

**CARSON CITY CONSOLIDATED MUNICIPALITY
NOTICE OF MEETING OF THE
CARSON CITY, NEVADA OTHER POST EMPLOYMENT
BENEFITS TRUST FUND
BOARD OF TRUSTEES**

Day: Tuesday
Date: September 6, 2016
Time: Beginning at 10:00 am
Location: Community Center, Sierra Room
851 East William Street
Carson City, Nevada

AGENDA

1. Call to Order

(The District Attorney's Office will conduct the meeting until the election of a chair)

2. Roll Call

3. Public Comment:

The public is invited at this time to comment on and discuss any item not on the agenda that is relevant to, or within the authority of, the Carson City, Nevada OPEB Trust Fund Board of Trustees. In order for members of the public to participate in the Board's consideration of an agenda item, the Board strongly encourages members of the public to comment on an agenda item during the item itself. No action may be taken on a matter raised under public comment unless the item has been specifically included on the agenda as an item upon which action may be taken.

4. Agenda Items:

4.A For Possible Action: To elect a chair and vice chair.

4.B For Possible Action: To review and approve the OPEB Trust activity and preliminary financial results for FY 16.

4.C For Possible Action: To approve an interlocal contract between Carson City and the Carson City OPEB Trust Fund for the investment of Trust assets on a short-term basis in the Carson City Investment Pool.

4.D For Possible Action: To approve the proposal from Eide Bailly to perform audit services for the Fiscal Year ended June 30, 2016.

4.E For Possible Action: To approve an interlocal contract with the State of Nevada Retirement Benefits Investment Board (RBIB) for the investment of Trust assets and approve the transfer of \$650,000 in Trust assets to the Retirement Benefits Investment Fund (RBIF).

5. Public Comment:

The public is invited at this time to comment on any matter that is not specifically included on the agenda as an action item. No action may be taken on a matter raised under this item of the agenda.

6. For Possible Action: To Adjourn

Agenda Management Notice - Items on the agenda may be taken out of order, the public body may combine two or more agenda items for consideration; and the public body may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.

Titles of agenda items are intended to identify specific matters. If you desire detailed information concerning any subject matter itemized within this agenda, you are encouraged to call the Finance Department at (775) 887-2133. You are encouraged to attend this meeting and participate by commenting on any agenda item.

Notice to persons with disabilities: Members of the public who are disabled and require special assistance or accommodations at the meeting are requested to notify the Finance Department in writing at 201 North Carson Street, Carson City, NV 89701, or by calling (775) 887-2133 at least 24 hours in advance.

To request a copy of the supporting materials for this meeting contact Janet Busse at jbusse@carson.org or call (775) 877-2100.

This agenda and backup information are available on the City's website at www.carson.org/agendas and at the City Manager's Office - 201 N. Carson Street, Ste 2, Carson City, Nevada (775) 887-2100.

In accordance with NRS 241.020, this notice has been posted before 9:00 a.m. three working days before the day of the meeting at the following locations:

- Carson City Library 900 North Roop Street
- City Hall 201 North Carson Street
- Community Center 851 East William Street
- Community Development Permit Center 108 East Proctor Street
- <https://notice.nv.gov>
- www.carson.org/agendas

**Carson City Other Post-Employment Benefits (OPEB) Trust Fund
Agenda Report**

Date Submitted: 08/25/2016

Agenda Date Requested: 09/06/2016

To: Chair and Trustees

From: Sheri Russell, Deputy Chief Financial Officer

Subject Title: For Possible Action: To review and approve the OPEB Trust activity and preliminary financial results for FY 16.

Summary: Carson City staff will present Trust activity and preliminary financial results for FY 16.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

Does This Action Require A Business Impact Statement: Yes No

Recommended Trust Action: I move to approve the OPEB Trust activity and preliminary financial results for FY 16.

Explanation for Recommended Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation:

Fiscal Impact: N/A

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: N/A

Supporting Material: Information to be provided from Carson City Finance Department.

Prepared By: Sheri Russell, Carson City Deputy Chief Financial Officer

Reviewed By: Nancy Paulsen **Date:** 8/29/16
(Chief Financial Officer)

Board Action Taken:

Motion: _____

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

(Vote Recorded By)

CARSON CITY OPEB TRUST FUND
MONTHLY RECONCILIATION
June 30, 2016

Revenues						
	PERS Withheld	City Subsidy	COBRA Error	Formula Error	Retiree Pay	TOTAL
Jul-15	50,611.25	38,600.13	1,701.72	1,597.32	3,218.70	95,729.12
Aug-15	51,483.80	39,402.70	1,195.85	1,597.32	3,261.49	96,941.16
Sep-15	51,463.56	39,402.70	1,195.85	1,597.32	3,242.10	96,901.53
Oct-15	51,633.96	40,588.71	1,195.85	1,597.32	3,229.16	98,245.00
Nov-15	51,633.96	41,377.11	1,195.85	1,597.32	4,695.95	100,500.19
Dec-15	51,633.96	41,377.11	1,195.85	1,597.32	4,237.54	100,041.78
Jan-16	51,298.33	44,839.37	1,187.75		4,319.30	101,644.75
Feb-16	51,298.33	43,180.97	563.51		4,718.89	99,761.70
Mar-16	51,002.05	43,969.37	1,811.95		4,430.88	101,214.25
Apr-16	51,029.50	44,154.00			4,260.48	99,443.98
May-16	50,464.18	43,576.79			4,260.48	98,301.45
Jun-16	51,021.96	44,075.40			4,260.48	99,357.84
Correcting Entry 1st 6 months*			7,680.97	9,583.92		
TOTALS	614,574.84	504,544.36	11,244.18	9,583.92	48,135.45	1,188,082.75
2015 PY Contribution		500,000.00				500,000.00
		<u>1,004,544.36</u>				<u>1,688,082.75</u>

*JE 246 - Correcting Entry - COBRA and Formula Error

Expenses						
	Medical	Dental	Vision	Life & AD&D	Bank Fees	TOTAL
Jul-15	87,695.69	8,067.22	941.18	509.88		97,213.97
Aug-15	87,545.34	8,118.60	961.86	523.38	43.20	97,192.38
Sep-15	88,111.89	8,221.36	939.31	527.88	18.89	97,819.33
Oct-15	88,617.75	8,272.74	985.72	527.88	11.06	98,415.15
Nov-15	90,712.54	8,417.26	1,022.96	537.18	11.06	100,701.00
Dec-15	92,837.86	8,500.78	1,000.41	541.98	9.69	102,890.72
Jan-16	91,516.24	8,520.02	1,002.94	550.98	9.69	101,599.87
Feb-16	84,757.61	8,006.22	1,054.97	532.80		94,351.60
Mar-16	91,106.30	8,438.14	946.51	542.19		101,033.14
Apr-16	88,993.00	8,232.62	987.87	539.05	(103.59)	98,648.95
May-16	88,588.93	8,192.62	987.87	533.19		98,302.61
Jun-16	89,626.12	8,264.88	989.09	515.57		99,395.66
	1,070,109.27	99,252.46	11,820.69	6,381.96	-	1,187,564.38
						<u>(1,187,564.38)</u>
					Operating Profit (Loss)	<u>500,518.37</u>

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: N/A

Supporting Material: Interlocal Contract.

Prepared By: Sheri Russell, Carson City Deputy Chief Financial Officer

Reviewed By: Nancy Paulson Date: 8/29/16
(Carson City Chief Financial Officer)

Board Action Taken:

Motion: _____

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

(Vote Recorded By)

**INTERLOCAL CONTRACT
BETWEEN CARSON CITY AND CARSON CITY OPEB TRUST FUND FOR THE
INVESTMENT OF CERTAIN MONIES IN CARSON CITY INVESTMENT POOL**

THIS CONTRACT is between the Carson City Other Post-Employment Benefits Trust Fund, a governmental trust pursuant to NRS Chapter 287 (hereinafter "OPEB", "Trust"), and Carson City, a Nevada Consolidated Municipality (hereinafter "City").

WITNESSETH:

WHEREAS, NRS 277.180 provides that any one or more public agencies may 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, the OPEB Trust was created by the City under the authority of NRS 287.017, and was established to provide the means to fund certain post-retirement benefits provided the employee, benefit plans described in the Trust Agreement for Carson City, Nevada OPEB Trust Fund; and

WHEREAS, the members of the Carson City Other Post-Employment Benefits ("OPEB") Board of Trustees were appointed by the City's Board of Supervisors; and

WHEREAS, NRS 287.017 establishes that assets of the OPEB Trust may, as directed by the Trustees of the OPEB Trust, be invested in any investment which is authorized for a local government pursuant to NRS 355.170;

WHEREAS, pursuant to NRS 355.175, the City's Board of Supervisors has delegated investment authority to the City's Treasurer ("Treasurer"); and

WHEREAS, NRS 355.168 and 355.175 authorize the Treasurer to invest by pooling any money held by the Treasurer for public agencies/local government; and

WHEREAS, the Treasurer has been investing OPEB money in the Carson City Investment Pool with Carson City's knowledge and acquiescence since July 1, 2015 when OPEB was first created; and

WHEREAS, the Trust desires to have certain monies it holds, and intended for ultimate deposit to the Nevada Retirement Benefits Investment Fund established pursuant to NRS 355.220 ("RBIF"), temporarily deposited with the Treasurer to be pooled with monies of City and other local governments/agencies for investment in the City's Investment Pool ("Pool"); and

WHEREAS, the City and the Trust desire to enter into a written pooling agreement to set forth the terms and conditions upon which said monies are to be pooled and invested in the Pool.

NOW THEREFORE, in consideration of the premises of the mutual covenants herein contained it is agreed as follows:

A. CITY RESPONSIBILITIES

The City agrees to provide the services listed below to the Trust in the same manner as such services are provided to any other city department, agency, district, or other governmental entity.

1. Treasurer shall invest the Trust's monies in such securities as authorized by NRS 355.170 and in accordance with the City's Investment Policy (a copy of which the Trust acknowledges it has received) without compensation.
2. The Finance Department will allocate and distribute monthly the Trust's pro rata share of any gains, losses and interest earnings in the Pool based upon the proportion of the Trust's monies in the Pool to the total value of the Pool and also based on the average cash balance in the Pool over the applicable accounting period. Any related third party and administrative charges shall likewise be allocated to the OPEB Trust. The OPEB Trust acknowledges that City and Treasurer utilize the service of a professional fund manager as well as a statutorily required third party custody agent and that the OPEB Trust's pro rata share of expenses will include the fees to pay these professional managers/agents.
3. Upon the express written request of the OPEB Trust, the Treasurer will deposit the Trust's monies into the Retirement Benefits Investment Fund.
4. The Finance Department will deliver upon request of the OPEB Trustees as soon as practical following the end of each month and of each fiscal year a report revealing the Pool's balances, earnings, losses and pro rata allocations thereof to the OPEB Trust.

B. TRUST RESPONSIBILITIES

1. The Trust will deposit certain monies with Treasurer from time to time for the purpose set forth herein.
2. The Trust will provide specific written instruction to the Treasurer to deposit the Trust's monies held in the Pool in the Retirement Benefits Investment Fund.
3. The Trust shall promptly advise Treasurer in writing of the name(s) and the address(es) of its employee(s)/agent(s) who is/are authorized to advise and instruct Treasurer concerning the matters of this Pooling Agreement. The Trust will also provide to Treasurer specimen signatures of the authorized employee(s)/agent(s). Treasurer shall not suffer any liability whatsoever with respect to any action taken in reliance upon any written instructions or notices which Treasurer shall, in good faith, believe to be genuine and to have been signed by the Trust's authorized employee(s)/agent(s).
4. The OPEB Trust is entitled to make partial withdrawals of its monies out of the Fund provided the OPEB Trust delivers to Treasurer written notice and specific instructions regarding said withdrawals. Treasurer shall comply therewith at the first reasonable opportunity presented by the markets and in consideration of the type of investments used in the Fund.

C. MUTUALLY AGREED

1. This Contract is effective upon execution and may be amended or superseded by written interlocal Contract duly noticed and approved at a regular meeting of the governing bodies of both parties.
2. This Contract may be terminated by either party upon thirty days (30) written notice or upon the enactment of any law inconsistent herewith.

D. MISCELLANEOUS

1. The Parties agree that each will be responsible for any liability or loss that may be incurred as a result of any claim, demand, cost, or judgement made against that party arising from any negligent act or negligent failure to act by any of that party's employees, agents, or servants in connection with the performance of obligations assumed pursuant to this Contract.
2. The Trust agrees that it is investing at its own risk and that past performances is no guarantee for future performance. The Trust knowingly and intentionally waives any right to assert all claims, suits, actions, costs, losses, penalties, taxes and liabilities, including court costs and attorney's fees, which are alleged to arise from or are related to investment performance under this Contract.
3. This Contract is binding upon and inures to the benefit of the Parties and their respective successors and assigns.
4. This Contract constitutes the entire understanding and agreement of the Parties with respect to the subject matter hereof, and supersedes and replaces all prior understandings and agreements, whether verbal or in writing, with respect to the subject matter hereof.
5. This Contract may not be modified, amended, assigned, transferred, nor may any rights, obligations or duties hereunder be delegated in any respect without the written consent of the other party hereto.
6. In the event either party brings any legal action or other proceedings with respect to the breach, interpretation, or enforcement of this Contract, or with respect to any dispute relating to any transaction covered by this Contract, the parties in such action or proceeding hereby agree that neither party is entitled to an award of attorney's fees whether or not a party is deemed to be a prevailing party and that reimbursement to the prevailing party or parties therein for all reasonable costs of litigation will be in accordance with Nevada law as may be determined by the Court.
7. This Interlocal Contract is made in, and shall be governed, enforced, and construed under the laws of Carson City and the State of Nevada. The Parties consent to the personal jurisdiction of any state court in Carson City, Nevada and to the service of process by any means authorized by any such state court under the laws of the State of Nevada. The exclusive venue of any action, proceeding or counterclaim arising out of or in connection with this Contract shall be Carson City, Nevada.
8. No delay or omission by either party in exercising any right or power hereunder shall impair any such right or power or be construed to be a waiver thereof, unless this Contract specifies a time limit for the exercise of such right or power or unless such waiver is set forth in a written instrument duly executed by the person granting such waiver. A waiver of any person of any of the covenants, conditions, or agreements hereof to be performed by any other party shall not be construed as a waiver of any succeeding breach of the same or any other covenants, agreement, restrictions or conditions hereof.

9. All notices, demands or other communications required or permitted to be given in connection with this Contract, shall be in writing, and shall be deemed delivered when personally delivered to a party (by personal delivery to an officer or authorized representative of an agency party) or, if mailed, three (3) business days after deposit in the United States mail, postage prepaid, certified or registered mail, addressed to the Parties as follows:

Carson City Finance
Attn: Sheri Russell, Deputy Chief Financial Officer
201 N. Carson Street, Suite 3
Carson City, NV 89701

Carson City Nevada OPEB Trust Fund
Chair, OPEB Board of Trustees
201 N. Carson Street, Suite 3
Carson City, NV 89701

10. Either party may change its designated representative or its address for notice by written notice given in accordance with the foregoing provisions.
11. The Contract may be executed in one or more counterpart copies, and each of which so executed, irrespective of the date of execution and delivery, shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument. This Contract may be recorded.

THIS INTERLOCAL CONTRACT is effective upon the date the last signing party signs this Contract ("Effective Date").

IN WITNESS WHEREOF, the Parties have executed this Agreement..

CARSON CITY:

BY: Robert L. Crowell, Mayor
Board of Supervisors

Date

CARSON CITY NEVADA OPEB TRUST FUND:

OPEB Trustee, Chair

Date

ATTEST:

Sue Merriwether, Clerk Recorder

Date

APPROVED AS TO FORM:

Jason Woodberry,
Carson City District Attorney

Date

**Carson City, Nevada
Other Post-Employment Benefits (OPEB) Trust Fund
Agenda Report**

Date Submitted: 08/29/2016

Agenda Date Requested: 09/06/2016

To: Chair and Trustees

From: Sheri Russell, Deputy Chief Financial Officer

Subject Title: For Possible Action: To approve the proposal from Eide Bailly to perform audit services for the Fiscal Year ended June 30, 2016.

Summary: NRS 287.017 section 2. (f) (3) states that the constituent documents that establish the trust must provide for an audit of the trust by an independent certified public accountant at least annually, the results of which must be reported to the governing body of the local government that established the Trust.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

Does This Action Require A Business Impact Statement: Yes No

Recommended Trust Action: I move to approve the proposal from Eide Bailly to perform audit services for the Fiscal Year ended June 30, 2016.

Explanation for Recommended Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation:

NRS 287.017

Fiscal Impact: \$10,000

Explanation of Impact: This fee reflects the additional time necessary to prepare the supporting documentation that is required for a first year audit.

Funding Source: OPEB Trust

Alternatives: N/A

Supporting Material: Proposal from Eide Bailly.

Prepared By: Sheri Russell, Carson City Deputy Chief Financial Officer

Reviewed By: Wasey Paulse Date: 8/29/16
(Carson City Chief Financial Officer)

Board Action Taken:

Motion: _____

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

(Vote Recorded By)

August 29, 2016

Chairperson
Carson City, Nevada OPEB Trust Fund
201 No. Carson Street, Suite #3
Carson City, NV 89701

We are pleased to confirm our understanding of the services we are to provide the Carson City, Nevada OPEB Trust Fund for the year ended June 30, 2016. We will audit the statement of plan net position and the statement of changes in plan net position, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Carson City, Nevada OPEB Trust Fund (Trust) as of and for the year ended June 30, 2016. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI) to supplement the Trust's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Trust's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis
- Schedule of Funding Progress
- Schedule of Employer Contributions

Audit Objective

The objective of our audit is the expression of an opinion as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of the Trust's financial statements. Our report will be addressed to the Board of Trustees of the Carson City, Nevada OPEB Trust Fund. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion on the financial statements is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Trust or to acts by management or employees acting on behalf of the Trust.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Trust's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

No additional services have been requested and Trust management will be preparing the financial statements of the Trust.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Trust received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Eide Bailly LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to federal and/or state regulators. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Eide Bailly LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to such federal and/or state regulators. These regulators may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

We expect to begin our audit in January 2017 and to issue our reports no later than March 31, 2017. Kristen Chinvarasopak is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fees for these services are based on the actual time spent at our standard hourly rates, including out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.), except that we agree that our gross fee, including expenses, will not exceed \$10,000. The fee quote is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation.

In addition, we will be compensated for any time and expenses, including time and expenses of legal counsel, we may incur in conducting or responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of our Firm's performance of these services. You and your attorney will receive, if lawful, a copy of every subpoena we are asked to respond to on your behalf and will have the ability to control the extent of the discovery process to control the costs you may incur.

Should our relationship terminate before our audit and tax procedures are completed and a report issued or tax return delivered, you will be billed for services to the date of termination. All bills are payable upon receipt. A service charge of 1% per month, which is an annual rate of 12%, will be added to all accounts unpaid 30 days after billing date. If collection action is necessary, expenses and reasonable attorney's fees will be added to the amount due.

DISPUTE RESOLUTION

The following procedures shall be used to resolve any disagreement, controversy or claim that may arise out of any aspect of our services or relationship with you, including this engagement, for any reason ("Dispute"). Specifically, we agree to first mediate.

Mediation

All Disputes between us shall first be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator. The mediator will be selected by mutual agreement, but if we cannot agree on a mediator, one shall be designated by the American Arbitration Association ("AAA").

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute. Mediation will be conducted with the parties in person in Reno, Nevada.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Either party may commence suit on a Dispute after the mediator declares an impasse.

INDEMNITY

You agree that none of Eide Bailly LLP, its partners, affiliates, officers or employees (collectively "Eide Bailly") shall be responsible for or liable to you for any misstatements in your financial statements and/or tax return that we may fail to detect as a result of knowing representations made to us, or the concealment or intentional withholding of information from us, by any of your owners, directors, officers or employees, whether or not they acted in doing so in your interests or for your benefit, and to hold Eide Bailly harmless from any claims, losses, settlements, judgments, awards, damages and attorneys' fees from any such misstatement, provided that the services performed hereunder were performed in accordance with professional standards, in all material respects.

If a claim is brought against you by a third-party that arises out of or is in any way related to the services provided under this engagement, you agree to indemnify Eide Bailly LLP, its partners, affiliates, officers and employees (collectively "Eide Bailly"), against any losses, including settlement payments, judgments, damage awards, punitive or exemplary damages, and the costs of litigation (including attorneys' fees) associated with the services performed hereunder provided that the services were performed in accordance with professional standards, in all material respects.

ASSIGNMENTS PROHIBITED

You agree that you will not and may not assign, sell, barter or transfer any legal rights, causes of actions, claims or Disputes you may have against Eide Bailly, its partners, affiliates, officers and employees, to any other person or party, or to any trustee, receiver or other third party.

We appreciate the opportunity to be of service to Carson City, Nevada OPEB Trust Fund and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

EIDE BAILLY LLP



Kristen Chinvarasopak, Partner

ACCEPTED BY *Carson City, Nevada OPEB Trust Fund*

Trustee

Date

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: N/A

Supporting Material: Interlocal Contract

Prepared By: Sheri Russell, Carson City Deputy Chief Financial Officer

Reviewed By: Nancy Paulson Date: 8/29/16
(Carson City Chief Financial Officer)

Board Action Taken:

Motion: _____

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

(Vote Recorded By)