

PUBLIC EMPLOYEES' RETIREMENT BOARD EDUCATION SESSION AND
MEETING MINUTES FOR

Thursday, November 17, 2022

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

November 17, 2022
Education Session

The Retirement Board Education Session of the Public Employees' Retirement Board meeting was called to order by Chair Ross at 9:07 a.m., November 17, 2022, in the PERS' Board Room, 693 W. Nye Lane, Carson City. Members present: Timothy Ross, Dawn Huckaby, Todd Ingalsbee (9:18 am -12:05 p.m.), Norma Santoyo, Mark Stevens, and Brian Wallace. Members absent: none

1. PUBLIC COMMENT

There were no public comments offered.

2. EDUCATION TOPIC

2.1 Brad Ramirez of Segal provided a presentation on the actuarial valuation process to the Retirement Board.

3. PUBLIC COMMENT

There were no public comments offered.

4. RECESS

Chair Ross recessed the meeting at 10:04 a.m.

November 17, 2022
Board Meeting

The Retirement Board meeting of the Public Employees' Retirement Board was called to order by Chair Ross at 10:26 a.m., on November 17, 2022, in the PERS' Board Room, 693 W. Nye Lane, Carson City. Members present: Timothy Ross, Dawn Huckaby, Todd Ingalsbee (9:18a.m.-12:05 p.m.), Norma Santoyo, Mark Stevens, and Brian Wallace. Members absent: none.

1. PUBLIC COMMENT

Good morning. Kent Ervin, Nevada Faculty Alliance.

The 2022 Actuarial Valuation report makes clear the challenges that PERS has in paying down the unfunded liabilities that have accumulated over the past two score years, really since 1984.

While the recent change in assumptions to reduce future negative amortization is a fiscally responsible move, it is leading to a required increase in contribution rates of about 8% for Regular employees. Of that roughly 3% is an increase in normal costs from the current biennium, and the other 5% is from the amortization changes. Phasing that in over two biennia reduces the increase to about 4% for July 2023, still a large increase. Extending the pay-off period to 20 years helps a more modest amount, in part because it is only being applied to the post-2004 layers while the 40% or \$4.4B in the 2004 layer is being paid off in just 12 years.

PERS policy states that "Any new UAAL as a result of ... a change in actuarial assumptions or methods will be amortized over 20 years". Since the increase in payments on the 2004 layer is largely due to the reduction in the payroll growth assumption, it would seem reasonable from a policy point of view to include the 2004 layer in the new 20-year layer.

It is also a curious policy choice to treat the 2004 layer differently for the Police/Fire fund vs the Regular fund, which is a differential treatment of employee groups, which could lead to disparate costs later. The board could take action today to do the same 20-year re-amortization for the Regular fund as is being proposed for the Police/Fire fund. That would reduce the contribution rate increases in future years.

The proposed increase in contribution rates by about 4% for the Regular plan for the next biennium will be a serious challenge for the state budget. It will further erode the take-home pay of state employees who are already underpaid, who are suffering from high inflation, and who are leaving state jobs for more competitive compensation and benefits elsewhere. It will also be a political challenge, to say the least. State employees, including those in collective bargaining units, will likely be asking the state to cover the increases or to cap the employee portion of retirement contributions. Having current employees pay the cost of unfunded liabilities dating back to 1984 that have grown through negative amortization is simply unfair, especially for the post-2011 hires with reduced benefits.

This all puts advocates like us in the difficult position of defending PERS for the good things it does while trying to make it work for state employees. Thank you for the opportunity to speak.

Terri Laird, RPEN, told the Retirement Board she had 1,000 to 1,500 active members with a concern of the ever increasing rates. She mentioned their support for PERS and thanked the members of the board for their continued efforts.

2. DISABILITIES

- 2.1 For the record, Dawn Huckaby stated that Applicant No. 21 works or worked for the same employer as herself, but she did not feel that would impair her vote.

On motion of Brian Wallace, the Retirement Board voted unanimously to:

1. Approve permanent and total disability retirements for Applicant Nos. 1-9, as recommended by staff for the month of November 2022
2. Approval of permanent and total disability at the one-year review for: Applicant No. 10, as recommended by staff for the month of November 2022
3. Approve reemployment requests by disability recipients, Applicant Nos. 11-22, as recommended by staff for the month of November 2022

3. INVESTMENTS

- 3.1 Staff and Julia Bonafede of Jobs Peak Advisors presented the 1st quarter fiscal year 2023 performance update for the PERS', Legislators', and Judicial funds. There was no action taken on this item.
- 3.2 There were no recommended changes to the Interim Investment Directives for the PERS', Legislators', and Judicial funds.

4. BOARD

- 4.1 Brad Ramirez of Segal reviewed the results of the 2022 Actuarial Valuation Report for the Public Employees' Retirement System. After discussion, on motion of Norma Santoyo, the Retirement Board voted unanimously to accept the PERS' Actuarial Valuation and Review as of June 30, 2022, as prepared by Segal, the System's independent actuary.
- 4.2 Brad Ramirez of Segal presented the results of the 2022 Actuarial Valuation Report for the Judicial Retirement System. After discussion, on motion of Norma Santoyo, the Retirement Board voted unanimously of those present (Todd Ingalsbee was not present) to accept the Actuarial Valuation and review for the Judicial Retirement System as of June 30, 2022, as prepared by Segal.
- 4.3 Brad Ramirez of Segal reviewed the results of the 2022 Actuarial Valuation Report for the Legislators' Retirement System. On motion of Norma Santoyo, the

Retirement Board voted unanimously of those present (Todd Ingalsbee was not present) to accept the Actuarial Valuation and review for the Legislators' Retirement System as of June 30, 2022, as prepared by Segal.

- 4.4 On motion of Dawn Huckaby, the Retirement Board voted unanimously of those present (Todd Ingalsbee was not present) to adopt the Board's Actuarial Funding Policy, as submitted.
- 4.5 On motion of Mark Stevens, the Retirement Board voted unanimously of those present (Todd Ingalsbee was not present) to approve the minutes of the Retirement Board Education Session and Retirement Board meeting held October 20, 2022, as submitted.
- 4.6 On motion of Norma Santoyo, the Retirement Board voted unanimously of those present (Todd Ingalsbee was not present) to approve the proposed Retirement Board meeting dates for July 2023 through December 2023, as submitted.
- 4.7 There were no recommended changes to the Retirement Board meeting dates.
- 4.8 There were no recommended changes to the Retirement Board Education Curriculum calendar.

5. ADMINISTRATION

- 5.1 On motion of Brian Wallace, the Retirement Board voted unanimously of those present (Todd Ingalsbee was not present) to approve the minutes of the Police and Firefighters' Retirement Fund Advisory Committee meeting held October 27, 2022, as submitted.
- 5.2 Staff provided an update on the pension administration system project. There was no action on this item.

6. LEGISLATION

- 6.1 Staff provided an update on the Bill Draft List for the 2023 Legislative Session. There was no action taken on this item.
- 6.2 There was no action take on this item.

7. RATIFICATION AGENDA

On motion of Mark Stevens, the Retirement Board voted unanimously of those present (Todd Ingalsbee was not present) 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.

8. DENIALS

9. REPORTS

10. PUBLIC COMMENT

10.1 Kent Ervin, Nevada Faculty Alliance.

Thank you very much for working so hard with your actuaries, staff and the Board members for litigating the affects of the big assumption changes from the last Experience Study. It will make a big difference of the stretching of the payout period. They are still going to be strong and we will have to work through that as far as impact on employees State wise and the System. Also, just want to give kudos to PERS overall for its openness and transparency of providing information. We have hardworking public employees doing this on regular salaries not actively managing for their own gain. This plan is really great.

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.

10. ADJOURNMENT

The meeting was adjourned by Chair Ross at 12:36 p.m.

The following is the time schedule for the meeting:

The Retirement Board education session held on November 17, 2022, was called to order at 9:07 a.m. by Chair Ross and recessed at 10:04 a.m. The November 17, 2022, Retirement Board meeting was called to order at 10:26 a.m. by Chair Ross and adjourned at 12:36 p.m.