



LAS VEGAS VALLEY WATER DISTRICT RETIREMENT PLAN SUBCOMMITTEE

SUBCOMMITTEE MEMBERS

James Gibson
Justin Jones
Marilyn Kirkpatrick

GENERAL MANAGER

John J. Entsminger

Special Meeting
November 19, 2020
9:30 AM

Date Posted: November 12, 2020

**GRAND CANYON CONFERENCE ROOM
SOUTHERN NEVADA WATER AUTHORITY
100 CITY PARKWAY, SEVENTH FLOOR
LAS VEGAS, NEVADA**

The Las Vegas Valley Water District makes reasonable efforts to assist and accommodate persons with physical disabilities who desire to attend the meeting. For assistance, call Kathy Flanagan at (702)258-3173 at least 24 hours prior to the meeting.

THIS MEETING HAS BEEN PROPERLY NOTICED AND POSTED IN THE FOLLOWING LOCATIONS:

LAS VEGAS VALLEY WATER DISTRICT
1001 S. Valley View Boulevard
Las Vegas, Nevada

GRANT SAWYER STATE OFFICE BUILDING
555 E. Washington Avenue
Las Vegas, Nevada

CLARK COUNTY GOVERNMENT CENTER
500 S. Grand Central Parkway
Las Vegas, Nevada

REGIONAL JUSTICE CENTER
200 Lewis Avenue
Las Vegas, Nevada

All items listed on this agenda are for action by the Retirement Plan Subcommittee, unless otherwise indicated. Items may be taken out of order. The Subcommittee may combine two or more agenda items for consideration, and/or may remove an item from the agenda or delay discussions relating to an item on the agenda at any time.

COMMENTS BY THE GENERAL PUBLIC

NO ACTION MAY BE TAKEN: At this time, the Retirement Plan Subcommittee will hear general comments from the public on items listed on this agenda. If you wish to speak to the Subcommittee about items within its jurisdiction, but not appearing on this agenda, you must wait until the "Comments by the General Public" period listed at the end of this agenda. Please limit your comments to three minutes or less.

ITEM NO.

1. *For Possible Action:* Approve agenda with the inclusion of any emergency items and/or deletion of items, and approve the minutes of the Retirement Plan Subcommittee meeting of April 22, 2019.
2. *For Possible Action:* Receive a presentation on the District's Retirement Plan and direct staff as appropriate.
3. *For Possible Action:* Accept and approve the Las Vegas Valley Water District Amended and Restated Retirement Plan Investment Policy and recommend its adoption by the District Board of Directors.

COMMENTS BY THE GENERAL PUBLIC

NO ACTION MAY BE TAKEN: At this time, the Retirement Plan Subcommittee will hear general comments from the public on matters under the jurisdiction of the subcommittee. Please limit your comments to three minutes or less.

**LAS VEGAS VALLEY WATER DISTRICT
RETIREMENT PLAN SUBCOMMITTEE
SPECIAL MEETING
APRIL 22, 2019
MINUTES**

CALL TO ORDER 1:36 p.m., Mead Conference Rooms Las Vegas Valley Water District,
1001 S. Valley View Boulevard, Las Vegas, Nevada

DIRECTORS PRESENT Jim Gibson
Justin Jones
Marilyn Kirkpatrick

STAFF PRESENT John Entsminger, Dave Johnson, Julie Wilcox, Greg Walch, Kevin Bethel

Unless otherwise indicated, all members present voted in the affirmative.

COMMENTS BY THE GENERAL PUBLIC

There were no persons wishing to speak.

ITEM NO.

1. ***For Possible Action:* Approve agenda with inclusion of any emergency items and/or deletion of items, and approve the minutes of the Retirement Plan Subcommittee meeting of April 23, 2018.**

FINAL ACTION: A motion was made by Director Gibson to approve the agenda for this meeting and the minutes of the meeting of April 23, 2018. The motion was approved.

2. ***For Possible Action:* Receive a presentation on the District's Retirement Plan and direct staff as appropriate.**

Kevin Bethel, Chief Financial Officer, gave an overview of the retirement plan, including assets, investment returns, contributions and the role of the Retirement Plan Subcommittee. The presentation is attached to these minutes.

Mr. Bethel stated that because the District withholds Social Security, it is unable to join Nevada PERS. The pension trust, therefore, is used exclusively for the benefit of the participants. He also discussed a rebalancing of plan assets as the current holdings reflect an overweight allocation to equities and underweight position in real assets. Nuveen Asset Management was selected as the investment manager to execute the rebalancing. He concluded the presentation by recognizing some updates to the actuarial assumptions and noted their potential impacts.

COMMENTS BY THE GENERAL PUBLIC

There were no persons wishing to speak.

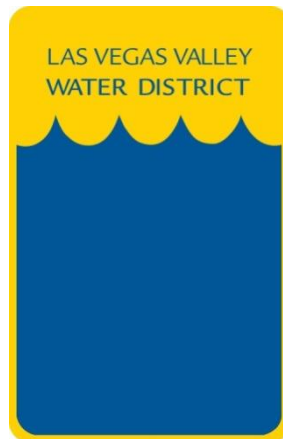
Adjournment

There being no further business to come before the subcommittee, the meeting adjourned at 1:47 p.m.

Copies of all original agenda items and minutes, including all attachments, are on file in the General Manager's office at the
Las Vegas Valley Water District, 1001 South Valley View Boulevard, Las Vegas, Nevada.

LAS VEGAS VALLEY WATER DISTRICT

AMENDED AND RESTATEMENT RETIREMENT PLAN INVESTMENT POLICY



**FINANCE DEPARTMENT
1001 S. VALLEY VIEW BLVD
LAS VEGAS, NEVADA 89153**

Last Updated December 1, 2020

<http://www.lvwd.com>

POLICY INTRODUCTION AND SCOPE

It is the policy of the Las Vegas Valley Water District Retirement Plan (hereinafter "Plan") to invest Plan funds in a prudent manner designed to produce the highest long-term investment return consistent with a risk level which minimizes potential pressure on the Plan to alter its long-term strategy, while also meeting the cash flow demands of the Plan and conforming to all state statutes governing such investments.

This Investment Policy applies to all financial assets of the Plan. These funds are accounted for in the Las Vegas Valley Water District's Comprehensive Annual Financial Report and are invested in a portfolio designated as the LVVWD Retirement Plan Trust.

STANDARD OF PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable total return to be derived.

The standard of prudence to be used shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the Investment Policy and exercising due diligence in the asset allocation decision, manager selection process and oversight of Plan assets shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

INVESTMENT OBJECTIVES

The primary objectives of the Plan's investment activities shall be, in order of importance:

- **Safety and Diversification:** Consistent with the policy of taking appropriate amounts of risk, the Trust's portfolio shall be diversified both by individual issues and asset classes to minimize the risk of permanent loss of principal.
- **Return on Investment:** The Trust shall be designed with the objective of attaining a net of fees nominal annual long-term rate of return that exceeds the applicable actuarial discount rate.
- **Liquidity:** The Trust's investments will remain sufficiently liquid to enable the Plan to meet its cash flow requirements, which might be reasonably anticipated.

DELEGATION OF AUTHORITY AND INVESTMENT RESPONSIBILITY

Authority to manage the Plan's investments is derived from Section 9 of the Las Vegas Valley Water District Act, with additional reference to the Nevada Revised Statutes ("NRS") Section 287.017, Nevada Administrative Code Sections 287.760 to 287.792, and NRS Section 355.165 through Section 355.178.

Management responsibility for the investment program is hereby delegated to the General Manager of the Las Vegas Valley Water District, who shall employ procedures for the operation of the investment program consistent with the Investment Policy. Such procedures may include delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the General Manager of the Las Vegas Valley Water District. The General Manager of the Las Vegas Valley Water District shall be responsible for all transactions undertaken and for regulating the activities of subordinate officials.

The General Manager will be assisted by the Investment Consultant, who is available to provide asset allocation and liability studies, investment manager research and at least annually, performance analysis of Trust portfolio and investment managers, upon approval from the Las Vegas Valley Water District Board of Directors ("Board"), General Manager or Chief Financial Officer.

ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the General Manager any material financial interest in financial institutions that conduct business within this jurisdiction. Investment officials shall also disclose any material personal financial or investment positions that could be related to the performance of the Trust's portfolio. Investment officials shall subordinate their personal investment transactions to those of the Trust, particularly with regard to the timing of purchases and sales.

INVESTMENT MANAGER SELECTION

The Trust will only use investment managers registered under the 1940 Investment Advisors Act, insurance companies, or banks to invest Plan assets. Firms selected to manage retirement funds will be retained after an investment manager search has been completed. The search process includes development of appropriate candidate criteria such as performance targets, assets under management, compatible investment style, organization stability and professional experience. The General Manager may either complete the evaluation internally or retain the Investment Consultant to conduct such an analysis on behalf of the Trust.

The Board also reserves the right to consider firms that already manage funds for other Nevada public pension systems provided that the organizations are Registered Investment Advisors, banks, or insurance companies in good standing and with a large client base of other institutional accounts. The rationale for using organizations already conducting business with other Nevada based public pension plans is that the firms have already passed a high level of due diligence analysis and may be able to provide extremely cost-effective management services since the assets may be considered as a part of the larger Plan's existing assets for fee purposes only. Funds will not be commingled. Also, all investment

managers considered for investment of Plan assets must make a presentation of qualifications to the General Manager and/or designated personnel.

AUTHORIZED INVESTMENTS AND DIVERSIFICATION

From the governing body perspective, special care must be taken to ensure that the Trust investments include only those allowed by law and those that the investment managers are trained and competent to handle. The Trust is empowered by statute to invest according to the prudent man rule.

The Trust will diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific types of investments, specific instruments, individual financial institutions or market segments.

In accordance with the most recently completed asset allocation and liability analysis, along with the advice of the Investment Consultant, the following long-term portfolio structure has been adopted:

Diversification by Investment Type	Percent of Portfolio	Acceptable Tolerance Level (+/-)
Equities	60%	10%
US	45%	10%
International	15%	5%
Fixed Income	30%	5%
Core	25%	5%
High Yield	5%	5%
Real Assets	10%	3%
Total Portfolio	100%	

COLLATERALIZATION OF DEPOSITS

All District money deposited with a bank, savings and loan, savings bank or credit union including checking accounts, savings accounts, NOW accounts, non-negotiable certificates of deposit, time deposits or similar type accounts provided by the financial institution in excess of the amount of federal insurance will be fully collateralized in accordance with the guidelines set forth in NRS Chapter 356.

AUTHORIZATION

This Investment Policy has been adopted by the undersigned, as of December 1, 2020:

Marilyn Kirkpatrick, President

John Entsminger, General Manager

Kevin Bethel, Chief Financial Officer



LAS VEGAS VALLEY WATER DISTRICT **RETIREMENT PLAN SUBCOMMITTEE**



RETIREMENT PLAN: ABOUT THE PLAN

- **LVVWD Board oversees the Plan and approves benefits or changes to benefits.**
- **Management responsibility of investment program delegated to General Manager with actuary and investment advisor.**
- **LVVWD employees contribute to Social Security.**
 - **LVVWD unable to join Nevada PERS - federal restrictions would not allow District employees to withdraw from Social Security.**
- **Pension contributions cannot be used for any purpose other than the exclusive benefit of the participants.**

THE RETIREMENT PLAN SUBCOMMITTEE

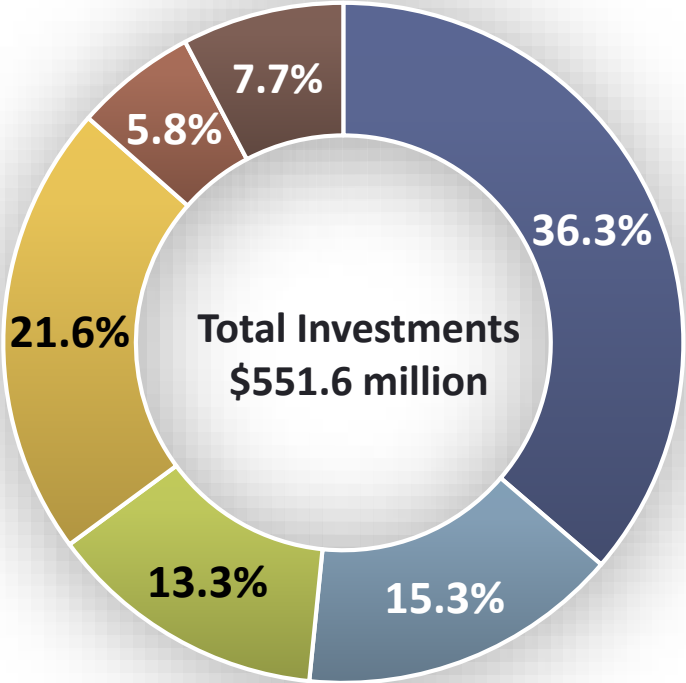
- **The Retirement Plan requires the maintenance of a Retirement Plan Subcommittee.**
- **Comprised of three board members who recommend changes to the LVVWD Board, including the Retirement Plan Investment Policy.**

THE LVVWD RETIREMENT PLAN

Effective Date	October 1, 1959	
Eligibility	Required Age: 20 Required Service: 6 months	
Plan Type	Defined benefit. Plan provides a monthly income at retirement.	
Benefit Formula	2.17% of Average Monthly Benefit Compensation for each year of service up to 30 years (2.0% for service prior to 1/1/2001). Maximum benefit is 60% of Average Monthly Compensation.	
Average Monthly Compensation	Average of base compensation, including longevity pay and lump sum merit increases over the 36-month period that produces the highest average.	
Retirement Eligibility	<u>Service</u> 10 yrs 5 yrs 30 yrs	<u>Age</u> 60 65 any
Early Retirement	Available at age 55 with 5 years of service. Benefit is reduced 4% for each year early.	
Vesting:	100% after 5 years of service	

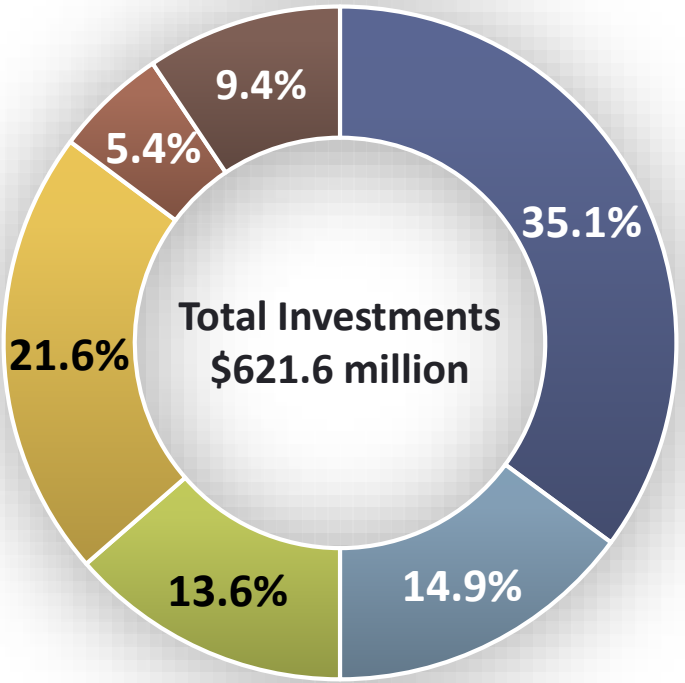
PLAN ASSET HOLDINGS

June 30, 2020



- U.S. Large Cap Equity
- U.S. Small/Mid Cap Equity
- International Equity
- Fixed Income
- High Yield Fixed Income
- Real Estate Investment Trusts

September 30, 2020



*As of 10/1/2020 the Real Estate Investment Trust allocation was moved into the Nuveen Real Asset Fund

INVESTMENT RETURNS

Calendar Year	Net of Fee Returns
9 MTD 2020	2.72%
2019	23.50%
2018	(4.89%)
2017	17.37%
2016	9.13%
2015	(0.13%)
<i>5-year Average (2015-2019)</i>	<i>8.48%</i>
<i>Actuarial Assumption</i>	<i>6.75%</i>

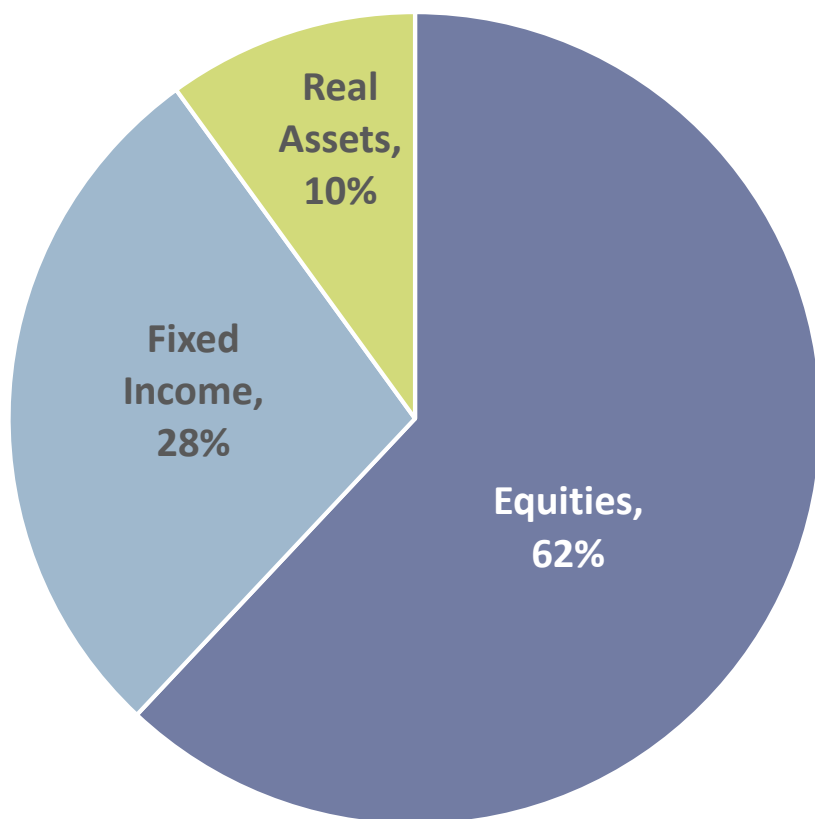
RETIREMENT PLAN CONTRIBUTIONS

FISCAL YEAR	CONTRIBUTION	FUNDED %
2021	\$48,400,000*	TBD
2020	\$45,000,000	75.9%
2019	\$40,450,000	76.1%
2018	\$37,000,000	75.4%
2017	\$31,069,130	75.3%
2016	\$29,414,230	71.2%

*Estimated amount

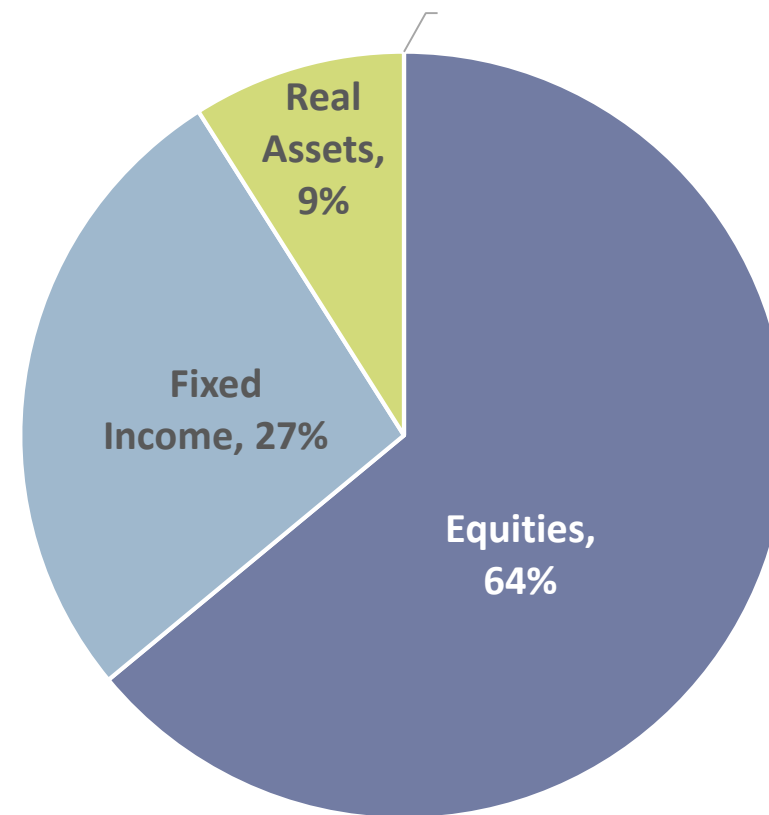
PLAN ASSET ALLOCATIONS

TARGET*



ACTUAL

September 30, 2020



*As approved by Retirement Plan Subcommittee, April 2018

No Proposed Changes in Actuarial Assumptions

The Retirement Plan's actuarial assumptions are reviewed and as necessary, updated periodically to reflect current conditions and future expectations.

- **There are currently no proposed changes to the actuarial assumptions for fiscal year 2021.**

LAS VEGAS VALLEY WATER DISTRICT
RETIREMENT PLAN SUBCOMMITTEE

3. Accept and approve the Las Vegas Valley Water District Amended and Restated Retirement Plan Investment Policy

Investment Policy Overview

The Retirement Plan Investment Policy (Policy) requires the prudent investment of Plan funds to:

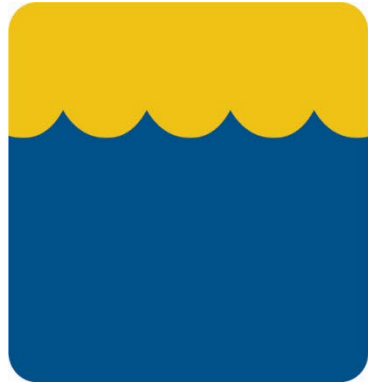
- produce the highest, long-term investment returns consistent with a risk level that minimizes potential pressure on the Plan.**
- meet the cash flow demands of the Plan.**
- conform to all state statutes governing such investments.**

The Policy was last updated April 2013. Although the Plan has experienced some material returns in the market, market conditions, as well as general practice, indicate that the target allocation was over-weighted to equities. A change in the allocation was approved in April 2018, but the Policy was never updated to reflect the approved changes until the recent implementation of the revised Real Assets allocation.

The amended and restated Policy updates the strategic asset allocation to more closely match the allocation approved in April 2018.

Changes to Investment Policy

Diversification by Investment Type	Current Policy	Revised	
	Target Allocation	Target Allocation	Acceptable Tolerance Level (+/-)
Equities	69%	60%	10%
<i>US</i>	<i>59%</i>	<i>45%</i>	<i>10%</i>
<i>International</i>	<i>15%</i>	<i>15%</i>	<i>5%</i>
Fixed Income	28%	30%	5%
<i>Core</i>	<i>22%</i>	<i>25%</i>	<i>5%</i>
<i>High Yield</i>	<i>6%</i>	<i>5%</i>	<i>5%</i>
Real Assets	3%	10%	3%
TOTAL PORTFOLIO	100%	100%	



**LAS VEGAS VALLEY
WATER DISTRICT™**