

PUBLIC EMPLOYEES' RETIREMENT BOARD EDUCATION SESSION AND
MEETING MINUTES FOR

Thursday, November 15, 2018

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

November 15, 2018
Education Session

The Retirement Board Education Session of the Public Employees' Retirement Board meeting was called to order by Chair Ong at 8:36 a.m., November 15, 2018, in the PERS' Board Room, 693 W. Nye Lane, Carson City. Members present: Katherine Ong, Timothy Ross (by telephone), Scott Gorgon, Dawn Huckaby, Yolanda King, and Brian Wallace. Members absent: Lee-Ann Easton.

1. PUBLIC COMMENT

There were no public comments offered.

2. EDUCATION TOPIC

2.1 Brad Ramirez of Segal Consulting provided a review and discussion on the actuarial valuation process with the Retirement Board.

3. PUBLIC COMMENT

There were no public comments offered.

4. RECESS

Chair Ong recessed the meeting at 9:29 a.m.

November 15, 2018
Board Meeting

The Retirement Board meeting of the Public Employees' Retirement Board was called to order by Chair Ong at 10:00 a.m., on November 15, 2018, in the PERS' Board Room, 693 W. Nye Lane, Carson City. Members present: Katherine Ong, Timothy Ross (by telephone), Scott Gorgon, Dawn Huckaby, Yolanda King, and Brian Wallace. Members absent: Lee-Ann Easton.

1. PUBLIC COMMENT

Kent Ervin, representing the Nevada Faculty Alliance, the independent statewide association of faculty at all eight NSHE institutions, indicated that all of NSHE's classified personnel and about 15% of faculty are members of PERS. He stated that many of their faculty who are nearing retirement would be better off on PERS than on NSHE's mandatory defined contribution plan. They support the continued fiscally responsible administration of PERS with no reduction of benefits. He stated that the increase in the statutory contribution rate is not ideal, as it will reduce the take home pay of state employees and will have a significant impact on the biennium budget. To the extent that the contribution increase is due to more modest rate of return assumptions, this is in part moving projected future costs forward to the present. He indicated that it is a prudent course of action. A time of economic strength is the right time to be adjusting for future costs. He stated that the actuarial increase does not mean, and should not be used to claim, that PERS is in any way an unsound system overall. The challenges are real but manageable. Nevada is fortunate to have statutory and constitution checks in place to ensure that PERS continues to be funded at an appropriate level based on sound actuarial science. He thanked the Board for their service and staff for the strong management of the PERS system.

2. DISABILITIES

2.1 For the record, Dawn Huckaby stated that she knows two people who work or worked for her former employer, but she did not feel that would impair her vote. Yolanda King stated that Thomas Harris, Grant Lyman, Elvira Marquez, and Tom Powers work or worked for the same employer as herself, but she did not feel that would impair her vote.

On motion of Scott Gorgon, the Retirement Board voted unanimously of those present to:

1. Approve permanent and total disability retirement for: Loretta Abbot-Gumabo, Daniel Erickson, Angela Goines-Hartfield, Thomas Harris, Lori Horton, Mariann Kastner, Grant Lyman, Elvira Marquez, Michael Meginness, Brian Merker, William Moline, Dawn Moser, Dawn Parker, Anthony Pastorello, Cynthia Sauchak, Alan Sharp, and Jose Villalpando.
2. Approve reemployment requests by disability recipients: Timothy Andrus, Shelby Darden, Heidi Englund, Kirstin Lattin, Michael Medrano, Tom Powers, and Roger Williams.
3. Deny reemployment requests for disability recipients: John Gregg.

3. INVESTMENTS

- 3.1 Staff and Julia Bonafede of Jobs Peak Advisors presented the 1st quarter fiscal year 2019 performance update for the PERS', Legislators', and Judicial funds. There was no action taken on this item.
- 3.2 There were no recommended changes to the Interim Investment Directives for the PERS', Legislators', and Judicial funds.

4. BOARD

- 4.1 Brad Ramirez of Segal Consulting reviewed the results of the 2018 Actuarial Valuation Report for the Public Employees' Retirement System. After discussion, on motion of Yolanda King, the Retirement Board voted unanimously of those present to accept the PERS' Actuarial Valuation Report as of June 30, 2018, as prepared by Segal Consulting, the System's independent actuary.
- 4.2 Brad Ramirez of Segal Consulting presented the results of the 2018 Actuarial Valuation Report for the Judicial Retirement System. After discussion, on motion of Scott Gorgon, the Retirement Board voted unanimously of those present to accept the 2018 Actuarial Valuation for the Judicial Retirement System as of June 30, 2018, as prepared by Segal Consulting.
- 4.3 Brad Ramirez of Segal Consulting reviewed the results of the 2018 Actuarial Valuation Report for the Legislators' Retirement System. On motion of Yolanda King, the Retirement Board voted unanimously of those present to accept the 2018 Actuarial Valuation and Review for the Legislators' Retirement System as of June 30, 2018, as prepared by Segal Consulting.
- 4.4 On motion of Scott Gorgon, the Retirement Board voted unanimously of those present to approve the minutes of the Retirement Board Education Session and Retirement Board meeting held October 18, 2018, as submitted.
- 4.5 On motion of Scott Gorgon, the Retirement Board voted unanimously of those present to approve the minutes of the Retirement Board meeting held November 1, 2018, as submitted.
- 4.6 On motion of Scott Gorgon, the Retirement Board voted unanimously of those present to approve the proposed Retirement Board meeting dates for July 2019 through December 2019, as submitted.
- 4.7 There were no recommended changes to the Retirement Board meeting dates.
- 4.8 There were no recommended changes to the Retirement Board Education Curriculum calendar.

5. ADMINISTRATION

- 5.1 Staff reviewed the Police and Firefighters' Retirement Fund Advisory Committee meeting minutes for the meeting held October 24, 2018. On motion of Brian Wallace, the Retirement Board voted unanimously of those present to approve the minutes of the Police and Firefighters' Retirement Fund Advisory Committee meeting held October 24, 2018, as submitted.
- 5.2 Staff reviewed the proposed changes to PERS' Official Policies dated February 1, 2017. Chair Ong opened the public hearing on the proposed changes to PERS' Official Policies and called for any public comment. Public comments were as follows:

Steve Grammas, a Detective with the Las Vegas Metropolitan Police Department and President of the Las Vegas Police Protective Association, spoke regarding the call back provision. He mentioned confusion regarding the policies with the July 1, 2008, to January 1, 2010 window. He stated that their attorney, David Rogers, looked at the policy and the statute and does not believe the Board had the power to change the policy. Mr. Grammas indicated that they are hoping the Board will make the decision to get in line with statute and use the January 1, 2010, date. He said that they have about 260 officers that were hired during that time and may be affected. He stated that they are asking to reset the July 1, 2008, date and make it consistent with January 1, 2010, and carry the legislative move forward with those people from January 1, 2010.

Ron Dreher, at the request of the LVPPA and his past, spoke on behalf of the Police Officers Research Association of Nevada and the Reno Police Protective Association regarding the call back policy. He stated that during this period of time the issue of spiking and issues relating to call back came up at the legislature. He indicated that during 2009 PERS did an exceptional job going to the legislature and working together to have a call back type situation that corrected some of the problems with call back. Mr. Dreher stated that his impression going back to 2008 is that this policy would be superseded by the legislative policy that the legislature created in 2009 with the enactment of the law at 286.025 being changed January 1, 2010. He indicated that PERS has always had a standing provision that said if you are a member today you hold that position throughout the period of time, so he is not following why this would not be the same provision as Steve Grammas pointed out that the change that occurred legislatively January 1, 2010, would affect those people prior to that date. Accordingly, those people hired prior to that would be allowed to get the call back pay if they followed the same provisions because PERS' policy cannot supersede state law. He stated that he supports what LVPPA is talking about, and they would request that the Board look at granting the period between July 1, 2008, and January 1, 2010, and leave it alone and not let anybody in that period be disallowed PERS compensation on real call back providing they were under the real call back provisions. He mentioned that overtime is not PERS compensable; call back overtime is PERS compensable. He thanked the Board.

Lawrence Smith and Darren Swinney appeared on behalf of Reno Fire Fighters Local 731. Mr. Smith thanked the officers that spoke and reiterated the importance of considering the 2008 versus 2010 language. He stated that a very small number, eight people, were hired during that time in his organization. He mentioned the language that call back is reportable for the duration of the initial shift and cannot exceed 24 hours. Mr. Smith stated that they wanted to give the perspective from the firefighters' point of view and how it affects them as 24-hour employees. They have a shift schedule where they work two days on, 48 straight hours, and then have four days off, 96 off; called the 48/96 schedule, a fairly common schedule throughout Nevada. He gave two different scenarios. Someone working in a fire station and they work their normal 48 hours and then have the option to take the four days off or they can elect to work extra during that four-day period. They would not have the break in service. He uses the planets align as his reference on this. A pre-2008 employee, the planets have to align, the break in service, the 12 hours' notice, etc. Assuming that they work in a fire station, they have the option to take relief time—vacation time, a sick day. Mr. Smith understands where the first cannot exceed 24 hours is absolutely appropriate. Another scenario they would like to present is an employee that is on an extended assignment. Thinking about the wildfires that are happening and they have employees that are sent out all summer long. They are gone for 14-28 days at a time. They would like to have the Board consider an employee who is on an extended period of time and does not have the option to take relief time. They cannot take a sick leave day, a vacation, or do a shift trade that day and not be at work. They are married to that assignment for the duration, however long it is. So for an employee who is eligible for call back, pre-2008, if they were to have that four-day period, the 96 hours, if the planets align for them and they were able to get the assignment that began on that four-day period, they would like to ask the Board to consider allowing those four days to be considered call back until their next shift day. Mr. Smith knows that it was mentioned earlier that there have been issues. The maximum he could see would be 96 hours and then they would hit their next shift day coming off their 48-hour schedule shift day. They are still on their assignment, but they have their 48-hour shift day at that point. Coming off now they do not have the break in service the call back would end at that point.

Darren Swinney stated that when a member is working he chooses to work and that period meets the guidelines to receive call back. If he chooses to work another shift, then they agree that they should not get call back continuously. But when they do not have a choice on when they get to go home, they believe that call back should be perpetual until their next shift. They do not get to choose to go home. When they go to work, they are told to go to Fallon, they are there for four days, and they do not get to choose to come home. They feel that call back should be continuous because they do not get to elect to not work. When they elect to work that entire four days and are working at various stations choosing to work, they understand and fully agree that they should not get call back. They are choosing to work or they can choose not to work. Mr. Swinney stated that when the members' hands are tied and they are not allowed to go home and not allowed

to elect to not work, the call back should be perpetual until their next scheduled day.

Mr. Smith responded to a Board member's question and clarified what he was saying. He stated that if he was a call back eligible employee and he was finishing his 48 hours, they clock out at 0800, and if he clocked out at 0800 and then at 0801 continued on a fire assignment, then he does not have a break in service and he would not say that was eligible. But if there was an employee that was not working and for some reason came in off duty, had the break in service, and was call back eligible, if that eligible employee was on that assignment they would ask that that four-day period until they hit their next shift, whatever the shifts are, if they have that four-day period and they are an eligible employee and the planets have aligned for them to be eligible to get that, all four of those days would be considered. They are saying it would potentially be a maximum of 96 hours. They are asking that when a PERS member cannot choose to go home that call back is acceptable until their first scheduled work day—it could be one hour, it could be 96 hours. If they cannot choose to take off, they feel it is acceptable to not have a limit. Mr. Smith stated that it would end once you hit your regular shift no matter how many days they work.

Staff also put on the record that they do not agree with Metro's position about the legal authority of the Board to adopt the policy for a lot of reasons but did not go into those reasons because they feel there may be other avenues to resolve this issue. Staff also stated that they had a deputy AG at the time when the policies were adopted and it was discussed at length at that point.

After discussion, on motion of Yolanda King, the Retirement Board voted unanimously of those present to add clarifying language to Policy Nos. 6.6 and 11.23 and to approve the remainder of the proposed policy changes except for Policy 1.7 and directed staff to file the policy revisions with the Secretary of State's office in accordance with NRS 286.200 to become effective January 1, 2019.

- 5.3 Staff reviewed the proposed changes to the JRS Official Policies dated November 15, 2016. Chair Ong opened the public hearing on the proposed changes to the JRS Official Policies and called for any public comment. There were no public comments. On motion of Scott Gorgon, the Retirement Board voted unanimously of those present to add clarifying language to Policy 6.4 and directed staff to file the policy revisions with the Secretary of State in accordance with NRS 1A.100 to become effective January 1, 2019.

6. LEGISLATION

- 6.1 Staff reported that no new BDRs have been added to the list that may affect the Public Employees' Retirement System since last month's report.

7. RATIFICATION AGENDA

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

- 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 March 2017.
- 7.4 Approve the Independent Contract with ImageSource for annual maintenance and support of the imaging system for calendar year 2019 for an amount not to exceed \$41,377.40.
- 7.5 Approve the Independent Contract with Safeguard Web and Graphics, LLC, for printing and mailing forms for calendar year 2018.
- 7.6 Approve the request by Smith Valley Fire Protection District for membership in PERS effective November 1, 2018.

8. DENIALS

9. REPORTS

10. PUBLIC COMMENT

10.1 Individual statements and/or requests by the members, retired employees and/or the public:

Mark Vincent stated that the new system is working remarkably well and he appreciates being able to watch the meeting from down South.

10.2 PERS' General Counsel provided an update on pending litigation.

10.3 Administrative Report by Staff:

Executive Officer: 1. The Executive Officer mentioned that an Interim Retirement and Benefits Committee meeting has been scheduled for December 12, 2018.

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

11. ADJOURNMENT

The meeting was adjourned by Chair Ong at 12:16 p.m.

The following is the time schedule for the meeting:

The Retirement Board education session held on November 15, 2018, was called to order at 8:36 a.m. by Chair Ong and recessed at 9:29 a.m. The November 15, 2018, Retirement Board meeting was called to order at 10:00 a.m. by Chair Ong. There was one break taken for approximately 13 minutes at 11:20 a.m. Chair Ong adjourned the meeting at 12:16 p.m.