

PUBLIC EMPLOYEES' RETIREMENT BOARD EDUCATION SESSION AND
MEETING MINUTES FOR

Thursday, December 9, 2021

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

December 9, 2021
Education Session

The Retirement Board Education Session of the Public Employees' Retirement Board meeting was called to order by Chair Ross at 9:22 a.m., December 9, 2021, at 693 W. Nye Lane, Carson City. Members present: Timothy Ross, Yolanda King (by teleconference), Dawn Huckaby (by teleconference), and Brian Wallace. Members absent: Mark Stevens, Norma Santoyo, and Todd Ingalsbee.

1. PUBLIC COMMENT

Priscilla Maloney, AFSCME Retiree Chapter, wished everyone Happy Holidays and stated her respect for the Retirement Board. She stated that she is taking a local government job and will no longer be representing the AFSCME Retiree Chapter.

2. EDUCATION TOPIC

2.1 Craig Harner and Chai Saechao of MGO reviewed the audit process with the Retirement Board.

3. PUBLIC COMMENT

There were no public comments offered.

4. RECESS

Chair Ross recessed the meeting at 10:06 a.m.

December 9, 2021
Board Meeting

The Retirement Board meeting of the Public Employees' Retirement Board was called to order by Chair Ross at 10:24 a.m., on December 9, 2021, at 693 W. Nye Lane, Carson City. Members present: Timothy Ross, Yolanda King (by teleconference), Dawn Huckaby (by teleconference), and Brian Wallace. Members absent: Mark Stevens, Norma Santoyo, and Todd Ingalsbee.

1. PUBLIC COMMENT

Kent Ervin, K-E-N-T E-R-V-I-N, state president, Nevada Faculty Alliance.

Good morning Chair Ross, Executive Officer Leiss, and board members.

Last month's Actuarial Valuation indicated that contribution rates will have to go up again despite an extraordinary investment performance year. That's partly because of pandemic-related payroll loss, but mostly because of the changes of assumptions. We support the more conservative assumptions for the long-term stability and sustainability of the retirement program. However, in the short term it does not make sense to raise contribution rates when unfunded liabilities decreased dramatically relative to market value. Why is that happening?

Fundamentally, there is a mismatch in timing in how changes in the Unfunded Actuarial Accrued Liability (UAAL) are absorbed into contribution rates. The effect of assumption changes on UAAL annual payments are absorbed rapidly, over four years with the phase-in. But the large decrease in UAAL due to investment performance is only being recognized over 25 years—5 annual tranches due to asset smoothing and each of those tranches amortized over 20 years.

Before that time, the unfunded liability is projected to be paid off already.

This year, PERS has a once-in-a-generation opportunity to fix this and at the same time place the program on a stronger fiscal footing. For example, if PERS resets the actuarial value to the market value and then amortizes the total UAAL over 15-years on a level-dollar basis, contributions probably do not need to rise beyond current rates. Then future annual accruals could be amortized using the 15-year level dollar method, which eliminates negative amortization and better matches the average service time of current employees before retirement. Of course, although I'm pretty good with a spreadsheet, I'm not an actuary. We simply ask you to have staff and your actuaries to study and present options to the Board for changes to the amortization model to cap contribution rate increases.

As I have been saying for months, further increases in contribution rates like those of the past 10 years are not sustainable. Something must be done to smooth them out.

Thank you for listening, thank you for your hard work, and have a great holiday season.

2. DISABILITIES

- 2.1 For the record, Yolanda King stated that Applicant Nos. 1,3, and 12 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 of those present to:
1. Approve permanent and total disability retirements for Applicant Nos. 1-20, as recommended by staff for the month of December 2021
 2. Approve reemployment requests by disability recipients, Applicant Nos. 21-30, as recommended by staff for the month of December 2021

3. INVESTMENTS

- 3.1 Staff and Julia Bonafede of Jobs Peak Advisors presented the Investment Cost Report for Fiscal Year 2021. On motion of Brian Wallace, the Retirement Board voted unanimously of those present, to accept the 2021 Investment Cost Report, as submitted.
- 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 Brian Wallace, the Retirement Board voted unanimously of those present, to approve a 1% cost of living adjustment for Executive Staff salaries effective July 1, 2022, subject to approval by the Interim Retirement and Benefits Committee.
- 4.2 On motion of Brian Wallace, the Retirement Board voted unanimously of those present, to approve the minutes of the Retirement Board Education Session and Retirement Board meeting held November 18, 2021, as submitted.
- 4.3 There were no recommended changes to the Retirement Board meeting dates.
- 4.4 On motion of Brian Wallace, the Retirement Board voted unanimously of those present, to approve the proposed Retirement Board Education Curriculum Calendar for calendar year 2022, as submitted.

5. ACCOUNTING

- 5.1 Craig Harner and Chai Saechao of MGO presented the results of the audit opinion issued on December 9, 2021. On motion of Brian Wallace, the Retirement Board voted unanimously of those present, to accept the Fiscal Year 2021 audited financial statements for the Public Employees' Retirement System, the Legislators' Retirement System, and the Judicial Retirement System.

6. ADMINISTRATION

- 6.1 Staff provided an update on the pension administration system project. There was no action on this item.

7. RATIFICATION AGENDA

On motion of Brian Wallace, the Retirement Board voted unanimously of those 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.
- 7.3 Approval of the Final Benefit Audit Report for July 2020.
- 7.4 Approval of the Deceased Recipient Review Report for the third quarter of 2021.

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 Administrative Report by Staff:

Executive Officer: 1. The Executive Officer mentioned that IRBC is scheduled for early February 2022.

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

11. ADJOURNMENT

The meeting was adjourned by Chair Ross at 11:21 a.m.

The following is the time schedule for the meeting:

The Retirement Board education session held on December 9, 2021, was called to order at 9:22 a.m. by Chair Ross and recessed at 10:06 a.m. The December 9, 2021, Retirement Board meeting was called to order at 10:24 a.m. by Chair Ross and adjourned at 11:21 a.m.