

LAS VEGAS VALLEY WATER DISTRICT RETIREMENT PLAN SUBCOMMITTEE

SUBCOMMITTEE MEMBERS

James Gibson
Justin Jones
Marilyn Kirkpatrick

GENERAL MANAGER

John J. Entsminger

Special Meeting

April 25, 2022

1:30 PM

Date Posted: April 18, 2022

**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

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

SOUTHERN NEVADA WATER AUTHORITY
100 City Parkway, Suite 700
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 15, 2021.
2. *For Possible Action:* Receive a presentation on the District's Retirement Plan and direct staff as appropriate.

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 15, 2021
MINUTES**

CALL TO ORDER 9:59 a.m., Grand Canyon Conference Room
Southern Nevada Water Authority
100 City Parkway, Seventh Floor, Las Vegas, Nevada

DIRECTORS PRESENT	Jim Gibson
	Justin Jones
	Marilyn Kirkpatrick

STAFF PRESENT John Entsminger, Kevin Bethel, Mary Madden

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 November 19, 2020.

FINAL ACTION: A motion was made by Director Gibson to approve the agenda for this meeting and the minutes of the meeting of November 19, 2020. 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's investments, allocations, returns and contributions. No changes were proposed to the plan's actuarial assumptions for fiscal year 2021. The presentation is attached to these minutes.

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 10:04 a.m.

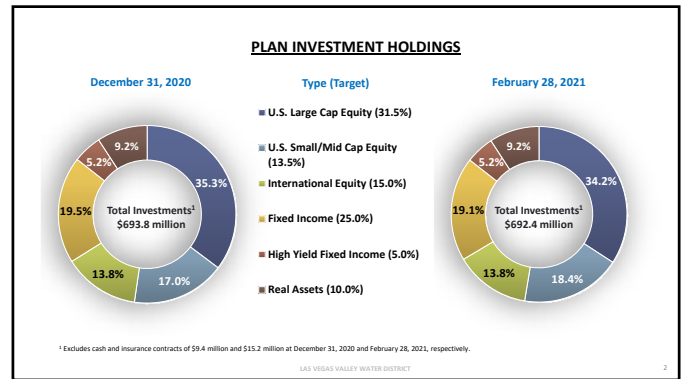
Copies of all original agenda items and minutes, including all attachments, are on file in the General Manager's office at the Las Vegas Valley Water District, 1001 South Valley View Boulevard, Las Vegas, Nevada.



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

April 15, 2021

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Investment Allocation by Manager
As of December 31, 2020

	Total Market Value	% of portfolio	Large Cap	Small/Mid Cap Equity	International Equity	Core Fixed Income	High Yield	Real Assets
Domestic Equity								
Alliance Bernstein S&P 500	\$ 244,755,062	35.3%	\$ 244,755,062					
Melion Market Completion	\$ 117,885,186	17.0%		\$ 117,885,186				
International Equity								
WFS International Diversification	\$ 95,944,019	13.8%			\$ 95,944,019			
Domestic Fixed Income								
Loomis, Sayles & Company	\$ 135,364,600	19.5%				\$ 135,364,600		
Wellington High Yield	\$ 35,803,994	5.2%					\$ 35,803,994	
Real Assets								
Nuveen Real Asset Income	\$ 64,023,588	9.2%						\$ 64,023,588
Total	\$ 693,776,448	100%	\$ 244,755,062	\$ 117,885,186	\$ 95,944,019	\$ 135,364,600	\$ 35,803,994	\$ 64,023,588
Difference from Target (%)			3.8%	3.5%	-1.2%	-5.5%	0.2%	-0.8%

Funds have been rebalanced to align with the Investment Policy target allocation.

LAS VEGAS VALLEY WATER DISTRICT

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INVESTMENT RETURNS

Calendar Year	Net of Fee Returns
YTD Feb '21	1.41%
2020	14.66%
2019	23.50%
2018	(4.89%)
2017	17.37%
2016	9.13%
5-year Average (2016-2020)	11.52%
Actuarial Assumption	6.75%

LAS VEGAS VALLEY WATER DISTRICT

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RETIREMENT PLAN CONTRIBUTIONS

Fiscal Year	Contribution ¹	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%

¹Estimated annual amount for fiscal year 2021. Actual fiscal year-to-date contribution is \$45,116,598.

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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

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**LAS VEGAS VALLEY
WATER DISTRICT™**

LVVWD Retirement Plan Subcommittee

April 25, 2022



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About The Plan

- The Las Vegas Valley Water District (LVVWD) Board oversees the Plan and approves benefits or changes to benefits.
- Management responsibility of the investment program is delegated to the General Manager, with engagement of an actuarial services provider and an investment advisor.
- LVVWD employees contribute to Social Security and therefore are unable to join the Nevada Public Employee Retirement System.
- Pension contributions cannot be used for any purpose other than the exclusive benefit of the participants.



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Retirement Plan Subcommittee

- The Retirement Plan Subcommittee (Subcommittee) was established by the LVVWD Board in 1986.
- The Subcommittee is comprised of three Board members who are responsible for making recommendations about proposed plan changes to the LVVWD Board, including changes to the Retirement Plan Investment Policy.
- The Subcommittee meets annually to receive updates and/or recommendations from the plan administrator, actuarial firm, staff or employees of the District.

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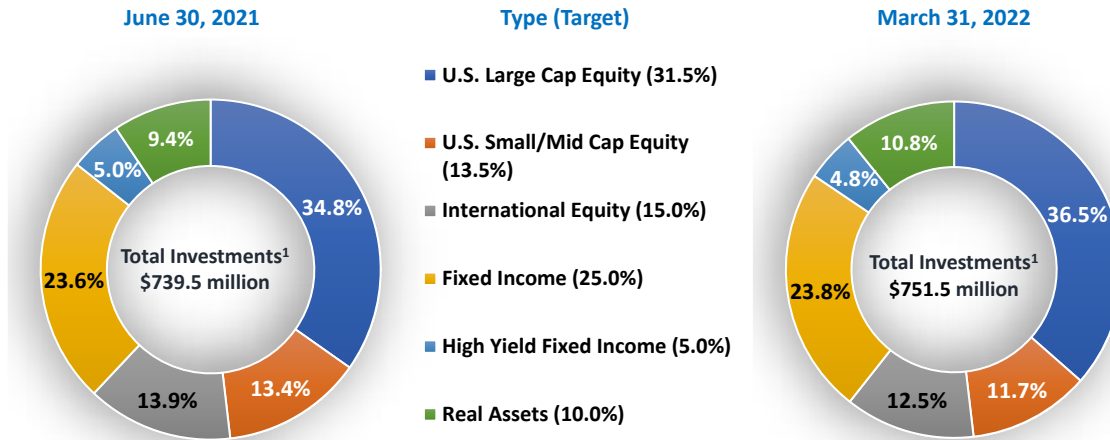
THE LVVWD RETIREMENT PLAN		
Effective Date	October 1, 1999	
Eligibility	Required Age: 20 Required Service: 6 months	
Plan Type	Defined benefit. Plan provides a monthly income at retirement.	
Benefit Formula	2.17% of Average Monthly Benefit Compensation for each year of service up to 30 years (2.0% for 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	<div>Service</div> <div>10 years</div> <div>5 years</div> <div>30 years</div>	<div>Age</div> <div>60</div> <div>65</div> <div>any</div>
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.	

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PLAN INVESTMENT HOLDINGS



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Investment Allocation by Manager As of June 30, 2021

	Total Market Value	% of portfolio	Large Cap	Small/Mid Cap Equity	International Equity	Core Fixed Income	High Yield	Real Assets
Domestic Equity								
Alliance Bernstein S&P 500	\$257,308,129	34.8%	\$257,308,129					
Mellon Market Completion	99,356,988	13.4%		\$99,356,988				
International Equity								
MFS International Diversification	102,605,126	13.9%			\$102,605,126			
Domestic Fixed Income								
Loomis, Sayles & Company	174,189,732	23.6%				\$174,189,732		
Wellington High Yield	36,873,325	5.0%					\$36,873,325	
Real Assets								
Nuveen Real Asset Income	69,176,088	9.4%						\$69,176,088
Total	\$739,509,388	100%	\$257,308,129	\$99,356,988	\$102,605,126	\$174,189,732	\$36,873,325	\$69,176,088
Difference from Target (%) ¹			3.3%	-0.1%	-1.1%	-1.4%	0.0%	-0.6%

¹ Investment allocations are reviewed monthly and rebalanced to align with the Investment Policy target allocations as needed.

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Investment Returns

Calendar Year	Net of Fee Returns
YTD at March 31, 2022	(5.64%)
2021	13.74%
2020	14.66%
2019	23.50%
2018	(4.89%)
2017	17.37%
5-Year Average (2017-2021)	11.52%
Actuarial Assumption	6.75%

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Retirement Plan Contributions

Fiscal Year	Contributions ¹	Funded % ²
2022	\$45,000,000	TBD
2021	\$45,000,000	90.1%
2020	\$45,000,000	75.9%
2019	\$40,450,000	76.1%
2018	\$37,000,000	75.4%
2017	\$31,069,130	75.3%

¹Estimated annual amount for fiscal year 2022. Actual fiscal year to date contribution is \$45,000,000.

²Includes assets and liabilities for retirees where benefits were purchased with annuity contracts from a life insurance company.

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Proposed Changes in Actuarial Assumptions

Actuarial Assumption	Estimated as of July 1, 2021	
	Funded Status	Actuarially Determined Contribution (ADC)
Current Assumptions¹	90.4%	\$ 36,299,667
Update mortality assumption to match NV PERS	-2.8%	3,753,248
Update withdrawal assumption to match NV PERS	-0.2%	(235,178)
Update salary increase assumption to match NV PERS	0.1%	439,692
Total with All Assumption Changes	87.5%	\$ 40,257,429

¹Note that the LVVWD has already contributed \$45 million for the fiscal year ending June 30, 2022

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Proposed Changes in Actuarial Assumptions (cont'd)

MORTALITY RATES

Nevada PERS updated their base mortality assumption from a RP-2014 table to a Pub-2010 table. Both tables were developed by the Society of Actuaries. The RP-2014 table was published in 2014 and was based upon mortality experience collected from U.S. private pension plans from 2004 to 2008. The Pub-2010 table was published in 2019 and was based upon mortality experience collected from U.S. public pension plans from 2008 to 2013, with a weighted average date of July 1, 2010.

In addition, Nevada PERS updated the projected mortality improvement from Projection Scale MP- 2016 projected to 2020, to Projection Scale MP-2020 projected generationally. Generational projection means that mortality improvement is projected to continue indefinitely and is considered best practice. We recommend updating both the base mortality table and the projection scale to those used by Nevada PERS, since they are based upon more recent mortality experience.

The impact of the proposed change is a 2.8% decrease in the funded percentage as of July 1, 2021 (from 90.4% to 87.6%), and an increase in the Actuarial Determined Contribution of \$3,753,248.

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Proposed Changes in Actuarial Assumptions (cont'd)

WITHDRAWAL RATES

Withdrawal rates are the rates of termination of employment prior to eligibility for unreduced retirement. We recommend updating the withdrawal assumption to the rates used by Nevada PERS.

The impact of the proposed change is a 0.2% decrease in the funded percentage as of July 1, 2021, and a decrease in the Actuarial Determined Contribution of \$235,178.

INDIVIDUAL SALARY INCREASES

The individual salary increase assumption ("salary scale") is the rate at which participants' earnings are assumed to increase each year. A higher assumption increases the expected value of future benefit payments, since benefits are based upon a participant's highest 3-year average compensation. A lower assumption reduces the value of expected future benefit payments.

The current individual salary increase assumption ranges from 9.15% for participants with less than 1 year of service, to 4.25% for participants with 20 or more years of service. This assumption includes an inflation component of 2.75%. We recommend updating the salary increase assumption to the same assumption used by Nevada PERS, which includes an inflation component of 2.50%.

The impact of the proposed change is a 0.1% increase in the funded percentage as of July 1, 2021, and an increase in the Actuarial Determined Contribution of \$439,692.

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Other Actuarial Assumptions – No Changes

We propose no changes to the other actuarial assumptions listed below. The Nevada PERS assumptions are shown for comparison purposes only.

	LVVWD Assumption		Nevada PERS	
Investment Return	6.75%		7.25% as of 7/1/21 (reduced from 7.50%)	
Total Payroll Growth	3.00%		3.50% (reduced from 5.50%)	
Inflation Rate	2.75%		2.50% (reduced from 2.75%)	
Administrative Expenses	0.25% of payroll		0.20% of payroll (increased from 0.15% of payroll)	
Retirement Rates	If eligible for unreduced retirement:		If have 30 or more years of service (33.3 years if effective date of membership is on or after July 1, 2015)	
	Age	Rates	Age	Rates
	45-59	20%/year	45-59	20%/year
	60-61	20%	60-61	21%
	62-64	20%	62-64	20%
	65-69	25%	65-69	25%
	70-74	100%	70-74	30%
	75+	100%	75+	100%

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Questions?