

PUBLIC EMPLOYEES' RETIREMENT BOARD EDUCATION SESSION AND
MEETING MINUTES FOR

Thursday, September 15, 2016

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

September 15, 2016
Education Session

The Retirement Board Education Session of the Public Employees' Retirement Board meeting was called to order by Chairman Vincent at 11:01 a.m., September 15, 2016, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: Mark Vincent, Katherine Ong, Vikki Courtney, and Timothy Ross. Members absent: Audrey Noriega.

1. PUBLIC COMMENT

There were no public comments offered.

2. EDUCATION TOPIC

2.1 Staff discussed securities litigation with the Retirement Board.

3. PUBLIC COMMENT

There were no public comments offered.

4. RECESS

Chairman Vincent recessed the meeting at 12:19 p.m.

September 15, 2016
Board Meeting

The Retirement Board meeting of the Public Employees' Retirement Board was called to order by Chairman Vincent at 1:12 p.m., on September 15, 2016, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: Mark Vincent, Katherine Ong, Vikki Courtney, and Timothy Ross. Members absent: Audrey Noriega.

1. PUBLIC COMMENT

Public comments were made in relation to an agenda item. Those comments are shown under Agenda Item 5.2.

2. DISABILITIES

2.1 For the record, Mark Vincent stated that Elizabeth Douglas works or worked for the same employer as himself but he did not feel that would impair his vote. For the record, Vikki Courtney stated that Bradley Byers, Cynthia Johnson, Steven Whobrey, Richard Williams, and Selefuti Lemapu work or worked for the same employer as herself but she did not feel that would impair her vote. For the record, Tim Ross stated that Heather Hobbesiefken works or worked for the same employer as himself but he did not feel that would impair his vote.

On motion of Kathy Ong, the Retirement Board voted unanimously of those present to:

1. Approve permanent and total disability retirement for: Bradley Byers, Tony Carthen, Vicky Garbeh-Davis, Darrell Hampton, Shelby Hargrove, Michael Harris, Zachary Harris, Alan Hirjak, Heather Hobbesiefken, Lee Horton, Cynthia Johnson, Rhonda Jones Whitley, Kellene Martin, Jonathon McFerrin, Kimberly McKinney, Lori McLeod, Chad Mitchell, Norman Patane, Jan Rosenberg, Lori Scott, John Skilbred, John Steinmetz, Flor Vivanco, Steven Whobrey, and Danny Wright.
2. Approve permanent and total disability at one-year review for: Richard Williams.
3. Approve reemployment requests by disability recipients: Joseph Arnold, John Blankenship, Fred Castle, Elizabeth Douglas, Christopher Hollingshead, Selefuti Lemapu, Colleen Reinink, Eric Reymus, Marialuz Rodriguez-Flores, Thomas Schuhmacher, and Jane Snow.
4. Deny reemployment requests by disability recipient: Anthony Crisp.

3. INVESTMENTS

3.1 Staff presented amendments to the PERS' Investment Objectives and Policies. On motion of Kathy Ong, the Retirement Board voted unanimously of those present to approve PERS' Investment Objectives and Policies, as submitted.

3.2 There were no recommended changes to the Interim Investment Directives for the PERS', Legislators', and Judicial funds.

4. BOARD

- 4.1 On motion of Kathy Ong, the Retirement Board voted unanimously of those present to approve the minutes of the Retirement Board Education Session and Retirement Board meeting held August 18, 2016, as submitted.
- 4.2 There were no recommended changes to the Retirement Board meeting dates.
- 4.3 There were no recommended changes to the Retirement Board Education Curriculum calendar.

5. ADMINISTRATION

- 5.1 Staff reviewed the proposed modifications to PERS' Strategic Plan for fiscal year 2017. On motion of Kathy Ong, the Retirement Board voted unanimously of those present to accept PERS' Annual Strategic Plan revision for fiscal year 2017, as submitted.
- 5.2 Staff reviewed the proposed changes to PERS' Official Policies dated July 1, 2015. Chairman Vincent opened the public hearing on the proposed changes to PERS' Official Policies and called for any public comment. Public comments were as follows:

Dr. David Jensen, Superintendent of the Humboldt County School District, on behalf of the members of NASS, NASB, and NASA, expressed concerns with the proposed language regarding substitute teachers. He indicated that substitute teachers are defined differently from "licensed teachers" and are not eligible for the issuance of sick leave and as a result are not eligible for payment of unused sick leave or purchase of service with unused sick leave. He further stated that the proposed language impacts the long-term financial stability of substitute teachers as federal benefits would be diminished. He indicated that districts currently pay social security benefits on behalf of substitute teachers which would be eliminated and that in a majority of cases the substitute teachers would not vest in PERS. Dr. Jensen provided written comments and attachments to the Board.

Tom Ciesynski, CFO for the Washoe County School District, and Dawn Huckaby, Chief Human Resources Officer, indicated that they were in full agreement with the information Superintendent Jensen presented. However, they wanted to supplement his presentation with insight into what it takes to work with substitutes from a school district perspective and the complexities for PERS, school districts, and employees if the proposed changes are approved. They stated the change would require the district to set up an entirely new system to separate substitutes into two classifications. This would create the need for added resources or staffing. They also indicated there would be confusion as substitutes moved from one classification to another throughout a school year and that the changes would impact classroom instruction. They submitted written comments to the Board.

Dr. Sandra Sheldon, Superintendent of the Churchill County School District, told the Board that Fallon is the home of the Naval Air Station and that many of their substitutes are military spouses. The military members rotate in and out every three years and the changes would deprive the substitutes of three years of social security benefits.

Tim Crowley, representing the Nevada Association of School Boards, indicated that they contemplated this change to policy and came to the conclusion that it is bad for education and their ability to deliver good education throughout Nevada by making it harder to fill vacancies and substitute positions.

Hope Blinco, Mineral County School District, Human Resources and Payroll, indicated that she had some questions for the Board to think about. She stated that they are a small school district and that they use retired teachers as substitutes who are currently drawing PERS retirement. Would the retirees have to stop drawing their PERS retirement in order to be contributing into PERS as a substitute teacher or would the school district do a critical shortage as they do if hired as a teacher. She also indicated that this would impact their social security and W-2s may need to be fixed if they go in and out of PERS and the Social Security system.

Dr. David Jensen made additional comments. He indicated the school districts have an obligation to have someone in the positions but that they keep posting the positions as vacancies. He stated that if a teacher with a certificate came in they would immediately replace a long-term substitute and the district would gladly pay PERS. He indicated their appearance at the hearing is solely regarding the substitute teacher issue.

Dr. Sandra Sheldon, Superintendent of the Churchill County School District, stated that substitute teachers are licensed differently than teachers, unless they are retired teachers who are fully licensed. Substitute teachers are only required to have two years of college and do not have education courses needed for full licensure.

Holly Luna, Chief Financial Officer, Douglas County School District, stated that their concern is not budgetary. They budget at the level of positions necessary in the classrooms. She indicated that even if a substitute teacher was in there long-term, for the full year, they would not approach the earnings limitation.

Hope Blinco, Mineral County School District, stated that she had to do a report last year for the Department of Education explaining who applied and why they were not hired such as bad references, terminations, or they got another job in another place before the school district could offer them the position. She indicated that the Department of Education gathers that information and it may help the Board in making a determination. Ms. Blinco stated that a substitute would make \$19,000 if they work the whole year; beginning teachers make \$35,000.

The Chair and Vice Chair suggested staff work with the school districts prior to the next public hearing on this matter to find agreeable language regarding substitute teachers. Staff informed the Retirement Board that there will be a second hearing on these proposed policy changes in Las Vegas on October 20, 2016. There was no action taken on this item.

5.3 Staff reviewed the proposed changes to the Legislators' Retirement System's Official Policies dated July 1, 2015. Chairman Vincent opened the public hearing on the proposed changes to the Legislators' Retirement System's Official Policies and called for any public comment. No public comment was offered. There will be a second hearing on these proposed policy changes in Las Vegas on October 20, 2016. There was no action taken on this item.

5.4 Staff reviewed the proposed changes to the Judicial Retirement System's Official Policies dated July 1, 2015. Chairman Vincent opened the public hearing on the proposed changes to the Judicial Retirement System's Official Policies and called for any public comment. No public comment was offered. There will be a second hearing on these proposed policy changes in Las Vegas on October 20, 2016. There was no action taken on this item.

6. LEGISLATION

6.1 Staff reviewed the Bill Draft Request list for the 2017 Legislative Session that is now available on the legislature's website. Currently, staff is tracking the following BDR that may affect the System:

BDR #429 – State Controller – Revises provisions relating to the Public Employees' Retirement System

There is no bill language available for this BDR to determine its affect on the System at this time.

7. RATIFICATION AGENDA

On motion of Kathy Ong, the Retirement Board voted unanimously of those present to approve all items on the Ratification Agenda as recommended by staff:

7.1 Approval of Administrative Fund disbursements.

7.2 Approval of personnel action taken since the last report.

7.3 Approval of the Final Benefit Audit Report for May 2014.

7.4 Approval of the Deceased Recipient Review Report for the first quarter of 2016.

7.5 Approval of independent contract with Vickie Mohlenkamp for an amount not to exceed \$23,000.

8. DENIALS

9. REPORTS

10. PUBLIC COMMENT

10.1 Public comments were offered as follows:

Warren Wish, Nevada State Education Association, addressed the Retirement Board and acknowledged that Assemblyman Kirner was in the audience. Mr. Wish stated that when the hybrid bill came up last session, he felt it was helpful that the Executive Officer had Segal prepare an impact estimate. He indicated that he feels it would be a good idea to do another one two years later.

10.2 There was no report from PERS' General Counsel.

10.3 Administrative Report by Staff:

Executive Officer: 1. The Executive Officer indicated that there are currently two vacancies on the Retirement Board and asked that Board members notify staff as soon as possible if they will not be able to attend the October Board meeting. She indicated that the Governor's office appoints Board members and she is hoping to get the vacancies filled as soon as possible

10.4 There were no comments or questions from the Retirement Board members.

11. ADJOURNMENT

The meeting was adjourned by Chairman Vincent at 2:28 p.m.

The following is the time schedule for the meeting:

The Retirement Board education session held on September 15, 2016, was called to order at 11:01 a.m. by Chairman Vincent and recessed at 12:19 p.m. The September 15, 2016, Retirement Board meeting was called to order at 1:12 p.m. by Chairman Vincent and adjourned at 2:28 p.m.