

PUBLIC EMPLOYEES' RETIREMENT BOARD SESSION AND
MEETING MINUTES FOR

Thursday, July 22, 2021

July 22, 2021
Board Meeting

The Retirement Board meeting of the Public Employees' Retirement Board was called to order by Chair Ross at 9:05 a.m., on July 22, 2021, in the PERS' Board Room, 693 W. Nye Lane, Carson City. Members present: Timothy Ross, Yolanda King, Dawn Huckaby, Todd Ingalsbee (10:22 a.m.), Mark Stevens, and Brian Wallace. Members absent: Norma Santoyo.

1. PUBLIC COMMENT

Kent Ervin, K-E-N-T E-R-V-I-N, representing the Nevada Faculty Alliance, the independent association of faculty at NSHE colleges and universities statewide. About 15% of NSHE faculty and all of our Classified colleagues are members and depend on PERS. Good morning, board members. Thank you for your service and diligence. I would like to congratulate PERS on the excellent FY2021 investment performance report, exceeding the market benchmark by 1.8 percentage points. That is a tribute to PERS investment policy, well-diversified with low costs and strong discipline. Of course, a single year of results has limited value in the context of the very long-time horizon for PERS. On that note, I would like to raise a question about how the \$14billion unfunded accrued actuarial liability (or UAAL) is scheduled to be paid off. While this is a declining fraction of the total assets in recent years, the dollar amount of the UAAL has been increasing. PERS wisely switched to a more conservative approach with closed amortization periods in 2004, then reduced the pay-off time periods from 30 years to 20 years in 2012 to 2015. But a result, the entire UAAL is now scheduled to be paid off in a cluster of years between 2034 and 2041, with nearly half front-loaded to a 2034 final pay-off date. That is just 13 years away and will necessarily require continued large and possibly increasing contributions to pay off the unfunded liabilities, possibly followed by steep reductions after the large past liabilities are paid off. As you conduct the next experience study and consider assumptions, it will be important to consider how the current amortization schedule will impact future contributions rates. Rapid changes to contribution rates either up or down should be avoided. One question is can or will contribution rate changes be smoothed out using sound actuarial practices? We look forward to the discussion of these factors in the coming months through your experience study and consideration of actuarial assumptions.

2. DISABILITIES

- 2.1 For the record, Yolanda King stated that Applicant Nos. 9, 19, 29, and 37 work or worked for the same employer as herself but she did not feel that it would impair her vote.

On motion of Tim Ross, the Retirement Board voted unanimously of those present to:

1. Approve permanent and total disability retirements for Applicant Nos. 1-17, as recommended by staff for the month of July 2021.
2. Approve reemployment requests by disability recipients, Applicant Nos. 18-40, as recommended by staff for the month of July 2021.

3. INVESTMENTS

- 3.1 Staff, Janet Becker-Wold of Callan, and Julia Bonafede of Jobs Peak Advisors provided a PERS' Portfolio Industry Comparison. 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 On motion of Brian Wallace, the Retirement Board voted unanimously of those present to elect Tim Ross, Chair, and Yolanda King, Vice Chair, of the Retirement Board for fiscal year 2022.
- 4.2 Tim Raul of CliftonLarsonAllen, LLP presented the Internal Controls Examination. On motion of Yolanda King, the Retirement Board voted unanimously of those present to accept the Internal Controls Examination prepared by CliftonLarsonAllen, LLP as submitted.
- 4.3 Staff highlighted Lauren Larson's background, experience, and qualifications and recommended that she be confirmed by the Retirement Board as the Deputy Investment Officer of the Public Employees' Retirement System of Nevada. On motion of Brian Wallace, the Retirement Board voted unanimously of those present to confirm Lauren Larson as the Deputy Investment Officer of the Public Employees' Retirement System of Nevada at step 10 in the Deputy Investment Officer pay schedule effective July 23, 2021.

- 4.4 On motion of Yolanda King, the Retirement Board voted unanimously of those present to approve the minutes of the Retirement Board Education Session and Retirement Board meeting held June 17, 2021, as submitted.
- 4.5 On motion of Tim Ross, the Retirement Board voted unanimously of those present to approve the proposed Retirement Board meeting dates for January 2022 through June 2022, as submitted.
- 4.6 There were no recommended changes to the Retirement Board meeting dates for the rest of the calendar year.
- 4.7 There were no recommended changes to the Retirement Board Education Curriculum calendar.

5. ACCOUNTING

- 5.1 There was no action taken on this item.

6. ADMINISTRATION

- 6.1 The Retirement Board heard oral arguments on the petition by Democracy Prep Public Schools Inc., Democracy Prep Nevada LLC, and Democracy Prep Agassi Campus represented by Kara Hendricks and representing PERS' was Adam Hosmer-Henner. On Motion of Yolanda King, the Retirement Board voted unanimously of those present to deny the petition for rehearing and for further action to be implemented at the August 19, 2021 PERS' Retirement Board Meeting.
- 6.2 Staff provided an update on the pension administration system project. There was no action on this item.

7. RATIFICATION AGENDA

On motion of Yolanda King, the Retirement Board voted unanimously of those present to approve all items on the Ratification Agenda as amended:

- 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 March 2020.
- 7.4 Approval of the Final Benefit Audit Report for April 2020.

8. DENIALS

9. REPORTS

10. EDUCATION TOPIC

10.1 Staff presented the Fiduciary Duties and Ethics Review. There was no action on this item.

11. PUBLIC COMMENT

11.1 Jesus Arevalo made public comment regarding QDRO language and interaction with staff regarding the QDRO process.

11.2 PERS' General Counsel provided an update on pending litigation.

11.3 Administrative Report by Staff:

11.4 There were no comments or questions from the Retirement Board members:

12. ADJOURNMENT

The meeting was adjourned by Chair Ross at 2:33 p.m.

The following is the time schedule for the meeting:

The July 22, 2021, Retirement Board meeting was called to order at 9:05 a.m. by Chair Ross and adjourned at 2:33 p.m.