

PUBLIC EMPLOYEES' RETIREMENT BOARD EDUCATION SESSION AND
MEETING MINUTES FOR
Wednesday, March 20, 2013

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

March 20, 2013
Education Session

The Retirement Board Education Session of the Public Employees' Retirement Board was called to order by Chairman Vincent at 9:52 a.m., March 20, 2013, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: Mark Vincent, James Green, David Olsen and Katherine Ong. Members absent: Bart Mangino, Chris Collins and Rusty McAllister. Chris Collins arrived at 11:00 a.m.

I. PUBLIC COMMENT

There was no public comment offered.

II. INVESTMENTS

- A. Ken Lambert of Peavine Capital Management discussed emerging market stocks with the Retirement Board.

III. ADMINISTRATION

- A. Staff reviewed PERS' website and discussed the use of social media with the Retirement Board.

IV. PUBLIC COMMENT

There was no public comment offered.

V. RECESS

Chairman Vincent recessed the meeting at 11:35 a.m.

March 20, 2013
Board Meeting

The Retirement Board meeting of the Public Employees' Retirement Board was called to order by Chairman Vincent at 12:07 p.m., on March 20, 2013, in the PERS' Board Room, 693 West Nye Lane, Carson City. Members present: Mark Vincent, James Green, Chris Collins, David Olsen and Katherine Ong. Members absent: Bart Mangino and Rusty McAllister.

I. PUBLIC COMMENT

David Kallas, a retiree of the System, distributed a potential amendment to Senate Bill 201 which revises provisions relating to retiree reemployment. As the bill was introduced, the bill allows the Governor to rehire retirees of the System and waive all reemployment restrictions. Mr. Kallas presented a proposed amendment to the bill which would allow the System to retain all contributions made by the employer and employee and no additional service would be accrued for the retiree. The amendment also puts a 24-month wait period for any retiree wishing to be appointed to a position by the Governor from their original retirement date before returning to work. Based on these amendments, Mr. Kallas asked the Board to take a neutral position on the bill.

II. DISABILITIES

- A. On motion of Kathy Ong, the Retirement Board voted unanimously of those present to:
1. Approve permanent and total disability retirement for: Sherry Ball, George Baumgartner, Sally Bock, Bret Bockelman, Kelly Brundige, Zelda Ellis, Charlotte Hodges, Steven Hoese, Mary Hoyt, Trinity Hutcherson, Myra Johnson, Kristen Koslosky, Gene Langley, Charlene Lavigne, Ward Mathews, Michael Pintar, Christine Radford, Roxanna Silva, Ilene Sorenson, Andres Valenzuela, Donald Walden, Jr., and Jennifer Wickert.
 2. Approve reemployment requests by disability recipients: Vicky Carter, Carol Jones, Jerry Jones, Margaret Jones, Kimberly Kaznowski, Sean Lagier, Kristin Long, and James Wilson.

III. INVESTMENTS

- A. Eric Goodbar and Brian Jacobs of Mellon Capital presented a performance update on their PERS' portfolios and provided an educational presentation and discussion on emerging market stocks.
- B. There were no recommended changes to the Interim Investment Directives for the PERS', Legislators', or Judicial funds.

IV. BOARD

- A. Staff reviewed the qualifications of Ms. Lauren Boismier who is being recommended for the position of Assistant Investment Officer. Ms. Boismier comes to us from Zephyr Associates where she currently serves as Senior Account Manager. As the Senior Account Manager she is the primary contact between clients, sales, software development, and upper management to communicate client needs and improve the client experience. She is also responsible for understanding the businesses of Zephyr's clients and ensuring they get the most out of Zephyr's products. Zephyr Associates, Inc is a leading developer of portfolio analytics software and reporting tools that Nevada PERS uses in their investment division. This experience and knowledge makes her an ideal candidate for the Assistant Investment Officer position at Nevada PERS. On motion of Kathy Ong, the Retirement Board voted unanimously of those present to confirm the appointment of Lauren Boismier as the Assistant Investment Officer of the

Public Employees' Retirement System of Nevada beginning April 15, 2013, at step 3 in the Assistant Investment Officer's pay schedule.

- B. On motion of Kathy Ong, the Retirement Board voted unanimously of those present to approve the minutes of the Retirement Board education session and Board meeting held February 20, 2013, as submitted.
- C. Staff presented the proposed changes to the October, November and December meeting dates and locations. Staff recommends that the October meeting be held in Las Vegas and the November meeting be held in Carson City. Staff also recommended that the November and December Board meeting dates be moved forward one week to November 13th and December 11th. On motion of James Green, the Retirement Board voted unanimously of those present to:
 - 1. Approve the meeting date changes for the Retirement Board meetings to November 13th and December 11th for 2013, as requested by staff.
 - 2. Approve the location changes to the Retirement Board meetings for October 2013 to Las Vegas, and for November 2013 to Carson City.
- D. Staff requested that the Administration Education topic for April be changed to Diligent Boardbooks training for electronic delivery of board book materials. On motion of James Green, the Retirement Board voted unanimously of those present to change the April Administration education topic to Diligent Boardbooks training. Staff will request that the Disaster Recovery Review be placed in a different month at a later date.

V. ACCOUNTING

- A. Staff reviewed the independent audit firm selection process with the Board. Eleven CPA firms submitted proposals to Nevada PERS. Each proposal was independently evaluated and scored by eight PERS' staff members. Once that was completed, the evaluation committee met and determined the top four firms. After detailed consideration by the committee, CliftonLarsonAllen was ranked number one. The committee recommends that CliftonLarsonAllen be selected based on the firm's strengths as well as their quoted price for the contract period. On motion of Kathy Ong, the Retirement Board voted unanimously of those present to authorize staff to enter into a contract with CliftonLarsonAllen to perform a financial audit of the Public Employees' Retirement System, the Legislators' Retirement System, and the Judicial Retirement System for the fiscal years ending 2013, 2014, 2015, 2016, and 2017, for a total fee not to exceed \$589,550, with the Board reserving the right to review the contract annually and reappoint the firm or request an RFP, whichever is in the best interest of the System.

VI. ADMINISTRATION

- A. Staff reviewed the independent contract with The Segal Company for Internal Revenue Code –Section 415(b) testing for the calendar year 2013. On motion of James Green, the Retirement Board voted unanimously of those present to approve the independent contract with The Segal Company for IRC Section 415(b) testing services for calendar

year 2013 benefit allowances, in an amount not to exceed \$100,000, retroactive to January 1, 2013, as submitted.

VII. LEGISLATION

- A. Staff reviewed Senate Bill 201 which revises provisions governing the employment of retired public employees. Staff mentioned to the Board that retiree restrictions have been in the Retirement Act since its inception as cost containment measures. This bill creates an exception to PERS' reemployment restrictions for a retired employee who is appointed by the Governor to a position with a public employer. The bill also requires the employee and the employer make the contributions to the System otherwise required by law and provides that the employee is entitled to a refund of the employee's contributions made during that period. The System's actuary has determined there is a cost to the System and Staff has placed a fiscal note on the bill. As Senate Bill 201 creates a benefit enhancement for retirees and contains a cost to the System as the bill is currently written, staff is recommending the Board adopt a position in opposition to Senate Bill 201. On motion of Mark Vincent, the Retirement Board voted 4-yeas and 1-no to adopt a position in opposition to Senate Bill 201. Chris Collins voted no.
- B. Staff reviewed Assembly Bill 237 which adjusts the compensation of certain members of certain boards, commissions and similar bodies. This bill increases the salary of certain boards, including PERS' Retirement Board, from \$80 to \$150 per day. After discussion, on motion of James Green, the Retirement Board voted unanimously of those present to adopt a neutral position on Assembly Bill 237.
- C. Staff provided an update on the Bill Draft Request list.
- D. Staff reviewed Assembly Bill 342 which was introduced on Monday, March 11, 2013 after the deadline for posting the Retirement Board meeting agenda. This bill establishes a hybrid retirement program for new employees hired by certain public employers on or after July 1, 2014. The hybrid plan includes a defined benefit plan and a defined contribution plan. Staff has contacted the independent actuary for costing, as this new plan would close the current defined benefit plan. There is also an additional cost to local governments that would require they pay an additional 6% toward the actuarially accrued unfunded liability. After discussion, on motion of James Green, the Retirement Board voted unanimously of those present to adopt a position in opposition to Assembly Bill 342.

Staff reviewed Assembly Bill 364 which was introduced on Monday, March 11, 2013 after the deadline for posting the Retirement Board meeting agenda. This bill authorizes a select group of public officers and employees of the State who are active members of the military to purchase additional service credit under certain circumstances. The bill allows for any public officer or employee of the Department of Corrections or the Department of Public Safety who is an active member of the United States Army Reserve, the United States Navy Reserve, the United States Marine Corps Reserve, the United States Coast Guard Reserve, the United States Air Force Reserve or the Nevada National Guard to purchase up to an additional 11 days of service credit. As this is a benefit enhancement to a select few members of the Retirement System,

staff is recommending the Board adopt a position in opposition to Assembly Bill 364, as the System is not 85% funded. On motion of James Green, the Retirement Board voted unanimously of those present to adopt a position in opposition to Assembly Bill 364.

VI. RATIFICATION AGENDA

On motion of James Green, the Retirement Board voted unanimously of those present to approve the Ratification Agenda, as submitted.

- A. Approve the Administrative Fund disbursements.
- B. Approve the personnel action since the last report.

VII. DENIALS

VIII. REPORTS

IX. PUBLIC COMMENT

- A. There were no individual statements and/or requests by the members, retired employees and/or the public.
- B. The Deputy Attorney General reported that Oral Arguments has been scheduled for May 7th at 10:30 a.m. before the Supreme Court in the RGJ vs. PERS case.
- C. There was no Administrative report by Staff.
- D. There were no Retirement Board questions and/or comments by members of the Retirement Board.

X. ADJOURNMENT

The meeting was adjourned by Chairman Vincent at 2:41 p.m.

The following is the time schedule for the meeting:

The Retirement Board education session held on March 20, 2013, was called to order at 9:52 a.m. by Chairman Vincent and recessed at 11:35 a.m. The March 20, 2013, Retirement Board meeting was called to order at 12:07 p.m. by Chairman Vincent. There were no breaks taken during the meeting. The meeting was adjourned by Chairman Vincent at 2:41 p.m.