

PUBLIC EMPLOYEES' RETIREMENT BOARD
EDUCATION SESSION AND MEETING MINUTES FOR
Tuesday, March 17, 2009 and Wednesday, March 18, 2009

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

The Education Session of the Public Employees' Retirement Board was called to order by Chairwoman Susan DeFrancesco at 3:10 p.m., March 17, 2009, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: Susan DeFrancesco, Charles Silvestri, Purisimo Hernandez, David Kallas, and Warren Wish. Members absent: Elizabeth Fretwell and George Stevens.

March 17, 2009
Board Education Session

I. ADMINISTRATION

- A. Staff presented a summary of Nevada ethics laws, fiduciary obligations and discussed a couple of case studies.

II. INVESTMENTS

- A. Staff reviewed the three different software programs that are utilized in the investment division.

III. PUBLIC COMMENT

There were no public comments offered.

IV. RECESS

Chairwoman DeFrancesco recessed the meeting at 5:00 p.m.

March 18, 2009
Board Meeting

The Retirement Board Meeting of the Public Employees' Retirement Board was called to order by Chairwoman Susan DeFrancesco at 8:00 a.m., March 18, 2009, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: Susan DeFrancesco, Charles Silvestri, Purisimo Hernandez, David Kallas, George Stevens, and Warren Wish. Members absent: Elizabeth Fretwell.

I. DISABILITIES

- A. On motion of Purisimo Hernandez, the Retirement Board voted unanimously of those present to:
1. Approve permanent and total disability retirement for: Linda Beveridge, Brenda Boye, Georganna Briggs, Karen Davis, Cheryl Driscoll, Valerie Duke, Linda Fenerty, Robert Franklin, Eric Gochenouer, Teresa Hulbert, Dixie Jones, Eric Marion, Roxlyn Miller, Mike Nollette, Evelyn Ramey, Mary Ann Reitler, Marialuz Rodriguez-Flores, Craig Ronzone, Jacqueline Sirorine, Ralph Smith, and Audrey Spann.
 2. Approve reemployment requests by disability recipients: JoAnne Deane, Diane Sumner, and Marsha Williams.
David Kallas was not present for this vote.

II. INVESTMENTS

- A. Warren Koontz of Loomis, Sayles presented a performance update on their U.S. value equity portfolio for the PERS' fund.
- B. Joseph Elegante, David Handke, and James Thyne of AllianceBernstein presented a performance update on their U.S. growth equity portfolio for the PERS' fund.
- C. There were no recommended changes to the Interim Investment Directives for the PERS', Legislators', or Judicial funds.

III. BOARD

- A. On motion of Charles Silvestri, the Retirement Board voted unanimously of those present to approve the minutes of the Retirement Board's education session and Board meeting held February 17 and 18, 2009, as submitted. George Stevens was not present for this vote.
- B. There were no recommended changes to the Retirement Board meeting dates.
- C. There were no recommended changes to the Retirement Board education curriculum calendar.

IV. ADMINISTRATION

- A. Brad Ramirez and Kurt Schneider of The Segal Company presented the Actuarial Valuation Report for the Judicial Retirement System as of January 1, 2009. On motion of Charles Silvestri, the Retirement Board voted unanimously of those present to accept the Actuarial Valuation Report for the Judicial Retirement System as of January 1, 2009.

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- B. Brad Ramirez and Kurt Schneider of The Segal Company presented the Actuarial Valuation Report for the Legislators' Retirement System as of January 1, 2009. On motion of Charles Silvestri, the Retirement Board voted unanimously of those present to accept the Actuarial Valuation Report for the Legislators' Retirement System as of January 1, 2009.
 - C. Staff provided an update on the Java language conversion project.

V. LEGISLATION

- A. Staff provided an update on the Bill Draft Request list for the 2009 Legislative Session.
- B. Staff reviewed Assembly Bill 198 which creates the Deferred Savings Option Program within the Public Employees' Retirement System. After discussion, on motion of David Kallas, the Retirement Board voted 2-yeyes and 4-nays to adopt a neutral position on Assembly Bill 198. The motion failed for lack of majority. Sue Defrancesco, Charles Silvestri, George Stevens and Warren Wish voted no. On motion of Charles Silvestri, the Retirement Board voted 4-yeyes and 2-nays to oppose Assembly Bill 198, as drafted. Purisimo Hernandez and David Kallas voted no. Motion carried.
- C. Staff reviewed Senate Bill 174 which exempts certain retired public employees who are serving as volunteer firefighters from certain consequences of reemployment with a public employer. After discussion, on motion of David Kallas, the Retirement Board voted unanimously of those present to adopt a neutral position on Senate Bill 174.
- D. Staff reviewed Assembly Bill 282 which revises provisions governing the Public Employees' Retirement System. After discussion, on motion of Warren Wish, the Retirement Board voted unanimously of those present to:
 - 1. Oppose Section 1 of Assembly Bill 282, as written.
 - 2. Adopt a neutral position on Section 2 of AB 282, with direction to staff to provide information to the legislature on the pooled nature of the assets and liabilities of the System, and that the monies transferred from the State General Fund are to the benefit of the trust as a whole and therefore, all public employers and public employees; not just the State.
- E. The Retirement Board discussed the following bills that were introduced after publication of the agenda which due to scheduling must be acted upon:
 - 1. Assembly Bill 356 which revises provisions relating to the Public Employees' Retirement System. After discussion, on motion of Warren Wish the Retirement Board voted unanimously of those present to oppose Assembly Bill 356.

2. Assembly Bill 374 which revises provisions relating to the Public Employees' Retirement System. After discussion, on motion of George Stevens the Retirement Board voted unanimously of those present to oppose Assembly Bill 374.
3. Assembly Bill 434 which makes various changes concerning the Public Employees' Retirement System. After discussion, on motion of Charles Silvestri the Retirement Board voted unanimously of those present to oppose Assembly Bill 434.
4. Assembly Bill 440 which revises provisions governing the reemployment of certain retired persons under the Public Employees' Retirement System. After discussion, on motion of George Stevens the Retirement Board voted unanimously to oppose Assembly Bill 440.
5. Assembly Bill 463 which restricts a department, division or other agency of this State or a local government from employing a person as a consultant. After discussion of the bill the Retirement Board did not take any action on this item.
6. Senate Bill 284 which exempts certain retired public officers and employees from disqualification for retirement allowances for reemployment with a public employer under the Public Employees' Retirement System. After discussion, on motion of Purisimo Hernandez, the Retirement Board voted unanimously of those present to oppose Senate Bill 284.

VI. RATIFICATION AGENDA

On motion of George Stevens, the Retirement Board voted unanimously of those present to:

- A. Approve the Administrative Fund disbursements.
- B. Approve the personnel action taken since the last report.
- C. Approve amendments to the Investment Objectives and Policies for the PERS', Legislators', and Judicial funds.
- D. Approve a Phase-In Agreement between Thomas Swafford and the Nevada System of Higher Education/Desert Research Institute, effective March 1, 2009.
- E. Approve the PERS', LRS', and JRS consent for Callan Associates, Inc., to merge with Mercer Investment Consulting, Inc.
- F. Approve Barclays Global Investors Amended Exhibit-A fee schedule and Investment Performance Guidelines for the PERS' fund.
- G. Approve UBS Amended Exhibit-A fee schedule for the PERS' fund.

VII. APPEALS

- A. Staff provided background information on District Judge Smith's request for a retroactive retirement date of January 5, 2009 from his PERS' position so he would be able to earn a new benefit as a member of the Judicial Retirement System (JRS). Judge Smith was employed as a Justice of the Peace for Clark County through January 4, 2009. Judge Smith was elected as a District Court Judge in November 2008 for a constitutional term of office to begin on January 5, 2009. On November 20, 2008, Judge Smith was provided benefit estimate information with an effective retirement date of December 31, 2008, with the notation that his benefit was contingent upon his PERS retirement prior to entering into JRS. Judge Smith indicated verbally to PERS' staff that he was considering retirement from his PERS position prior to starting his new employment as a District Court Judge. A retirement packet was mailed to his home. The completed application was received by PERS on January 8 which was after Judge Smith had taken his oath of office for his new position. Staff's analysis determined that Judge Smith is now ineligible to retire from PERS until he terminates his employment as a District Court Judge. As stated in NRS 286.541(2):

Except as otherwise required by NRS 286.533, retirement becomes effective on whichever of the following is later:

- (a) The day immediately following the applicant's last day of employment;*
- (b) The day the completed application form is filed with the System;*
- (c) The day immediately following the applicant's last day of creditable service; or*
- (d) The effective date of retirement specified on the application form.*

NRS 286.541 prevents PERS' staff from adjusting a member's retirement effective date to a date earlier than the date the application was received by the System. In addition, once the retirement application was received by the System, Judge Smith was reemployed and accruing service credit. Therefore, the Retirement Act prohibits Judge Smith from retiring until such time as he terminates employment and ceases to accrue creditable service.

Judge Smith addressed the Board and stated that on December 15, 2008, he notified the court's Human Resources Director of his decision to retire as a Justice of the Peace and thought that they would notify the County Commission and PERS. He was notified that his last paycheck for the PERS position would be on December 19, 2008. He stated that at no time was he notified there was an essential time element on his retirement documents. Judge Smith states that he faxed his retirement papers to PERS on January 5, 2009. On January 7th he telephoned PERS to make sure the papers were received. Judge Smith was informed that the papers had not been received by PERS and he faxed the papers on January 8th which PERS did receive. Judge Smith contacted PERS and was told that he had filed his papers too late to retire. Judge Smith feels this is unfair and unreasonable because PERS did not receive his papers on January 5th. Judge Smith believes the Board possesses the right, ability and authority to grant his request.

After discussion, on motion of Charles Silvestri, the Retirement Board voted 4-years and 2-nays to deny Judge Smith's request for a retroactive PERS retirement effective January 5, 2009. David Kallas and Warren Wish voted no.

VIII. DENIALS

IX. REPORTS

X. PUBLIC COMMENT

- A. There were no individual statement and/or requests by the members, retired employees and/or the public.
- B. The Deputy Attorney General reported that she had compared the new Retirement Board Policies with the statutes and made some suggestions to staff.
- C. There was no Administrative report by Staff.
- D. Questions and/or comments by members of the Retirement Board.

David Kallas:

- 1. David Kallas asked a question about the Retirement Board's travel policy regarding paying for a request he received to participate in a Trustee conference at Harvard.

XI. ADJOURNMENT

The meeting was adjourned by Chairwoman DeFrancesco at 12:30 p.m.

The following is the time schedule for the meeting:

The March 17, 2009, Retirement Board education session was called to order by Chairwoman DeFrancesco at 3:10 p.m. and recessed at 5:00 p.m. The March 18, 2009, Retirement Board meeting was called to order at 8:00 a.m. by Chairwoman DeFrancesco. Three breaks were taken at 9:20 a.m., 10:25 a.m., and 12:25 p.m. for approximately five minutes each. The meeting was adjourned at 12:30 p.m.