

PUBLIC EMPLOYEES' RETIREMENT BOARD EDUCATION SESSION AND
MEETING MINUTES FOR

Thursday, August 18, 2022

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

August 18, 2022
Education Session

The Retirement Board Education Session of the Public Employees' Retirement Board meeting was called to order by Chair Ross at 9:00 a.m., August 18, 2022, in the PERS' Board Room, 693 W. Nye Lane, Carson City. Members present: Timothy Ross, Yolanda King, Dawn Huckaby, Brian Wallace, and Mark Stevens. Members absent: Norma Santoyo and Todd Ingalsbee.

1. PUBLIC COMMENT

There were no public comments offered.

2. EDUCATION TOPIC

2.1 Bala Rajamani, Tammy Paquette, and Mary Dunn of Tegrity, provided an update and a demonstration of the PERIS project to the Retirement Board. Staff and Brad Ramirez of Segal, presented an overview of the Actuarial Funding Policy.

3. PUBLIC COMMENT

There were no public comments offered.

4. RECESS

Chair Ross recessed the meeting at 10:37 a.m.

August 18, 2022
Board Meeting

The Retirement Board meeting of the Public Employees' Retirement Board was called to order by Chair Ross at 11:00 a.m., on August 18, 2022, in the PERS' Board Room, 693 W. Nye Lane, Carson City. Members present: Timothy Ross, Yolanda King, Dawn Huckaby, Brian Wallace and Mark Stevens. Members absent: Norma Santoyo and Todd Ingalsbee.

1. PUBLIC COMMENT

Good morning! Kent Ervin, K-E-N-T E-R-V-I-N, state president of the Nevada Faculty Alliance, the independent association of faculty at the public colleges and universities of Nevada. Good morning, Chair Ross, Vice Chair King, Executive Officer Leiss, and members. Thank you for your service and oversight of the PERS system.

First, congratulations to you and CIO Edmundson on PERS's positive investment performance over the past two years in comparison with your market benchmarks and assumptions. But as I've stated before, continuing to increase contributions percentages at the rate over the past decade is not sustainable. State employee payrolls have stagnated while retirement contributions have increased, from 10.5% in 2009 to 15.5% now for the employee/employer rates. A continued rise in contribution rates is unsustainable, especially with high inflation reducing the purchasing power of state employees.

The education presentations at the May meeting and today showed some of the reasons PERS is where it is. In particular, Nevada PERS has used negative amortization which is not a best practice. How bad has the negative amortization been? Well, PERS's \$4.6B total unfunded liability in 2004 actually rose to \$6.6B for just that 2004 layer as of 2021. Now the entire balance from 2004 has to be paid off in a dozen years, by 2034. That's a big challenge. There are still actions within the Board's authority to smooth out contribution rate increases. It is great that Executive Officer Leiss reported that PERS staff and your actuaries are working on various options. PERS needs to aggressively pursue methods to moderate contribution rates in the short term while remaining fiscal conservative in the long term.

Thank you.

2. DISABILITIES

- 2.1 For the record, Yolanda King stated that Applicant Nos. 18, 25, 29, and 34 work or worked for the same employer as herself, but she did not feel that would impair her vote. For the record, Dawn Huckaby stated that Applicant Nos. 6, 7, 28, and 31 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 August 2022.
2. Approve reemployment requests by disability recipients, Applicant Nos. 21-36, as recommended by staff for the month of August 2022.

3. INVESTMENTS

- 3.1 Staff and Julia Bonafede of Jobs Peak Advisors presented the fiscal year 2022 performance review 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 Staff presented the Internal Audit Plan for Fiscal Year 2023. After discussion, on motion of Brian Wallace, the Retirement Board voted unanimously of those present to approve the Fiscal Year 2023 Internal Audit Plan, as submitted.

- 4.2 Staff provided the PERS' executive management review and plan to the Board. Staff presented highlights from the previous fiscal year in seven different categories:

1. Governance and Board Relations;
2. Executive Management;
3. Funding and Actuarial Valuations;
4. Operations;
5. Investment Program;
6. Internal Audit; and
7. Legislative Management.

Staff also mentioned areas that the executive staff will be focusing on for review in the upcoming fiscal year. On motion of Brian Wallace, the Retirement Board voted unanimously of those present to accept the Executive Management Review and Plan, as submitted.

- 4.3 On motion of Mark Stevens, the Retirement Board voted unanimously of those present to approve the minutes of the Retirement Board Education Session and Retirement Board meeting held July 21, 2022, as amended.
- 4.4 There were no recommended changes to the Retirement Board meeting dates.
- 4.5 There were no recommended changes to the Retirement Board Education Curriculum calendar.

5. ACCOUNTING

- 5.1 Staff presented the proposed administrative fees for the Public Employees' Retirement System for fiscal year 2023. After discussion, on motion of Brian Wallace, the Retirement Board voted unanimously of those present to approve a per capita fee of \$6.11 per month for each Regular member and benefit recipient and \$6.33 per month for each Police/Fire member and benefit recipient, retroactive to July 1, 2022.
- 5.2 Staff reviewed the proposed administrative fees for the Legislators' Retirement System for fiscal year 2023. After discussion, on motion of Brian Wallace, the Retirement Board voted unanimously of those present to approve a per capita administrative fee of \$52.21 per month for fiscal year 2023 for the Legislators' Retirement System.

- 5.3 Staff presented the proposed administrative fees for the Judicial Retirement System for fiscal year 2023. After discussion, on motion of Brian Wallace, the Retirement Board voted unanimously of those present to approve a per capita administrative fee of \$45.24 per month for fiscal year 2023 for the Judicial Retirement System.
- 5.4 Staff reviewed the Budget Variance Report for fiscal year 2022. On motion of Brian Wallace, the Retirement Board voted unanimously of those present to accept the Budget Variance Report for fiscal year 2022, as submitted.

6. ADMINISTRATION

- 6.1 Staff reviewed PERS' annual Strategic Plan revision process with the Board and mentioned that the Retirement Board can make suggestions for revisions to PERS' Strategic Plan. The suggested revisions will be incorporated into the document and presented to the Retirement Board in September for approval. There was no action taken on this item.
- 6.2 On motion of Brian Wallace, the Retirement Board voted unanimously of those present to approve the minutes of the Police and Firefighters' Retirement Fund Advisory Committee meeting held July 28, 2022, as submitted.
- 6.3 There was no action on this item.
- 6.4 The Retirement Board considered a proposed settlement agreement drafted by representatives of both Democracy Prep (Democracy Prep Public Schools Inc., Democracy Prep Nevada LLC and Democracy Prep Agassi Campus) and PERS to resolve pending litigation in *Democracy Prep Nevada LLC et al v. Public Employees' Retirement System of Nevada*, Case No. A-18-770848-B. Democracy Prep was represented by Jason Guinasso and Georgina Crawley. PERS was represented by Adam Hosmer-Henner. On motion of Brian Wallace, the Retirement Board voted unanimously to approve the settlement agreement.

7. RATIFICATION AGENDA

On motion of Mark Stevens, 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.

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 at this time there is no pending litigation.

10.3 Administrative Report by Staff:

Executive Officer: 1. The Executive Officer thanked the Board members for attending the NASRA Conference in Long Beach, CA.

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

11. ADJOURNMENT

The meeting was adjourned by Chair Ross at 1:09 p.m.

The following is the time schedule for the meeting:

The Retirement Board education session held on August 18, 2022, was called to order at 9:00 a.m. by Chair Ross and recessed at 10:37 a.m. The August 18, 2022, Retirement Board meeting was called to order at 11:00 a.m. by Chair Ross and adjourned at 1:09 p.m.