

PUBLIC EMPLOYEES' RETIREMENT BOARD EDUCATION SESSION AND
MEETING MINUTES FOR

Thursday, March 15, 2018

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

March 15, 2018
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 15, 2018, in the PERS' Board Room, 693 W. Nye Lane, Carson City. Members present: Mark Vincent, Katherine Ong, Lee-Ann Easton, Yolanda King, Timothy Ross, and Brian Wallace. Members absent: Scott Gorgon.

1. PUBLIC COMMENT

There were no public comments offered.

2. EDUCATION TOPIC

2.1 Staff provided a review and discussion of PERS' History.

3. PUBLIC COMMENT

Mike Ramirez mentioned that he constantly reads in the paper that PERS is going to cause the state to go bankrupt and that PERS is doing a bad job. He said that from staff to the Board members everyone is doing a phenomenal job and to keep up the good work.

4. RECESS

Chairman Vincent recessed the meeting at 11:56 a.m.

March 15, 2018
Board Meeting

The Retirement Board meeting of the Public Employees' Retirement Board was called to order by Chairman Vincent at 12:33 p.m., on March 15, 2018, in the PERS' Board Room, 693 W. Nye Lane, Carson City. Members present: Mark Vincent, Katherine Ong, Lee-Ann Easton, Scott Gorgon, Yolanda King, Timothy Ross, and Brian Wallace. Members absent: None.

1. PUBLIC COMMENT

Dan Schwartz, Nevada State Treasurer, stated that in his capacity he oversees a private equity fund, the Silver State Investment Fund. He encouraged the Board to consider two objectives and a policy objective for the 2019 State Legislature. First, to increase the private equity allocation, and second, to consider allocating a portion of these additional funds to in-state investments. He also requested that the Board ask the Legislature to consider splitting the teachers' retirement plan from the police and fire retirement plan as is done in many other states. Finally, he mentioned that it is National Sunshine Week which underscores the need for transparency and full disclosure in government. He thanked the Board for the opportunity to address them.

Ron Knecht, State Controller, mentioned that on October 19, 2017, he recommended that the Board adopt a weighted rate of return nominal of 5 percent and reduce the headcount growth projections down to 2.5 percent. Finally, he stated that he joins the Treasurer in recommending that the Board revisit their asset allocations per the terms of the Wilshire report. He mentioned that he also celebrates Sunshine Week. He thanked the Board for the opportunity to appear.

2. DISABILITIES

- 2.1 For the record, Yolanda King stated that Robert Cianelli, Darryl Segawa, and Troy Stewart work or worked for the same employer as herself but she did not feel that would impair her vote. Scott Gorgon stated that he knows Timothy Andrus but that it would not affect his vote.

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

1. Approve permanent and total disability retirement for: Timothy Andrus, Matthew Bowers, Robert Cianelli, Courtney Errington, Michael Gantt, Samantha Goodman, Michael Gove, Jeffrey Grasso, Julie Hittle, Joan Lacher, Karen Laiosa-Erickson, Jermond Manor, Alicia Noll, Stephanie Rado, Maurice Reichelt, Cheryl Runnels, Darryl Segawa, and Troy Stewart.
2. Approve reemployment requests by disability recipients: Laina Brown, Cody Eason, John Gregg, Ryan Irvine, Patricia Ramos, Pamela Stahl, and Rosemary Williams.
3. Deny reemployment requests for disability recipients: Gail Evans-Wade and Joseph Giannone.

3. INVESTMENTS

- 3.1 Staff and Julia Bonafede of Jobs Peak Advisors presented a due diligence update on BlackRock.
- 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 to approve the minutes of the Retirement Board Education Session and Retirement Board meeting held February 15, 2018, as submitted.
- 4.2 There were no recommended changes to the Retirement Board meeting dates.
- 4.3 Staff requested that the Education topics for the April 19, 2018, and the June 21, 2018, meetings be switched. On motion of Kathy Ong, the Retirement Board voted unanimously to switch the April and June topics on the Retirement Board Education Curriculum Calendar.

5. ACCOUNTING

- 5.1 Staff reviewed the independent audit firm selection process with the Board. Two CPA firms submitted proposals to PERS. Staff representing Accounting, Audit, and Executive Staff reviewed the proposals. The firms were evaluated on their submitted proposals, firm qualifications and experience, proposed examination, references, and cost. After review, Staff recommends selection of MGO to perform the annual financial audit for the four-year period from FY 2018 through FY 2021 with the Board reserving the right to review the contract annually. On motion of Kathy Ong, the Retirement Board voted unanimously to authorize staff to enter into a contract with MGO 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 2018, 2019, 2020, and 2021 for a total fee not to exceed \$706,460, 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.

6. ADMINISTRATION

- 6.1 Bob Solheim of Provaliant Retirement, LLC, provided an overview of IT project management services and potential CARSON pension system upgrade/replacement.

- 6.2 Staff provided background information on the request from Douglas County for a penalty waiver for late submittal of wage and contribution reports for the period March 2017 through September 2017. Douglas County was assessed penalties for the late submittal of their monthly wage and contribution reports in accordance with NRS 286.460(3) and (4).

Geoff Bonar, Accounting Manager for Douglas County, appeared on behalf of Vicki Moore, Chief Financial Officer, and read a prepared statement from Ms. Moore as follows: Douglas County implemented a new payroll processing software system in January 2017. As part of the software implementation and testing process Douglas County submitted a sample monthly payroll report to Nevada PERS to verify the report generated by the software was formatted properly. The report format was approved by Nevada PERS in January of 2017. In February of 2017 Douglas County learned that the payroll report generated by the software failed to incorporate certain payroll data needed to produce fully accurate payroll reports and remittance amounts. While working with the vendor to enhance the software, Douglas County has submitted estimated reports and remittances by the 15th of each month as generated by the software and then meticulously audited the reports to verify their accuracy and make any necessary report and remittance corrections. Nevada PERS has assessed penalties against Douglas County based on the amended reports and remittances submitted as a result of the audits. Douglas County is a long-standing, responsible participant in Nevada PERS. Douglas County strives to accurately submit all Nevada PERS reports and remittances by the 15th of each month. Prior to recent implementation of a new payroll software system, Douglas County consistently submitted timely and accurate payroll reports and remittances. During the software implementation process, Douglas County has made reasonable efforts to submit payroll remittances and reports and correct any later discovered inaccuracies. All payroll report and remittance corrections have been inadvertent and attributable to payroll software implementation issues, not malfeasance by Douglas County. For these reasons Douglas County respectfully requests a waiver of all penalties associated with the March through September payments.

After discussion, on motion of Kathy Ong, the Retirement Board voted unanimously to deny the penalty waiver request for Douglas County.

7. RATIFICATION AGENDA

On motion of Kathy Ong, the Retirement Board voted unanimously 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 contract renewal with Segal Consulting to provide Internal Revenue Code 415 testing.

8. DENIALS

9. REPORTS

10. PUBLIC COMMENT

10.1 There were no individual statements and/or requests by the members, retired employees and/or the public.

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

10.3 There was no Administrative Report by Staff.

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

11. ADJOURNMENT

The meeting was adjourned by Chairman Vincent at 1:41 p.m.

The following is the time schedule for the meeting:

The Retirement Board education session held on March 15, 2018, was called to order at 10:02 a.m. by Chairman Vincent and recessed at 11:56 a.m. The March 15, 2018, Retirement Board meeting was called to order at 12:33 p.m. by Chairman Vincent and adjourned at 1:41 p.m.