives and policies. In general, the authorized investments include: fixed income, both U.S. and non-U.S.; domestic and international equity; money market funds; and cash equivalents (other short-term investments).

Investments are reported at fair value. Fair value is defined as the price at which an asset passes from a willing seller to a willing buyer. It is assumed that both buyer and seller are rational and have a reasonable knowledge of relevant facts. The fair values of investments in securities are based on published market prices and quotations from major investment firms. Many factors are considered in arriving at fair value. In general, however, fixed income securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. The investments are marked-to-market daily.

RBIF's policy regarding amortizing cost applies to mortgage-backed assets or collateralized mortgage obligations (CMO) only.

Realized gains and losses on securities are calculated by subtracting the security cost from the price of the asset at the point of sale. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of the investments (unrealized gains/losses). Unrealized gains and losses are calculated by subtracting the cost of the security from the fair value of the asset at the end of the month. Realized gains and losses on investments that are held in more than one fiscal year and sold in another are included as a net change in the fair value of the investments in the year they are sold.

Earned Income and Expenses

RBIF is designed to value participants' shares in the Fund according to the contributions of each entity. Specifically, on a pro-rata basis for each entity's participation, RBIF allocates earnings (which include realized and unrealized gain or loss, interest, and other income) and expenses

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(both administrative and investment) to each entity according to their proportional share in the Fund. As of June 30, 2013, six entities participated in the Fund. A schedule of participating entities is reported in the Supplementary Information section of this report. This schedule lists the contributions made since inception by each participating entity.

New Accounting Pronouncement

During the year ended June 30, 2013, the Fund adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which was issued to provide guidance for reporting financial statement elements which are distinct from assets and liabilities. The Statement also identifies net position as the residual of all other elements presented in the statement of financial position, thereby renaming this residual as net position rather than net assets.

NOTE 2 – Fund Description

History and Purpose

The Nevada Legislature established the Fund with an effective date of July 1, 2007. The purpose of the Fund is to invest contributions made by participating public entities, as defined in Section 355.220 of the Nevada Revised Statutes (NRS), to enable such entities to support financing of other post employment benefits at some time in the future. Per NRS 355.220(2) monies received by RBIB from participating entities are held for investment purposes only and not in any fiduciary capacity. Each participating entity acts as fiduciary for its particular share of the Fund.

Contributions

Contributions received by the Fund are for investment purposes only and are not held in any fiduciary capacity by RBIF. Any money in the Fund must be invested in the same manner as money in the Public Employees' Retirement System of Nevada (PERS) Investment Fund is invested.

To enable maximum investment return and consistent reporting on such, participating entities are required to provide advance notification to RBIF of the amount of contributions or distributions the entity wishes to make during any given month. RBIF has no direction or control over amounts the participating entities choose to contribute or distribute.

NOTE 3 – Deposit and Investment Risk Disclosures

NRS 355.220(2) requires that any money in the Fund must be invested in the same manner as money invested in the PERS Investment Fund. The PERS Investment Fund is governed primarily by the "prudent person" standard. The prudent person standard, as set forth by NRS 286.682, authorizes the Retirement Board to invest PERS' funds in "every kind of

RETIREMENT BENEFITS INVESTMENT FUND
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investment which persons of prudence, discretion, and intelligence acquire or retain for their own account.” PERS has established limits on the concentration of investments in any single issuer or class of issuer or managed by a single investment firm.

Given the Fund’s significantly smaller size than the PERS Investment Fund, there are differences in structure between the two portfolios. However, both portfolios maintain a similar statistical return and risk profile.

The majority of the Fund’s investments are held by the Depository Trust Company (DTC) in DTC’s nominee name, and trading is conducted through DTC’s book-entry system. The holder of record for the Fund is The Bank of New York Mellon (BNYM).

A summary of investments as of June 30, 2013, is as follows:

<u>Investment Type</u>	<u>Par Value/ No. of Shares</u>	<u>Maturity Date Range</u>	<u>Interest Rate Range</u>	<u>Fair Value at June 30, 2013</u>
Cash and cash equivalents				
Commercial bank				\$ 4,318
Custodial bank				289,129
Short-term treasuries	3,325,248	7/2013	0.0%	3,325,248
Total cash and cash equivalents				<u>\$ 3,618,695</u>
Investments				
Fixed income, domestic and international	380,236,813	12/2013 to 5/2068	0.375 to 19.875%	\$ 54,792,125
Equity, domestic and international	5,212,454			127,387,084
Total investments				<u>\$ 182,179,209</u>

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of its depository financial institution, the Fund will not be able to recover its deposits.

At June 30, 2013, the carrying amount of the Fund’s commercial cash deposits and commercial bank balance was \$4,318. Amounts reported as cash and cash equivalents on the accompanying statement of net assets also include \$289,129 of amounts held in custodial accounts by BNYM, as well as \$3,325,248 of money market funds at June 30, 2013. The bank balance was fully insured by the Federal Deposit Insurance Corporation (FDIC). The commercial bank balance is, according to a depository pledge agreement between the Fund and the Fund’s commercial bank, collateralized at 102% of the collected funds on deposit (increased by the amount of accrued but uncredited interest, reduced by deposits covered by FDIC). These collateral securities are held by the Fund’s agent in the Fund’s name.

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Custodial cash is swept nightly from the custodial bank to an overnight short-term investment fund held outside the bank. Monies arriving at the bank after the overnight sweep deadline are part of the custodial bank cash reserve and are covered up to the FDIC limit of \$250,000. Any amount in the cash reserve in excess of \$250,000 is subject to custodial credit risk.

The custodial bank also carries insurance covering destruction of cash or securities on or off premises (including securities or others held in custody) with a limit of \$850,000,000 per occurrence.

Credit Risk - Investments

Credit risk for investments is the risk that an issuer or other counterparty will not fulfill its obligations to the Fund and *custodial credit risk for investments* is the risk that, in the event of the failure of the counterparty to a transaction, RBIF will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

RBIF policies provide protection from undue investment credit risk as follows:

- Investment in commercial paper provided it, or the guarantor, is rated A1, F1, and P1, or the equivalent, by at least two of Moody's, Standard & Poor's or Fitch.
- Certificates of deposit, bankers' acceptances, and time deposits of banks with a minimum of \$10 billion in bank capital which have a quality rating of A or better by at least two of Moody's, Standard & Poor's or Fitch.
- Repurchase agreements with banks or dealers provided the agreement is collateralized by 102% with U.S. Treasuries or Government Sponsored Enterprise (GSE) and such collateral is delivered to the Fund's bank or its correspondent, and
- Money market mutual funds that are SEC registered 2(a)-7 and AAA rated by at least two of Moody's, Standard & Poor's or Fitch whose investment guidelines are substantially equivalent to and consistent with the Fund's overall short-term investment criteria.
- Corporate short-term investments of any Counsel shall be limited to 5% of a single issuer. Counsel's portfolio shall be suitably diversified as to assets with any single issuer (except U.S. government obligations) or class of issuers so that an adversity affecting a particular sector will not impact a substantial share of the total portfolio.
- Bonds and notes of United States corporations and asset-backed instruments which are rated investment grade (BBB- or better by Standard & Poors/Fitch, Baa3 or better by Moody's). If the security is rated by all three agencies, at least two of the three must be investment grade. If the security is rated by either one or two of the rating agencies, all ratings must be investment grade.

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- Debt issued in the United States by foreign entities located in countries in the Citigroup Non-Dollar Government Bond Index, provided that both interest and principal are payable in U.S. dollars in the United States and provided that such debt is rated investment grade (BBB- or better by Standard & Poors/Fitch, Baa3 or better by Moody's). If the security is rated by all three agencies, at least two of the three must be investment grade. If the security is rated by either one or two of the rating agencies, all ratings must be investment grade.
- To Be Announced (TBA) mortgage transactions are utilized to provide access to mortgage securities. Outstanding TBA positions with a single broker may not exceed 10% of the manager's portfolio.
- Bonds, notes, and deposits of foreign governments and government agencies included in the Citigroup Non-Dollar Government Bond Index and warranted by Counsel to be of the same investment quality as Moody's Aa3 and Standard and Poor's/Fitch's AA- ratings. At least two of the three ratings must be above the policy minimum.

The following table shows Standard and Poor's (S & P) credit quality ratings of the Fund's investments in fixed income securities as of June 30, 2013:

QUALITY RATING

Investment Type (in thousands)	AAA	AA	A	BBB	BB	Not Rated	Total
Cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	3,325.2	\$ 3,325.2
Collateralized mortgage obligations	471.1	-	-	222.5	-	204.2	897.8
Corporate bonds and other	663.5	1,490.4	5,068.3	3,460.2	100.4	-	10,782.8
Non-U.S. markets	893.5	418.3	445.2	1,143.3	-	7,858.8	10,759.1
Treasuries	-	16,781.6	-	-	-	-	16,781.6
U.S. Government	-	13,987.2	-	-	-	1,583.7	15,570.9
Total	<u>\$ 2,028.1</u>	<u>\$ 32,677.5</u>	<u>\$ 5,513.5</u>	<u>\$ 4,826.0</u>	<u>\$ 100.4</u>	<u>\$ 12,971.9</u>	<u>\$ 58,117.4</u>

The above table does not include commercial cash of \$4.3 thousand and cash in custodial of \$289.1 thousand.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. RBIF policy limits corporate issuers to 5% per issuer (including all subsidiaries for parent/subsidiary relationships). Asset-backed, commercial mortgage-backed, and private label mortgage-backed securities are limited to 5% per issuer (each pool or trust shall be considered a separate issuer for this purpose). RBIF policies also require the manager's portfolio shall be suitably diversified as to assets with any single issuer (except U.S. government obligations) or class of issuers so that an adversity affecting a particular sector will not impact a disproportionate share of the total portfolio.

RETIREMENT BENEFITS INVESTMENT FUND
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The Fund combined with the Judicial Retirement System, Legislators' Retirement System, and PERS shall not permanently constitute more than 25% of any firm's assets within the asset class (equity, bonds, real estate, or alternative investments) managed. Staff shall provide an annual report of combined assets to the Board consistent with this policy.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. The Fund mitigates interest rate risk through portfolio diversification. The Fund's investment policy and investment portfolio manager mandates permit investment in all securities within the Barclays Aggregate Index benchmark. If securities purchased are outside the Barclays Aggregate Index, they must be of investment grade rating by at least two of Moody's, Standard & Poor's or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's).

The following table shows the fair value of fixed income securities and the applicable investment maturities, as of June 30, 2013.

INVESTMENT MATURITIES
(in years)

Investment Type (in thousands)	Less than 1	1 to 5	6 to 10	More than 10	Total
Cash equivalents	\$ 3,325.2	\$ -	\$ -	\$ -	\$ 3,325.2
Collateralized mortgage obligations	-	-	-	897.8	897.8
Corporate bonds and other	-	5,040.6	3,019.9	2,722.3	10,782.8
Non-U.S. markets	19.9	4,551.8	3,239.8	2,947.6	10,759.1
Treasuries	551.6	11,849.5	2,746.9	1,633.6	16,781.6
U.S. Government	-	2,446.1	304.4	12,820.4	15,570.9
Total	<u>\$ 3,896.7</u>	<u>\$ 23,888.0</u>	<u>\$ 9,311.0</u>	<u>\$ 21,021.7</u>	<u>\$ 58,117.4</u>

RETIREMENT BENEFITS INVESTMENT FUND
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Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Fund mitigates foreign currency risk through portfolio diversification as discussed previously. Foreign currency deposits (non USD securities) and in countries in the Citigroup Non-Dollar Government Bond Index are authorized. Highly speculative positions in currency are not permitted.

The Fund's exposure to foreign currency risk in U.S. dollars as of June 30, 2013, is summarized in the following table.

CURRENCY BY INVESTMENT AND FAIR VALUE

Currency Type	Fixed Income	Equity	Derivatives	Cash	Total
Australian Dollar	\$ 141,279	\$ 3,003,540	\$ 23,708	\$ 3,912	\$ 3,172,439
British Pound Sterling	705,735	8,103,365	70,347	28,914	8,908,361
Canadian Dollar	233,412	-	(12,657)	5,315	226,070
Danish Krone	79,017	415,402	1,160	822	496,401
Euro	3,932,543	10,519,650	71,119	67,503	14,590,815
Hong Kong Dollar	-	1,140,362	11,926	5,733	1,158,021
Israeli Shekel	-	187,263	(9,614)	9,832	187,481
Japanese Yen	3,562,884	8,423,518	(12,407)	85,242	12,059,237
Malaysian Ringgit	36,317	-	-	2,512	38,829
Mexican New Peso	95,670	-	(3,764)	5,672	97,578
New Zealand Dollar	-	45,830	-	60	45,890
Norwegian Krone	22,407	303,785	931	8,380	335,503
Polish Zloty	66,720	-	2,981	2,304	72,005
S African Comm Rand	49,255	-	636	4,617	54,508
Singapore Dollar	21,001	604,490	1,440	17,696	644,627
Swedish Krona	44,520	1,163,303	12,231	10,565	1,230,619
Swiss Franc	27,998	3,445,775	13,698	29,328	3,516,799
Total	<u>\$ 9,018,758</u>	<u>\$ 37,356,283</u>	<u>\$ 171,735</u>	<u>\$ 288,407</u>	<u>\$ 46,835,183</u>

RETIREMENT BENEFITS INVESTMENT FUND
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Derivatives

Foreign exchange forward contracts are periodically employed by the Fund to hedge currency risk of investments in foreign currencies. No other derivatives are permitted within the Fund's portfolio.

Generally, derivatives are subject to both market and counterparty risk. The derivatives utilized by the Fund typically have no greater market risk than their physical counterparts and, in many cases, are offset by exposures elsewhere in the portfolio. *Counterparty risk*, the risk that the "other party" to a contract will default, is managed by careful screening of counterparties.

Derivative securities are priced and accounted for at fair value. Foreign exchange forward contracts are valued at the price at which the transaction could be settled by offsets in the forward markets.

The Fund's derivative transactions for fiscal year 2013 are summarized in the following table.

FOREIGN EXCHANGE CONTRACTS
For Year Ended June 30, 2013

Currency	Purchases	Realized Gain / Loss	Sells	Realized Gain / Loss	Total Realized Gain / Loss
Australian Dollar	\$ 685,211	\$ (2,597)	\$ (128,720)	\$ 604	\$ (1,993)
British Pound Sterling	1,791,581	911	(277,664)	105	1,016
Canadian Dollar	82,442	44	(38,493)	87	131
Danish Krone	110,850	83	(19,120)	20	103
Euro	3,250,578	(4,496)	(629,507)	409	(4,087)
Hong Kong Dollar	212,732	39	(13,979)	-	39
Israeli Shekel	44,548	37	(1,639)	32	69
Japanese Yen	2,813,330	(2,197)	(582,494)	366	(1,831)
Mexican New Peso	40,923	254	(14,550)	(18)	236
New Zealand Dollar	7,123	(26)	-	-	(26)
Norwegian Krone	82,780	116	(19,880)	237	353
Polish Zloty	32,943	(17)	(18,885)	203	186
S African Comm Rand	70,896	(1,263)	(7,226)	(177)	(1,440)
Singapore Dollar	132,767	358	(38,443)	276	634
Swedish Krona	236,539	10	(64,329)	912	922
Swiss Franc	666,788	152	(127,371)	11	163
Total	\$ 10,262,031	\$ (8,592)	\$ (1,982,300)	\$ 3,067	\$ (5,525)

RETIREMENT BENEFITS INVESTMENT FUND
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NOTES TO FINANCIAL STATEMENTS

The Fund's pending derivative transactions as of June 30, 2013, are summarized in the following table.

FOREIGN EXCHANGE CONTRACTS
Pending as of June 30, 2013

Currency	Purchases	Unrealized Gain / Loss	Sells	Unrealized Gain / Loss	Total Unrealized Gain / Loss
Australian Dollar	\$ 27,460	\$ 26	\$ (3,753)	\$ -	\$ 26
British Pound Sterling	70,347	(64)	-	-	(64)
Canadian Dollar	-	-	(12,657)	-	-
Danish Krone	1,160	-	-	-	-
Euro	71,119	(8)	-	-	(8)
Hong Kong Dollar	11,926	1	-	-	1
Israeli Shekel	-	-	(9,615)	25	25
Japanese Yen	11,074	(22)	(23,481)	-	(22)
Mexican New Peso	-	-	(3,764)	-	-
Norwegian Krone	931	-	-	-	-
Polish Zloty	2,981	-	-	-	-
S African Comm Rand	637	-	-	-	-
Singapore Dollar	1,440	-	-	-	-
Swedish Krona	12,231	(21)	-	-	(21)
Swiss Franc	13,740	(24)	(42)	-	(24)
Total	<u>\$ 225,046</u>	<u>\$ (112)</u>	<u>\$ (53,312)</u>	<u>\$ 25</u>	<u>\$ (87)</u>

Management believes that it is unlikely that any of the derivatives in the Fund's portfolio could have a material adverse effect on the financial condition of the Fund. In addition, the credit, market, or legal risks are not above and beyond those risks apparent by the nature of the type of investment for any of the securities contained within the portfolio.

NOTE 4 – Subsequent Events

Management has evaluated subsequent events through October 7, 2013, the date which the financial statements were available to be issued.

RETIREMENT BENEFITS INVESTMENT FUND
2013 ANNUAL FINANCIAL REPORT

SUPPLEMENTARY INFORMATION

PARTICIPATING ENTITIES

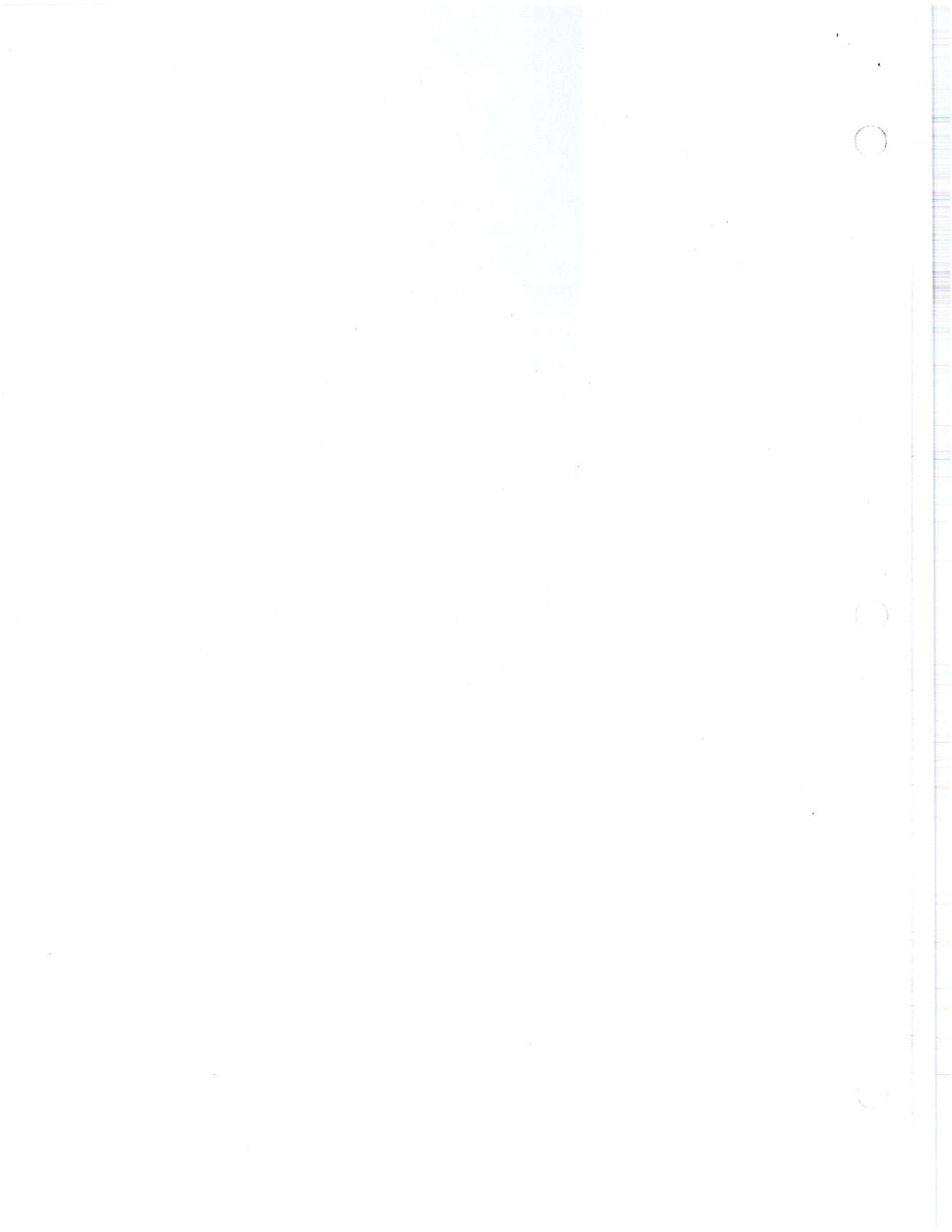
Participating Entities	Net Contributions from Inception through June 30, 2013	Market Value as of June 30, 2013
Public Employees' Benefits Program (PEBP)	\$ 1,348,775	\$ 1,060,841
Washoe County School District (WCSD)	32,685,602	42,908,104
Truckee Meadows Water Authority (TMWA)	4,506,824	6,974,414
Washoe County (WCOT)	97,428,902	118,405,953
City of Las Vegas (LVOT)	10,000,000	10,972,954
Tahoe Douglas Fire Protection District (TDFP)	<u>3,500,000</u>	<u>3,776,242</u>
Totals	<u>\$ 149,470,103</u>	<u>\$ 184,098,508</u>

Net Contributions equals contributions less distributions for each participating agency from the inception of the Fund through the end of the current fiscal year.

The market value for each participating agency includes the market value of all assets held at the custodial bank, BNYM, based on their net contributions.

Reconciliation of Market Value to Net Position

Market value as of June 30, 2013	\$ 184,098,508
Cash in commercial bank	4,318
Accounts payable and accrued expenses	<u>(24,182)</u>
Total net position as of June 30, 2013	<u>\$ 184,078,644</u>



Investment Board

Mark R. Vincent
Chairman
Chris Collins
Vice Chairman

Al Martinez
Rusty McAllister
Audrey Noriega
David Olsen
Katherine Ong

Retirement Benefits Investment Board

Executive Staff

Tina M. Leiss
Executive Officer

Cheryl Price
Operations Officer

Steve Edmundson
Investment Officer

INVESTMENT OBJECTIVES & POLICIES

December 11, 2013

I. MISSION

The Retirement Benefits Investment Fund (RBIF) was established to provide investment management services for trusts created by public agencies to fund retiree health care subsidies.

The investment program is to be managed for the exclusive benefit of the RBIF's participating agencies. Any money in the fund must be invested in the same manner as money in the Public Employees' Retirement fund is invested. All investments must be made within the framework of the Nevada Revised Statutes, specific policies and directives adopted by the Board.

The purpose of this document is to define the Board's investment objectives and policies and to delineate the duties and responsibilities of the entities involved in the investment process.

II. OBJECTIVE

The investment objective of the **Retirement Benefits Investment Fund** is to:

- Generate an 8% return by producing a long-term total return from investments which exceeds the rate of inflation (CPI) by 4.5% by capturing market returns within each asset class;
- Invest so that the short-term volatility of returns will not cause the System to alter its long term strategy; and,
- Structure an investment program which is sufficiently uncomplicated to control the ability to consistently meet return and risk objectives.

III. INVESTMENT PHILOSOPHY

Maintain consistent exposure to capital markets and systematically buy assets low and sell them high. To implement this strategy, we emphasize a simple, low cost structure that relies primarily on intelligent asset allocation and rebalancing.

- Consistently Apply Time Tested Investment Principles
 - Focus on the long term
 - Maintain consistent exposure to the capital markets
 - Buy weakness, sell strength

5820 S. Eastern Avenue, Suite 220
Las Vegas, NV 89119
(702) 486-3900
Fax: (702) 678-6934

693 W. Nye Lane
Carson City, NV 89703
(775) 687-4200
Fax: (775) 687-5131

7455 W. Washington Avenue, Suite 150
Las Vegas, NV 89128
(702) 486-3900
Fax: (702) 304-0697

- Broadly diversify
 - Implement changes intelligently – act from a position of strength
 - Align strategy with risk tolerance and goals
 - Emphasize an uncomplicated structure
 - Keep costs low
- Implementation
 - Primary focus on asset allocation
 - Make asset allocation changes at opportune points in the market cycle
 - Emphasize index management
 - Adhere to an intelligent, disciplined rebalancing process
 - Utilize fewer portfolios/managers
 - Keep manager and asset turnover low
 - Emphasize higher quality assets

IV. POLICIES

A. Retirement Benefits Investment Board (Board):

1. Each member of the Board shall discharge duties with respect to the fund solely in the interest of the members and benefit recipients, and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
2. The Board shall:
 - a. Make investment decisions recognizing the Fund's objectives and in accordance with these Investment Objectives and Policies or adopt necessary revisions;
 - b. Employ Investment Consultant (Consultant) and Investment Counsel (Counsel) services as well as Investment Staff (Staff) to ensure the System's funds are invested effectively and with proper risk control;
 - c. Issue Interim Directives that provide for the dispersal of funds;
 - d. Enter into written agreements covering performance expectations with Staff, Consultant, and Counsel; and
 - e. Formally review the Fund's Investment Objectives and Policies at least annually.
3. The Board and its individual members are not liable for investment decisions made by Counsel if they obtain qualified Counsel, establish proper Investment Objectives and Policies, issue appropriate Interim Directives, and monitor Counsel.

B. The Fund's Staff shall:

1. Provide advice and recommendations to the Board on all investment matters and discharge their investment duties solely in the interest of the members and benefit recipients with the care, skill, prudence, and diligence under the circumstances then

prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

2. Make sufficient information available so that Board members can reasonably be expected to make prudent investment policy decisions.
3. Prepare necessary revisions to Investment Objectives and Policies, Interim Directives, and other operating guidelines for Board consideration and adoption and effectively implement the Policies, Plans and Directives.
4. Ensure that monitoring programs, including GIPS compliant performance reporting, are in place in order to adequately inform the Board.
5. Conduct an asset allocation review annually.

C. Consultants and Counsel:

1. Consultants and Counsel are fiduciaries and shall discharge their duties with respect to this fund solely in the interest of the members and benefit recipients with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
2. Counsel shall be liable for any investment decision that is not made in accordance with Investment Objectives and Policies and applicable Interim Directives established by the Board.
3. Qualified Consultants include those professionals with the background, expertise, and demonstrated success as institutional investment consultants for at least five years, and research/data base access, to provide investment program advice, including selection of qualified Counsel.
4. Qualified Counsel includes SEC registered investment advisors, banks, or insurance companies recognized by the Fund's Consultant and the Board as providing investment expertise with demonstrated success for at least the prior five years.
5. The Board's hiring process shall include directing Staff and Consultant to:
 - a. Screen manager profiles which shall include, but not be limited to:
 - Investment style/process
 - Assets under management
 - Return /risk criteria/tracking error
 - Organization/personnel
 - Trading capabilities
 - b. Staff shall meet with semi-finalists and recommend finalists for consideration by the Board.
 - c. The Board shall conduct interviews as necessary in a public meeting and take action as they deem appropriate.

funding source/destination shall be those asset classes that are the farthest from their policy target.

Contributions/Distributions of assets will be added/removed proportional to the actual asset allocation at the time of the cash flow.

The total fund policy performance benchmark shall be comprised of market index returns (as defined in Section VI below for each asset class) weighted consistent with the above allocations.

C. Portfolios shall be invested consistent with the following targets.

1. Equity -

- a. The targeted allocation within U.S. Equity is:
100% S & P 500 Index
- b. The targeted allocation within International Equity is:
100% MSCI EAFE Index

2. Bonds -

- a. The targeted allocation within U.S. Bonds is:
100% Barclays Aggregate index

VI. OBJECTIVES & POLICIES BY INVESTMENT CATEGORY

A. Short-term Investments:

- 1. The objective of short-term investments is to produce a return that equates to prevailing short-term rates applicable to the quality specified below.
- 2. All monies not deployed in permanent investments shall be invested in short-term investment vehicles as provided below.
- 3. Money market instruments shall include:
 - a. U.S. Treasury bills and agency discount notes,
 - b. Commercial paper provided it, or the guarantor is rated A1,F1 and P1, or the equivalent by at least two of Moody's, Standard & Poor's or Fitch.
 - c. Certificates of deposit, banker's acceptances, and time deposits of banks with a minimum of \$10 billion in bank capital which have a quality rating of A or better by at least two of Moody's, Standard and Poor's or Fitch.
 - d. Repurchase agreements with banks or dealers provided the agreement is collateralized by 102% with U.S. Treasuries or Government Sponsored Enterprise (GSE) and such collateral is delivered to the System's bank or its correspondent, and

- e. Money market mutual funds that are SEC registered 2(a)-7 and AAA rated by at least two of Moody's, Standard and Poor's or Fitch whose investment guidelines are substantially equivalent to and consistent with the System's overall short-term investment criteria.
- f. Corporate short-term investments of any Counsel shall be limited to 5% of a single issuer. Counsel's portfolio shall be suitably diversified as to assets with any single issuer (except U.S. government obligations) or class of issuers so that an adversity affecting a particular sector will not impact a substantial share of the total portfolio.

B. Bonds:

1. The investment objective of the U.S. Bond portfolio is to produce a total return (time weighted rate of return), which captures the return of the Barclays Aggregate Index over rolling 10-year periods with commensurate volatility.
2. The following dollar denominated securities are authorized:
 - a. Bonds, notes, and pass-through securities issued or guaranteed by the United States Government or its agencies or instrumentalities,
 - b. Bonds and notes of United States corporations which are rated investment grade (BBB- or better by Standard & Poors/Fitch, Baa3 or better by Moody's). If the security is rated by all three agencies, at least two of the three must be investment grade. If the security is rated by either one or two of the rating agencies, all ratings must be investment grade.
 - c. Asset-backed instruments which are rated investment grade (BBB- or better by Standard & Poors/Fitch, Baa3 or better by Moodys). If the security is rated by all three agencies, at least two of the three must be investment grade. If the security is rated by either one or two of the rating agencies, all ratings must be investment grade.
 - d. Debt issued in the United States by foreign entities located in countries in the Citigroup Non-Dollar Government Bond Index, provided that both interest and principal are payable in U.S. dollars in the United States and provided that such debt is rated investment grade (BBB- or better by Standard & Poors/Fitch, Baa3 or better by Moodys). If the security is rated by all three agencies, at least two of the three must be investment grade. If the security is rated by either one or two of the rating agencies, all ratings must be investment grade.
 - e. If a security is not rated by all three agencies, it must have an investment grade rating by at least two (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's).
 - f. To Be Announced (TBA) mortgage transactions are utilized to provide access to mortgage securities. Sufficient short-term investments must be available at all times to settle TBA transactions. Determination of broker creditworthiness and reliability is the responsibility and liability of counsel. Outstanding TBA positions with a single broker may not exceed 10% of counsel's portfolio.
 - g. All securities within the Barclays Aggregate Index.
 - h. Exchange Traded Funds benchmarked to the Barclays Aggregate Index.
3. Short selling and the use of leverage are not permitted.

4. Bond portfolios shall be suitably diversified as to assets with any single issuer (except Government Agency, or Government Sponsored Enterprise-guaranteed obligations) or class of issuers so that an adversity affecting a particular sector will not impact a disproportionate share of the bond portfolio. Corporate issuers shall be limited to 5% of a single issuer (including all subsidiaries for parent/subsidiary relationships). Asset-backed, commercial mortgage-backed, and private label MBS securities are limited to 5% per issuer (each pool or trust shall be considered a separate issuer for this purpose).

C. Equity:

1. The investment objective of the U.S. Equity portfolio is to produce a total return (time-weighted rate of return), which captures the return of the Standard and Poor's 500 Common Stock Index over rolling 10-year periods with commensurate volatility. Investment is limited to S&P 500 securities and Exchange Traded Funds benchmarked to the S&P 500 index.
2. The investment objective of the International Equity portfolio is to produce a total return (time-weighted rate of return), which captures the return of the Morgan Stanley Capital International Europe, Australia, Far East (MSCI EAFE) Standard Index (unhedged) over rolling 10-year periods with commensurate volatility. Investment is limited to securities within the MSCI EAFE Index and Exchange Traded Funds benchmarked to the MSCI EAFE Index.
3. Short selling and the use of leverage are not permitted.

E. Forward Contracts:

1. Counsel may utilize foreign currency forward contracts to hedge currency exposure.
2. The use of leverage is not permitted.

INTRASTATE INTERLOCAL CONTRACT BETWEEN PUBLIC AGENCIES

A Contract Between
Retirement Benefits Investment Board
693 W. Nye Lane
Carson City, Nevada 89703

and

WHEREAS, NRS 277.180 authorizes any one or more public agencies to contract with any one or more other public agencies to perform any governmental service, activity or undertaking which any of the public agencies entering into the contract is authorized by law to perform; and

WHEREAS, it is deemed that the services hereinafter set forth are both necessary and in the best interests of [Board of Trustees];

NOW, THEREFORE, in consideration of the aforesaid premises, the parties mutually agree as follows:

1. REQUIRED APPROVAL. This Contract shall not become effective until and unless approved by appropriate official action of the governing body of each party.
2. DEFINITIONS. "State" means the State of Nevada and any state agency identified herein, its officers, employees and immune contractors as defined in NRS 41.0307.
3. CONTRACT TERM. This Contract shall be effective upon approval until terminated by either party as set forth in this Contract.
4. TERMINATION. This Contract may be terminated by either party at any time, provided that a termination shall not be effective until 60 days after a party has served written notice upon the other party. This Contract may be terminated by mutual consent of both parties or unilaterally by either party without cause. The parties expressly agree that this Contract shall be terminated immediately if for any reason State and/or federal funding ability to satisfy this Contract is withdrawn, limited, or impaired.
5. NOTICE. All notices or other communications required or permitted to be given under this Contract shall be in writing and shall be deemed to have been duly given if delivered personally in hand, by telephonic facsimile with simultaneous regular mail, or mailed certified mail, return receipt requested, postage prepaid on the date posted, and addressed to the other party at the address set forth above.
6. INCORPORATED DOCUMENTS. The parties agree that the services to be performed shall be specifically described; this Contract incorporates the following attachments in descending order of constructive precedence:

ATTACHMENT A: INVESTMENT MANAGEMENT AGREEMENT

7. CONSIDERATION. The Retirement Benefits Investment Board agrees to provide the services set forth in paragraph (6) at actual and reasonable costs expended as set forth in Attachment A. Any intervening end to an annual or biennial appropriation period shall be deemed an automatic renewal

(not changing the overall Contract term) or a termination as the results of legislative appropriation may require.

8. ASSENT. The parties agree that the terms and conditions listed on incorporated attachments of this Contract are also specifically a part of this Contract and are limited only by their respective order of precedence and any limitations expressly provided.

9. INSPECTION & AUDIT.

a. Books and Records. Each party agrees to keep and maintain under general accepted accounting principles full, true and complete records, agreements, books, and documents as are necessary to fully disclose to the other party, the State or United States Government, or their authorized representatives, upon audits or reviews, sufficient information to determine compliance with any applicable regulations and statutes.

b. Inspection & Audit. Each party agrees that the relevant books, records (written, electronic, computer related or otherwise), including but not limited to relevant accounting procedures and practices of the party, financial statements and supporting documentation, and documentation related to the work product shall be subject, at any reasonable time, to inspection, examination, review, audit, and copying at any office or location where such records may be found, with or without notice by the other party, the State Auditor, Employment Security, the Department of Administration, Budget Division, the Nevada State Attorney General's Office or its Fraud Control Units, the State Legislative Auditor, and with regard to any federal funding, the relevant federal agency, the Comptroller General, the General Accounting Office, the Office of the Inspector General, or any of their authorized representatives.

c. Period of Retention. All books, records, reports, and statements relevant to this Contract must be retained by each party for a minimum of three years and for five years if any federal funds are used in this Contract. The retention period runs from the date of termination of this Contract. Retention time shall be extended when an audit is scheduled or in progress for a period reasonably necessary to complete an audit and/or to complete any administrative and judicial litigation which may ensue.

10. BREACH; REMEDIES. Failure of either party to perform any obligation of this Contract shall be deemed a breach. Except as otherwise provided for by law or this Contract, the rights and remedies of the parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including but not limited to actual damages, and to a prevailing party reasonable attorneys' fees and costs.

11. LIMITED LIABILITY. The parties will not waive and intend to assert available NRS chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. To the extent applicable, actual contract damages for any breach shall be limited by NRS 353.260 and NRS 354.626.

12. FORCE MAJEURE. Neither party shall be deemed to be in violation of this Contract if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including, without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of the Contract after the intervening cause ceases.

13. INDEMNIFICATION. Neither party waives any right or defense to indemnification that may exist in law or equity.

14. INDEPENDENT PUBLIC AGENCIES. The parties are associated with each other only for the purposes and to the extent set forth in this Contract, and in respect to performance of services pursuant to this Contract, each party is and shall be a public agency separate and distinct from the

other party and, subject only to the terms of this Contract, shall have the sole right to supervise, manage, operate, control, and direct performance of the details incident to its duties under this Contract. Nothing contained in this Contract shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create any liability for one agency whatsoever with respect to the indebtedness, liabilities, and obligations of the other agency or any other party.

15. WAIVER OF BREACH. Failure to declare a breach or the actual waiver of any particular breach of the Contract or its material or nonmaterial terms by either party shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.

16. SEVERABILITY. If any provision contained in this Contract is held to be unenforceable by a court of law or equity, this Contract shall be construed as if such provision did not exist and the nonenforceability of such provision shall not be held to render any other provision or provisions of this Contract unenforceable.

17. ASSIGNMENT. Neither party shall assign, transfer or delegate any rights, obligations or duties under this Contract without the prior written consent of the other party.

18. OWNERSHIP OF PROPRIETARY INFORMATION. Unless otherwise provided by law or this Contract, any reports, histories, studies, tests, manuals, instructions, photographs, negatives, blue prints, plans, maps, data, system designs, computer code (which is intended to be consideration under this Contract), or any other documents or drawings, prepared or in the course of preparation by either party in performance of its obligations under this Contract shall be the joint property of both parties.

19. PUBLIC RECORDS. Pursuant to NRS 239.010, information or documents may be open to public inspection and copying. The parties will have the duty to disclose unless a particular record is made confidential by law or a common law balancing of interests.

20. CONFIDENTIALITY. Each party shall keep confidential all information, in whatever form, produced, prepared, observed or received by that party to the extent that such information is confidential by law or otherwise required by this Contract.

21. PROPER AUTHORITY. The parties hereto represent and warrant that the person executing this Contract on behalf of each party has full power and authority to enter into this Contract and that the parties are authorized by law to perform the services set forth in paragraph (6).

22. GOVERNING LAW; JURISDICTION. This Contract and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada. The parties consent to the jurisdiction of the Nevada district courts for enforcement of this Contract.

23. ENTIRE AGREEMENT AND MODIFICATION. This Contract and its integrated attachment(s) constitute the entire agreement of the parties and such are intended as a complete and exclusive statement of the promises, representations, negotiations, discussions, and other agreements that may have been made in connection with the subject matter hereof. Unless an integrated attachment to this Contract specifically displays a mutual intent to amend a particular part of this Contract, general conflicts in language between any such attachment and this Contract shall be construed consistent with the terms of this Contract. Unless otherwise expressly authorized by the terms of this Contract, no modification or amendment to this Contract shall be binding upon the parties unless the same is in writing and signed by the respective parties hereto, approved by the State of Nevada Office of the Attorney General.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be signed and intend to be legally bound thereby.

Retirement Benefits Investment Board
Public Agency #1

Public Agency #1 Signature

Date Title

Approved as to form by:

Deputy Attorney General for Retirement Benefits Investment Board

On _____
(Date)

Board of Trustees of [Trust Name]
Public Agency #2

Public Agency #2 Signature

Date Title

Attachment A

INVESTMENT MANAGEMENT AGREEMENT

An AGREEMENT entered into this ___ day of _____ 20__ by and between the [Board of Trustees] _____, and RETIREMENT BENEFITS INVESTMENT BOARD (RBIB) 693 West Nye Lane, Carson City, Nevada 89703.

WHEREAS, NRS 355.220 creates RBIB and requires RBIB to establish and administer a fund to be known as the Retirement Benefits Investment Fund (Investment Fund) to hold funds for investment purposes only and not in any fiduciary capacity;

WHEREAS, RBIB created the Investment Fund on July 17, 2007;

WHEREAS, NRS 287.017 provides that the governing body of a local government may establish a trust fund to provide retirement benefits;

WHEREAS, [Agency] has created a trust fund pursuant to NRS 287.017(1) (Retirees' Fund) administered by the Board of Trustees appointed by the [governing body of Agency];

WHEREAS, NRS 355.220(4) provides that RBIB has the same powers and duties in administering the Investment Fund as those pertaining to the administration of the Public Employees' Retirement Fund by the Public Employees' Retirement Board;

WHEREAS, NRS 286.017(2)(e) provides that the Board of Trustees must administer the Retirees' Fund and act in a fiduciary capacity;

WHEREAS, NRS 286.017(2)(g)(1) authorizes the Board of Trustees to invest the Retirees' Fund in the Retirement Benefits Investments Fund established pursuant to NRS 355.220;

WHEREAS, NRS 286.017(2)(i) provides that the Board of Trustees may not deposit assets in the Investment Fund unless it obtains an opinion from its legal counsel that the investment of those assets in accordance with NRS 355.220 will not violate any of the provisions of Section 10 of Article 8 of the Nevada Constitution;

WHEREAS, Board of Trustees has obtained the legal opinion required by NRS 286.017(2)(i); and

WHEREAS, NRS 355.220(3) provides that RBIB may assess reasonable charges against the Investment Fund for the payment of its expenses in administering the Investment Fund;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto do agree as follows;

1. Board of Trustees shall, and hereby does, retain RBIB to provide investment counseling services with respect to the funds of the Retirees' Fund. In connection with the rendition of such services, RBIB shall report investment performance to Board of Trustees in accordance with schedules established by RBIB.

2. RBIB shall manage the Investment Fund pursuant to the Retirement Benefits Investment Fund Investment Objectives and Policies adopted July 17, 2007, and as amended from time to time by the RBIB and any applicable Interim Directives adopted by the RBIB. RBIB shall have authority to retain investment counsel to initiate, negotiate, and complete purchases and sales for the portfolio.

3. The assets in this account shall be held in a custodial account in the name of the RETIREMENT BENEFITS INVESTMENT FUND.

4. This Agreement between Board of Trustees and RBIB may be terminated as provided in Paragraph 3 of the Interlocal Contract. In the event that this Agreement is terminated pursuant to the terms of Paragraph 3 of the Interlocal Contract, any services rendered by RBIB for which charges have not yet been paid shall be paid for on a pro-rata basis.

5. RBIB will assess reasonable charges against the Investment Fund for payment of its expenses in administering the Investment Fund.

6. This Agreement is binding on both parties hereto and any of their successors in interest. However, no assignment of rights or delegation of duties under this Agreement may be made without the prior written consent of both parties.

7. Each of Board of Trustees and RBIB declares and certifies that the persons executing this Agreement on its behalf are duly authorized to do so.

8. This agreement and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada.

9. If any provision contained in this agreement is held to be unenforceable by a court of law or equity, this agreement shall be construed as if such provision did not exist and the nonenforceability of such provision shall not be held to render any other provision or provisions of this agreement unenforceable.

RETIREMENT BENEFIT INVESTMENT FUND (RBIF)
(Administered by the Public Employees' Retirement System of Nevada)

Instructions Regarding Contribution or Withdrawal of RBIF Funds

Notification

At least 5 business days from the end of the month, participating agencies must notify the following parties by email of the amount of any contribution or withdrawal the agency wishes to make:

Tina Leiss, Operations Officer (tleiss@nvpers.org)
Jean Barnett, Chief Accountant (jbarnett@nvpers.org)
John Van Horn, Accountant III (jvanhorn@nvpers.org)
Jan Phillips, Accountant II (jphillips@nvpers.org)
Terry Richards, Accountant II (trichard@nvpers.org)
Caroline Chieffo, Accountant II (cchieffo@nvpers.org)

Copy:

Steve Edmundson, Investment Officer (sedmundson@nvpers.org)
Lauren Boismier, Assistant Investment Officer (lboismier@nvpers.org)

Notification must include:

Name of the Agency
Name of Authorized Representative making the contribution/withdrawal request
Amount of contribution/withdrawal request

Contribution of Funds

Contributed funds must be received by the RBIF commercial bank, Wells Fargo, on the 2nd business day from the end of the month. **If funds arrive after this date they cannot be invested until the end of the following month.**

Please use the following instructions to wire funds to RBIF:

ABA Routing #: 121000248
Bank Name: Wells Fargo Bank, Nevada, N.A.
Bank Address: 530 Las Vegas Blvd, S; 2nd Floor– Las Vegas, NV 89101

Beneficiary Account: 4121566095
Beneficiary Name: Retirement Benefits Investment Fund
Beneficiary Address: 693 W. Nye Lane – Carson City, NV 89703

Please fax a copy of the Advantage Wire Transfer Request (for State Agencies) or other wire verification documentation (for non-state entities) to:

PERS Accounting
Fax #: (775) 687-5131

Withdrawal of Funds

If proper notification has been made and wire instructions have been provided to RBIF by the participating agencies, withdrawals will be wired from RBIF to the requesting agency no later than 6 business days after the beginning of the following month.