

PUBLIC EMPLOYEES' RETIREMENT BOARD EDUCATION SESSION AND
MEETING MINUTES FOR

Thursday, October 20, 2016

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

October 20, 2016
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., October 20, 2016, in the PERS' Board Room, 5820 S. Eastern Avenue, Suite 220, Las Vegas. Members present: Mark Vincent, Katherine Ong, Vikki Courtney, Scott Gorgon, Audrey Noriega, Timothy Ross, and Kay Scherer. Members absent: None.

1. PUBLIC COMMENT

There were no public comments offered.

2. EDUCATION TOPIC

2.1 Staff and Ken Lambert of Peavine Capital discussed interest rates and bond portfolio risk with the Retirement Board.

3. PUBLIC COMMENT

Robert Fellner of the Nevada Policy Research Institute addressed the Retirement Board and talked about transparency and possibly videotaping the Board meetings and making them accessible online. He passed out a handout regarding an approach to pension funding. Mr. Fellner stated that PERS has an obligation to pay members 100 percent of the time and indicated that liabilities are growing. He asked the Retirement Board to consider using the approach the rest of the world takes.

4. RECESS

Chairman Vincent recessed the meeting at 11:22 a.m.

October 20, 2016
Board Meeting

The Retirement Board meeting of the Public Employees' Retirement Board was called to order by Chairman Vincent at 12:13 p.m., on October 20, 2016, in the PERS' Board Room, 5820 S. Eastern Avenue, Suite 220, Las Vegas. Members present: Mark Vincent, Katherine Ong, Vikki Courtney, Scott Gorgon, Audrey Noriega, Timothy Ross, and Kay Scherer. Members absent: None.

1. PUBLIC COMMENT

There were no public comments offered.

2. DISABILITIES

- 2.1 For the record, Audrey Noriega stated that Milt Alksne, Lourdes Carter-Keyes, Ronald Harper, Heather Johnson, Kaydriana Rhodes, Leslie Rice, Sharilyn Ruggles, and Tina Waymire work or worked for the same employer as herself but she did not feel that would impair her vote. For the record, Vikki Courtney stated that Milt Alksne, Lourdes Carter-Keyes, Ronald Harper, Heather Johnson, Kaydriana Rhodes, Leslie Rice, Sharilyn Ruggles, and Tina Waymire work or worked for the same employer as herself but she did not feel that would impair her vote.

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

1. Approve permanent and total disability retirement for: Milt Alksne, David Barker, Lourdes Carter-Keyes, Ted Fox, Audrey Hair, Ronald Harper, Kathy Haviland, Crystal Johnson, Heather Johnson, Jon LaGere, James Monroe, Stacy Myers, Nathan Parker, Nora Pena, Oscar Pericon, Kaydriana Rhodes, Leslie Rice, Sharilyn Ruggles, Annie Smith, Charles Thorn, Maryjane Tomassetti, and Steven Wojtaszczyk.
2. Approve reemployment requests by disability recipients: Joseph Arnold, Chrissie Coon-Sanders, Peter Delalis, Kerri Farley, Christopher Hall, Teresa Leonard, Jason Sammons, Thomas Schuhmacher, Rolanda Smith, and Tina Waymire.
3. Deny reemployment requests by disability recipient: Joseph Arnold.

3. INVESTMENTS

- 3.1 Staff reviewed the proposed investment consulting agreement with Jobs Peak Advisors. On motion of Kathy Ong, the Retirement Board voted unanimously to

retain Jobs Peak Advisors to serve as Strategic Investment Consultant for the System, as submitted.

3.2 Staff presented amendments to the Legislators' Fund and Judicial Fund Investment Objectives and Policies. On motion of Kathy Ong, the Retirement Board voted unanimously to:

- 1) Approve the Legislators' Fund Investment Objectives and Policies, as submitted.
- 2) Approve the Judicial Fund Investment Objectives and Policies, as amended.

3.3 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 September 15, 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 annual Human Resources Report for Fiscal Year 2016. After discussion, on motion of Kathy Ong, the Retirement Board voted unanimously to accept the Annual Human Resources Report for Fiscal Year 2016, as submitted.

5.2 Staff reviewed the Consumer Price Index report pursuant to NRS 286.5756(3). There was no action taken on this item; it was prepared as information only.

5.3 Staff indicated that a hearing was held last month in Carson City and reviewed the proposed changes to PERS' Official Policies dated July 1, 2015. Staff stated that the other issue PERS has is with the definition of substitute teachers and when one is a substitute teacher and when one is not a substitute teacher for purposes of enrollment. It was indicated that there was a lot of public comment at the Carson City meeting and that some of the superintendents were there to testify again. Staff stated that their plan, if the Board was in agreement, would be to continue working with the superintendents and have a tentative resolution to present to the Board. That would give the superintendents time to take it to their group and tweak the language at or after their November meeting, and possibly bring it back to the Board for another public hearing in December and hopefully get it

approved at that point. 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:

Dale Norton, Superintendent of the Nye County School District, on behalf of the members of NASS, NASB, and NASA, expressed concerns with the proposed language regarding substitute teachers. He stated 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 indicated that the proposed language impacts the long-term financial stability of substitute teachers as federal benefits would be diminished. He further stated 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. Mr. Norton provided written comments to the Board.

Tom Ciesynski, CFO for the Washoe County School District, and Dawn Huckaby, Chief Human Resources Officer, indicated that they were in agreement with the information Superintendent Norton presented. However, they wanted to supplement his presentation by stating that the impacts of trying to make the changes that are proposed would have a significant impact on all 17 districts both from a system and staffing perspective in terms of adding additional resources to deal with substitute teachers that are classified in one category or another; moving them in and out of FICA and in and out of PERS. It would be a logistical challenge to do that. There would be confusion for the substitute teachers vacillating from one side to the other. It was indicated that there is a teacher shortage and they rely on substitute teachers to fill some of those spots. This change will significantly impact that and will have an impact on student achievement. They stated they rely on retirees to fill substitute teacher positions and the proposed changes will have an impact and will cause disruption in the classroom. Having the leave replacement subs not be PERS eligible but vacancy subs PERS eligible; both subs, regardless of that position, could be in there for any period of time. It was indicated their primary mission is to have a licensed teacher in the classroom. They look forward to working with staff to bring this matter to resolution.

Craig Stevens, Clark County School District, stated that their human resources system and how they account for their employees can be quite antiquated. They have just gone through a reorganization where that has been highlighted significantly. The change would take a lot of person power, a lot of individual going line-by-line. They look forward to working toward a solution. They support the previous speakers on the issues that are happening across the state and what will occur in their own school districts.

Dr. Sandra Sheldon, Superintendent of the Churchill County School District, thanked the Board for having the hearing. She indicated 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. She would like to see an exemption for military spouses working in Nevada schools if they are in the system less than five years.

The Chair indicated the Board would wait for the November meeting to see what staff and the school districts bring back.

5.4 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. On motion of Kathy Ong, the Retirement Board voted unanimously to approve the proposed revisions to the Legislators' Retirement System's Official Policies dated July 1, 2015, as submitted, to become effective November 15, 2016, and directed staff to file the policy revisions with the Secretary of State in accordance with NRS 218C.150 and NRS 218C.180.

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. On motion of Kathy Ong, the Retirement Board voted unanimously to approve the proposed revisions to the Judicial Retirement System's Official Policies dated July 1, 2015, as submitted, to become effective November 15, 2016, and directed staff to file the policy revisions with the Secretary of State in accordance with NRS 1A.100.

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 Kathy Ong, the Retirement Board voted unanimously 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 June 2014.

7.4 Approval of Phase-In Agreement between the University of Nevada Reno and Lilian Blanchard effective January 1, 2017.

- 7.5 Approval of the request by Sports, Leadership, and Management Academy of Nevada Charter School for membership in PERS retroactively effective July 1, 2016.

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 There was no report from PERS' General Counsel.

10.3 Administrative Report by Staff:

Chief Financial Officer:

1. The Chief Financial Officer advised the Retirement Board that she spoke to Wells Fargo and discussed everything in the news. They gave her an overview of what has been going on and where they stand. She reviewed the fact that we have very strict controls in place and no new accounts could be opened on our behalf. It was confirmed there was no impact on the System. Wells Fargo has offered to attend a meeting to answer any questions the Retirement Board may have.

10.4 Comments or questions from the Retirement Board members:

Mark Vincent:

1. Chairman Vincent stated that they have been discussing the need for a communications person to respond to the press and questions received from members. He stated we need the ability to get the message out and that younger members communicate differently. He mentioned the Wall Street Journal article gave PERS national recognition for the things

we do. He thinks we need a couple of things: perhaps looking at a firm for communications and having bullet points to answer questions that the Retirement Board may receive.

Tim Ross:

1. Member Ross indicated that he will be at the session and any help they can get is absolutely crucial in order to get the message out. He also thanked the Executive Officer and the Operations Officer for talking to his group.

Vikki Courtney:

1. Member Courtney indicated that they represent all the teachers in Southern Nevada and they have an in-house communications person and they work with an outside firm. She hopes PERS will do that soon.

11. ADJOURNMENT

The meeting was adjourned by Chairman Vincent at 1:43 p.m.

The following is the time schedule for the meeting:

The Retirement Board education session held on October 20, 2016, was called to order at 10:02 a.m. by Chairman Vincent and recessed at 11:22 a.m. The October 20, 2016, Retirement Board meeting was called to order at 12:13 p.m. by Chairman Vincent and adjourned at 1:43 p.m.