

PUBLIC EMPLOYEES' RETIREMENT BOARD EDUCATION SESSION AND
MEETING MINUTES FOR

Wednesday, March 18, 2015

The agenda for this meeting was mailed to every public employer, the news media, and other groups and individuals as requested.

March 18, 2015
Education Session

The Retirement Board Education Session of the Public Employees' Retirement Board meeting was called to order by Chairman Vincent at 10:02 a.m., March 18, 2015, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: Mark Vincent, Chris Collins, Al Martinez, Rusty McAllister, Katherine Ong, Audrey Noriega and David Olsen. Members absent: None – Al Martinez arrived at 10:43 a.m.

1. PUBLIC COMMENT

There were no public comments offered.

2. EDUCATION TOPIC

2.1 Staff reviewed the Police and Firefighters' Retirement Fund Advisory Committee history and their duties with the Retirement Board.

3. PUBLIC COMMENT

There were no public comments offered.

4. RECESS

Chairman Vincent recessed the meeting at 11:07 a.m.

March 18, 2015
Board Meeting

The Retirement Board meeting of the Public Employees' Retirement Board was called to order by Chairman Vincent at 12:01 p.m., on March 18, 2015, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: Mark Vincent, Chris Collins, Al Martinez, David Olsen, Katherine Ong, Audrey Noriega and Rusty McAllister. Members absent: None.

1. PUBLIC COMMENT

There were no public comments offered.

2. DISABILITIES

- 2.1 For the record, Audrey Noriega stated that Duane Dunstone is known to her and Martha Beverage, Charles Marko, Valerie Samm-Thompson, Jeannette Famoso, and Rita Shavers all either work or worked for the same employer as herself but she did not feel that would impair her vote. Rusty McAllister stated that Ali Jahanfard, William Winchester, and Tracie Mathis are all known to him but he did not feel that would impair his vote. Al Martinez stated that Shonna Joiner worked for the same employer as himself but he did not feel that would impair his vote. Mark Vincent stated that Robert Marsh, Lisa Stamanis, and Tracie Mathis all work or worked for the same employer as himself but he did not feel that would impair his vote.

On motion of Katherine Ong, the Retirement Board voted unanimously to:

1. Approve permanent and total disability retirement for: Jennifer Bailey, Martha Beverage, Marybeth Burroughs, Duane Dunstone, June Garcia, Heidi Hopper, Ali Jahanfard, Jacob Jensen, Brian Jewell, Charles Marko, Robert Marsh, Rose Ringer, Andrew Rozzi, Valerie Samm-Thompson, Mary Shore, Lisa Stamanis, Timothy Stolar, Yeshiwork Tsegaye, Drugh Waggener, Colleen Walsh-Devine, Scott Williams, and William Winchester.
2. Approve reemployment requests by disability recipients: Jeannette Famoso, Shonna Joiner, Dena LeGros, Tracie Mathis, Scott Palsgrove, Rita Shavers, and Karen Smith.
3. Denial of reemployment request by disability recipient Jacqueline Kennedy.

3. INVESTMENTS

- 3.1 Pamela Herbst and Alison Husid of AEW provided an overview of their organization and an update on their private real estate portfolio. There was no action taken on this item.
- 3.2 Staff reviewed the U.S. bond structures for the Judicial Retirement Fund and the Legislators' Retirement Fund. In February the Retirement Board shifted PERS' U.S. bond portfolio to a U.S. Treasury Bond Index account and staff is recommending the same action for the JRS and LRS portfolios. After discussion, on motion of Katherine Ong, the Retirement Board voted unanimously to:
1. Approve the Investment Objectives and Policies for the LRS' fund, as submitted.
 2. Approve the Investment Objectives and Policies for the JRS fund, as submitted.
 3. Retain Payden & Rygel to manage a Barclays U.S. Treasury Index portfolio for LRS and JRS.

4. Authorize the closure of the bond index account managed by Blackrock for LRS and JRS.
 5. Authorize staff to transition LRS and JRS bond assets from the Blackrock Barclays Aggregate bond index portfolios to Barclays U.S. Treasury Index portfolios managed by Payden & Rygel.
- 3.3 Staff highlighted the proposed modifications to the Interim Investment Directives for the LRS and JRS funds. On motion of Katherine Ong, the Retirement Board voted unanimously to approve the Interim Investment Directives for the LRS and JRS funds, as submitted.

4. BOARD

- 4.1 Staff introduced Melanie Walker, JD., Vice President of Segal Consulting. Melanie reviewed the items included in Segal's proposal to conduct a compliance review on the Public Employees' Retirement System. After discussion, on motion of Katherine Ong, the Retirement Board voted unanimously to accept the proposed compliance review by Segal Consulting for an amount not to exceed \$80,000.00, as submitted.
- 4.2 Brad Ramirez of Segal Consulting reviewed the current police/fire transfer factors and determined that new factors were warranted to ensure the factors are actuarially equivalent. Segal has developed a new methodology rather than the single factor process currently in place. Brad reviewed the new methodology with the Board. On motion of Katherine Ong, the Retirement Board voted unanimously to adopt the methodology for the proposed Police and Firefighters' Retirement Fund Transfer Factors and providing staff the authority to notify public employers of proposed policy changes in accordance with NRS 286.200, that are associated with the implementation of these factors beginning on January 1, 2016, as prepared by Segal Consulting.
- 4.3 On motion of Chris Collins, the Retirement Board voted 6-yeas and 1 abstention to approve the minutes of the Retirement Board Education session and Board meeting held February 18, 2015, as submitted. Katherine Ong abstained from voting on this item as she was not present at the meeting.
- 4.4 There were no recommended changes to the Retirement Board meeting dates.
- 4.5 There were no recommended changes to the Retirement Board Education Curriculum Calendar.

5. ADMINISTRATION

- 5.1 Staff reviewed the proposed independent contract with APEX Computing to complete a death closure transaction project on PERS' computer system. On motion of Katherine Ong, the Retirement Board voted unanimously to approve

the contract with APEX Computing, Inc., to implement the Death Closure Transaction project into CARSON for an amount not to exceed \$54,000.00, as submitted.

- 5.2 Staff reviewed the proposed changes to PERS' Official Policies dated September 2012. Chairman Vincent opened the public hearing on the proposed changes to PERS' Official Policies and called for any public comment. There were no public comments offered. On motion of Katherine Ong, the Retirement Board voted unanimously to approve the proposed revisions to PERS' Official Policies, as submitted, and directed staff to file the policy revisions with the Secretary of State in accordance with NRS 286.200 to become effective April 15, 2015.
- 5.3 Staff reviewed the proposed changes to the JRS' Official Policies dated September 2012. Chairman Vincent opened the public hearing on the proposed changes to the JRS' Official Policies and called for any public comment. There were no public comments offered. On motion of Katherine Ong, the Retirement Board voted unanimously to approve the proposed revisions to the JRS Official Policies, as submitted, and directed staff to file the policy revisions with the Secretary of State in accordance with NRS 1A.100 to become effective April 15, 2015.
- 5.4 Staff reviewed the proposed changes to the LRS' Official Policies dated September 2012. Chairman Vincent opened the public hearing on the proposed changes to LRS' Official Policies and called for any public comment. There were no public comments offered. On motion of Katherine Ong, the Retirement Board voted unanimously to approve the proposed revisions to the LRS Official Policies, as submitted, and directed staff to file the policy revisions with the Secretary of State in accordance with NRS 218C.150 and NRS 218C.180 to become effective April 15, 2015.

6. LEGISLATION

- 6.1 Staff reviewed Assembly Bill 180 that requires the Retirement Board to select the firm who will perform PERS' audit using an open bid or request for proposal process not less than once every 4 years. This bill also restricts the Board from selecting the same firm to perform the audit in two consecutive cycles. Assembly Bill 180 has been scheduled for Work Session on Monday, March 23rd at 1:00 p.m. in the Assembly Committee on Commerce and Labor. After discussion, on motion of Katherine Ong, the Retirement Board voted unanimously to adopt a position in support of Assembly Bill 180.
- 6.2 Staff reviewed Assembly Bill 190 that creates a hybrid retirement plan. The bill contains a defined benefit portion and a defined contribution portion for public employees hired on or after July 1, 2016. Staff provided testimony to the Assembly Committee on Government Affairs in opposition to this bill on behalf of the Board. Staff shared their concerns with the bill with the Retirement Board.

After discussion on motion of Katherine Ong, the Retirement Board voted unanimously to adopt a position in opposition to Assembly Bill 190.

- 6.3 Staff reviewed Senate Bill 69 that makes various changes to the Judicial Retirement System with the Board. Staff informed the Board that Senate Bill 69 has been scheduled for hearing on Monday, March 23rd in the Senate Committee on Finance. After discussion on motion of Chris Collins, the Retirement Board voted unanimously to adopt a position in opposition to Senate Bill 69 as it is written due to the funding costs of the proposed enhancements and the Retirement Board's policy on no benefit enhancements unless the System is at least 85% funded.
- 6.4 Staff has identified five additional bills that were introduced that may have an effect on the Retirement System and two BDRs since last month's report. They are:
1. ***Assembly Bill 312*** - BDR #975 – Requested by Assemblyman Trowbridge – was introduced on Monday, March 16th. This bill revises the provisions governing the minimum age at which a person who becomes a member for the System on or after July 1, 2016, may retire and receive an unreduced benefit and revises the provisions governing the calculation of the average compensation of a person who becomes a member of the System on or after July 1, 2016.
 2. ***Assembly Bill 363*** - BDR #1056 – Requested by Assemblywoman Diaz – was introduced on Tuesday, March 17th. This bill provides an optional benefit to the surviving spouse of a police officer or firefighter who was killed in the line of duty. The bill directs the Retirement Board to define killed in the line of duty.
 3. ***Assembly Bill 387*** - BDR #1061 – Requested by Assemblywoman Kirkpatrick – was introduced on Tuesday, March 17th. This bill revises the provisions relating to the calculation of the years of service of certain members of the Public Employees' Retirement System, the Judicial Retirement Plan and the Legislators' Retirement System and provides generally that the purchase of service credit cannot be used to reduce the number of years of service a member of each respective retirement system must earn to retire with an unreduced benefit who has an effective date of membership on or after July 1, 2015.
 4. ***Senate Bill 356*** - BDR #1092 – Requested by Senator Smith – was introduced on Monday, March 16th as. This bill provides that certain records and files of the Public Employees' Retirement System, and the information contained therein, are confidential and not public books or records.
 5. ***Senate Bill 406*** - BDR #1049 – Requested by Senator Roberson – was introduced on Tuesday, March 17th. This bill makes various changes

to the current System which would create a 3rd tier for members hired on or after July 1, 2015.

BDR #1176 – Department of Administration – Revises provisions governing the executive staff of the Public Employees’ Retirement System.

BDR #1230 – Department of Administration – Makes a supplemental appropriation from the State General Fund to the Department of Administration for the state’s share of the cost of a PERS audit required by GASB 68.

6.5 There were no legislative matters that developed after publication of the agenda and which, due to scheduling must be acted upon at this time.

7. RATIFICATION AGENDA

For the record, David Olsen stated that he would abstain from voting on item 7.5 because it is his employer. On motion of Katherine Ong, the Retirement Board voted unanimously of those present, to approve all items on the Ratification Agenda except for item 7.5 which received a 5-yeas and 1 abstention vote. Mark Vincent was not present for this vote.

7.1 Approve the Administrative Fund disbursements.

7.2 Approve the personnel action taken since the last report.

7.3 Approve the Final Benefit Audit Report for September 2012.

7.4 Approve the Final Benefit Audit Report for January 2013.

7.5 Approve the request for a Penalty Waiver by the State of Nevada in the amount of \$5,788.89.

7.6 Approve the request for a Penalty Waiver by the Southern Nevada Health District in the amount of \$128.85.

8. DENIALS

9. REPORTS

10. PUBLIC COMMENT

10.1 Priscilla Maloney of AFSCME Local 4041 requested that the Board’s position on bills affecting the System be disseminated as soon as possible so AFSCME can be kept aware as the session moves forward. Staff will keep in touch with AFSCME to share the Board’s position on different bills.

10.2 There was no report from the Deputy Attorney General.

10.3 Administrative Report by Staff:

1. The Executive Officer and the Operations Officer presented Terry Richards with a 10-year appreciation plaque for her service to PERS. They thanked Terry for her continued service to PERS through her current position in accounting.
2. The Executive Officer and the Operations Officer presented Maurice Perez with a 10-year appreciation plaque for his service to PERS. They thanked Maurice for his continued service to the members and beneficiaries of the System through his current position in the counseling services area. Maurice thanked them for the plaque and mentioned that it has been a privilege to work for the System and an honor to work with all the staff members. He stated that he appreciates his fellow workers and looks forward to many more years at PERS.

10.4 Comments or questions from the Retirement Board members:

- Chairman Vincent:
1. Chairman Vincent thanked Chris Collins and Rusty McAllister for all their assistance at the legislature and working with the Executive Staff on certain bills.

11. ADJOURNMENT

The meeting was adjourned by Chairman Vincent at 2:46 p.m.

The following is the time schedule for the meeting:

The Retirement Board education session held on March 18, 2015, was called to order at 10:02 a.m. by Chairman Vincent and recessed at 11:07 a.m. The March 18, 2015, Retirement Board meeting was called to order at 12:01 p.m. by Chairman Vincent. There was one break taken at 2:37 p.m. for approximately 5 minutes. Chairman Vincent adjourned the meeting at 2:46 p.m.