



Board of Trustees Meeting Agenda

Tuesday, August 25, 2020

1:30 P.M.

(or immediately following the Administrative Committee)

(via Microsoft Teams)

- I. **Call to Order** (*Mr. Chris Howard, Chair*)
 - A. Invocation
 - B. Approval of Agenda
 - C. Approval of Minutes – June 23, 2020
 - D. Employee of the Quarter (*October - December 2020*)
 - E. Public Comment Request

- II. **Report of Administrative Committee** (*Dr. Lee Childress*)
 - A. Approval of PERS FY 2022 Final Budget Request
 - B. Approval of Municipal Representative Election Ballot
 - C. Regulation 34, *Reemployment after Retirement* (Final Approval)
 - D. Other

- III. **Report of Defined Contribution Committee** (*Dr. Brian Rutledge*)
 - A. MDC Advisory Services
 - B. MDC Plan Document Amendments
 - C. Approval of MDC/ORP Investment Policy Statements
 - D. MDC Watch List
 - E. Other

- IV. **Report of Investment Committee** (*Mr. Kelly Breland*)
 - A. Approval of PERS Investment Policy Statement
 - B. PERS Watch List
 - C. Other

- V. **Retiree Insurance Advisory Committee Recommendations**
 - A. Approval of Retiree Insurance Renewal
 - B. Approval of Retiree Insurance Open Enrollment

- VI. **Staff Reports**
 - A. Executive Director's Update
 - B. Litigation Report
 - C. Retiree Report
 - D. Investment Report

- VII. **Staff and Trustee Continuing Education**
 - A. Board Workshop
 - B. Conferences and Training
 - VIRTUAL - NCTR 2020 Annual Conference, October 12-14, 2020
 - VIRTUAL - Callan College, Chicago, IL, October 13-15, 2020

- VIII. **Adjourn**

BOARD OF TRUSTEES' MEETING MINUTES (*VIDEOCONFERENCE*)
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
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The Board of Trustees of the Public Employees' Retirement System (PERS) of Mississippi met virtually via Microsoft Teams videoconferencing, Tuesday, August 25, 2020. This videoconference board meeting was duly announced to the public, Tuesday, August 11, 2020, at 11:04 a.m., on the Public Meetings Notice website of the Mississippi Department of Finance and Administration.

The following PERS board members participated in this videoconference meeting: Board Chair Chris Howard, Mr. Bill Benson, Mr. Kelly Breland, Dr. Lee Childress, Mr. George Dale, Ms. Kimberly Hanna, Dr. Randy McCoy, State Treasurer David McRae, and Dr. Brian Rutledge. Absent: none.

Staff members present in the videoconference were: Director Ray Higgins, Robert Clark, Kenny Grissett, Shirley Sessoms, Terri Hudson, Davetta Lee, Charles Nielsen, Jason Clark, Pauline Howard, Susan Lyon, Terri Bennett, Amy Marquez, Billy Means, Mason Frantom, Cindy Ogletree, Shelley Powers, John Moody, Walter Hille, Mary Margaret Pritchard, Chris Hudson, Anthony Williamson, Maurice Gilliam, Ryan Holliday, LaCarole Smith, and Mary Jones. Also present was Special Assistant Attorney General Martin Millette, Attorney General's Office.

Guests who joined the videoconference were: Ray Wright, Joint Committee on Performance Evaluation and Expenditure Review; Audra Ferguson-Allen and Rob Gauss, Ice Miller LLP; Shannon Dyse, Empower Retirement; Kelly Riley, Mississippi Professional Educators; Mike Larsen and Emily Pote, Mississippi Retired Public Employees' Association; Lauren Albanese, Financial News; Lee Anne Robinson, Legislative Budget Office; Lorrie Tingle, retiree; Dann Smith, Wells Fargo; Peter Benson, Pageant Media; Aaron Joseph; Steven Gassenberger, Reason Foundation; Allan Cooper, Mississippi Department of Finance and Administration; and Brian Wilson, Office of the State Treasurer.

Chairman Howard called the meeting to order at 1:34 p.m.

Mr. Kelly Breland gave the invocation.

Agenda | Chairman Howard called for a motion to approve the meeting agenda. The motion was made by Dr. Childress, seconded by Mr. Dale, which motion duly passed, to approve the meeting agenda. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none.

Minutes | Chairman Howard called for a motion to approve the minutes of the June 23, 2020, PERS Board of Trustees' videoconference meeting. The motion was made by Mr. Benson, seconded by Dr. Rutledge, which motion duly passed, to approve the minutes of the PERS board meeting of June 23, 2020. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none.

Employee of the Quarter | Chairman Howard announced that the PERS Employee of the Quarter for the second quarter of FY 2021 is Tony Williamson, in the Accounting division. Chairman Howard stated that Mr. Williamson is being recognized for his excellent work and for his dedication in delivering superior customer service to PERS staff, particularly during the current ongoing COVID-19 pandemic. Chairman Howard stated that Mr. Williamson is to be further commended for his willingness to continuously take on special projects to help make PERS a better system.

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I have been a PERS member for the past 25 years. I am currently serving as the Chief Financial Officer and City Clerk for the City of Tupelo, where my focus is financially preparing Tupelo for the future, with the responsibility of complying with regulations and following federal and state laws. I have had the unique perspective of serving as the municipal representative on the PERS Board since 2018. Understanding how important PERS is to all members, I will remain committed to study the issues and make informed decisions as a trustee for PERS.

The motion was made by Dr. Childress, seconded by Mr. Benson, which motion duly passed, to approve the Municipal Employees' Representative Election Ballot presented by staff. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none. (*Addendum C - Municipal Rep Election Ballot*)

Regulation 34 | Dr. Childress reported that the committee reviewed and approved final adoption of Regulation 34, *Reemployment after Retirement*, as recommended by staff. He advised that this regulation received initial approval by the Board at the June 23, 2020, board meeting and that staff duly observed the administrative procedures required by the Mississippi Office of the Secretary of State in submission of this regulation. He advised further that the regulation was open for public comment for the proper time period and that staff has shared with the Board all the public comment letters submitted by the public regarding this regulation. (*Addendum D1 - Regulation 34 Public Comment Letters*)

The motion was made by Dr. Childress, seconded by Ms. Hanna, which motion duly passed, to approve final adoption of Regulation 34, *Reemployment after Retirement*, as recommended by staff. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none. (*Addendum D2 - Regulation 34 - final adoption*)

Dr. Childress reported that staff provided the committee with a PERS Building Update report. This report was informational. No committee or board action was required.

Defined Contribution Committee | Dr. Brian Rutledge, Defined Contribution Committee chair, reported that the committee met via Microsoft Teams videoconference, Monday, August 24, 2020.

MDC Plan Document Amendments | Dr. Rutledge reported that the committee reviewed and approved initial adoption of the Mississippi Deferred Compensation (MDC) Plan Document Amendments presented by staff. He advised that the changes to the plan document proposed by staff were in accordance with the required provisions of the Coronavirus Aid, Relief and Economic Security (CARES) Act.

Public Employees' Retirement System
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Proposed Amendments to Mississippi Government Employees' Deferred Compensation Plan Document

Staff requests the Board's initial approval of the proposed amendments to the following sections:

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Article VII

- Amend Section 7.1 *WHEN BENEFITS ARE PAYABLE* to include qualified birth or adoption distributions and coronavirus-related distributions as payable events.
- Amend Section 7.6 *MINIMUM DISTRIBUTION RULES* to increase the required minimum distribution (RMD) age from 70 ½ to 72 in accordance with the Setting Every Community Up for Retirement Enhancement (SECURE) Act, eliminate the 2009 waiver of RMDs, and insert the 2020 waiver of RMDs in accordance with the required provisions of the Coronavirus Aid, Relief and Economic Security (CARES) Act.
- Amend Section 7.7 *PAYMENTS TO BENEFICIARY* to increase the age for RMDs from 70 ½ to 72.
- Insert Section 7.8 *PARTICIPANT DEATHS AFTER DECEMBER 31, 2021* to include required provisions from the SECURE Act.
- Amend Section 7.12 *VOLUNTARY IN-SERVICE DISTRIBUTION* to reduce the age for in-service distributions from 70 ½ to 59 ½ in accordance with the optional provisions of the SECURE Act.
- Amend Section 7.13 *VOLUNTARY IN-SERVICE SMALL ACCOUNT DISTRIBUTION* to reduce the age for in-service small account distributions from under 70 ½ to under 59 ½.
- Insert Section 7.14 *QUALIFIED BIRTH OR ADOPTION DISTRIBUTIONS* in accordance with the optional provisions of the SECURE Act.
- Insert Section 7.15 *CORONAVIRUS-RELATED DISTRIBUTIONS* in accordance with the optional provisions of the CARES Act.
- Insert Section 7.16 *DISASTER RELIEF* as recommended by Ice Miller to apply future disasters as declared by the President of the United States to allowable unforeseeable emergency withdrawals.

Article IX

- Amend Section 9.1 *ROLLOVERS TO THIS PLAN* to add coronavirus-related distributions and RMDs received in 2020.

The effective date of the proposed amendments will be January 1, 2021.

The motion was made by Dr. Rutledge, seconded by Dr. Childress, which motion duly passed, to approve initial adoption of the MDC Plan Document Amendments to the MDC Plan & Trust Plan Document, as presented by staff. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none. (*Addendum E - MDC Plan Document Changes - initial adoption*) (*Addendum F - MDC Plan & Trust Plan Document - Initial Review*)

Approval of MDC & ORP Investment Policy Statements

Dr. Rutledge reported that the committee reviewed the MDC Investment Policy Statement and the Optional Retirement Plan (ORP) Investment Policy Statement presented by staff. He advised that the committee approved both the MDC Investment Policy Statement and the ORP Investment Policy Statement, as presented by staff.

The motion was made by Dr. Rutledge, seconded by Ms. Hanna, which motion duly passed, to approve the MDC Investment Policy Statement and the ORP Investment Policy Statement, as presented by staff. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none. (*Addendum G - MDC Investment Policy Statement - FINAL*) (*Addendum H - ORP Investment Policy Statement - FINAL*)

Investment Committee

Mr. Kelly Breland, Investment Committee chair, reported that the committee met via Microsoft Teams videoconference, Monday, August 24, 2020.

Approval of PERS Investment Policy Statement

Mr. Breland reported that the committee reviewed and approved the PERS Investment Policy Statement presented by staff.

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The motion was made by Mr. Breland, seconded by Dr. Rutledge, which motion duly passed, to approve the PERS Investment Policy Statement, as presented by staff. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none. (*Addendum I – PERS Investment Policy Statement – FINAL*)

PERS Watch List | Mr. Breland reported that the committee reviewed and discussed the PERS Watch List. He advised that staff was recommending no changes to the PERS Watch List and that the list will remain unchanged. No board action was required for this item. (*Addendum J - PERS Watch List*)

Mr. Breland announced the promotion of Charles Nielsen and congratulated Mr. Nielsen on his promotion to the position of PERS deputy chief investment officer.

Retiree Insurance Advisory Committee | Mr. Kenny Grissett presented the recommendations of the Retiree Insurance Advisory Committee. He advised that staff was requesting approval of these recommendations.

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
BOARD OF TRUSTEES
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RECOMMENDATIONS FROM THE
RETIREE INSURANCE ADVISORY COMMITTEE**

PERS Sponsored Retiree Medical Insurance Plan – underwritten and administered by
Transamerica/Monumental Life Insurance Company

- The Retiree Insurance Advisory Committee is recommending renewal of the PERS-sponsored Retiree Medical Insurance Plan (Medicare supplement) for calendar year 2021 with Transamerica/Monumental Life.
- The Retiree Insurance Advisory Committee is recommending approval of an open enrollment period for the PERS Retiree Medical Plan to run from October 1, 2020 through November 30, 2020.

Current members of the Retiree Insurance Advisory Committee are as follows:

Mr. Joel R. Jones, Chairman
Ms. Judith P. Clark
Dr. Howell Garner
Ms. Karen H. Lipscomb
Mr. William T. (Tom) Long
Mrs. Yvonne Shotts
Ms. Cathy Vernon

The motion was made by Dr. Childress, seconded by Dr. Rutledge, which motion duly passed, to approve the recommendations of the Retiree Insurance Advisory Committee presented by staff, to renew the PERS-sponsored Retiree Medical Insurance Plan (Medicare supplement) for calendar year 2021 with Transamerica/Monumental Life and to approve an open enrollment period for the PERS Retiree Medical Plan to run from October 1, 2020 through November 30, 2020. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none.

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Executive Director's Update | Mr. Higgins reported that there have been two PERS Stakeholders Engagement meetings so far. He reported that the feedback received from the participants of the meetings has been positive. He stated that the next meeting is scheduled for September 24.

Litigation Report | Mr. Higgins presented a summary of the Litigation Report. He advised that Special Assistant Attorney General Martin Millette reported that there are no updates for this report and that there are no significant items to report.

LITIGATION REPORT SUMMARY
 August 25, 2020 Board of Trustees Meeting

- Nabors v. PERS—Nabors filed a Notice of Appeal with the Hinds County Circuit Court on July 23, 2019. The Administrative Record was filed on May 19, 2020. The Appellant filed their brief on August 12, 2020 and the Appellee's Brief is due September 11, 2020.
- Mohawk Industries –Securities litigation matter. This case just recently commenced. PERS was appointed Lead Plaintiff on March 18, 2020. The deadline for the Motion to Dismiss for the Defendants is August 28, 2020. The deadline for the Lead Plaintiff to file an opposition to the Motion to Dismiss is October 27, 2020.
- Mylan N.V.--Securities litigation matter. This case just recently commenced on June 26, 2020.

Retiree Report | Mr. Higgins presented the Retiree Report and requested Board approval of the report. He advised that the entire report was previously provided to the board members.

All Systems	July 2020		August 2020	
	<u>Retirees</u>	<u>Payments</u>	<u>Retirees</u>	<u>Payments</u>
PERS	111,035	\$180,335,318.07	111,312	\$181,105,422.78
SLRP	233	\$103,825.36	234	\$104,442.82
MHSPRS	743	\$2,090,025.08	746	\$2,115,585.85
MRS	1,585	\$2,372,630.98	1,583	\$2,374,268.97
TOTAL	113,596	\$184,901,799.49	113,875	\$185,699,720.42

The motion was made by Dr. Rutledge, seconded by Mr. Breland, which motion duly passed, to approve the Retiree Report. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none. (*Addendum K – Retiree Report*)

Investment Report | Mr. Higgins presented the Investment Report and requested the board's approval of the report, as well as all transactions and transfers made since the last board meeting of June 23, 2020.

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Consolidated Portfolio Summary
 As of: 07/31/2020

Asset Class	Book Value	% of Total Book Value	Market Value	% of Total Market Value
Domestic Equity	5,343,004,837.09	23.16%	8,380,125,064.61	28.69%
Fixed Income	5,104,921,243.89	22.13%	5,432,611,438.95	18.60%
International Equity	8,170,526,862.03	35.42%	9,615,469,098.75	32.92%
Real Estate	1,699,209,843.98	7.37%	2,693,133,889.50	9.22%
Private Equity	2,008,552,224.61	8.71%	2,406,084,534.69	8.24%
Cash & Cash Equivalent In-House	374,301,723.06	1.62%	374,301,723.06	1.28%
Cash & Cash Equivalent Manager	365,249,622.35	1.58%	303,095,591.42	1.04%
Total	23,065,766,357.01	100.00%	29,204,821,340.98	100.00%

The motion was made by Ms. Hanna, seconded by Dr. Childress, which motion duly passed, to approve the Investment Report and the transactions and transfers performed by staff since the last PERS board meeting of June 23, 2020. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none. (*Addendum L – Investment Report*)

Staff & Trustee Conferences

Mr. Higgins reported that the NCTR Annual Conference and the Callan College training session are listed on the meeting agenda. He advised that these meetings have been converted to virtual conferences as listed.

Mr. Higgins reported that the Board of Trustees' Educational Workshop has been postponed. He advised that staff is planning to possibly use the alternate dates that have already been approved by the Board for Investment Committee finalists' presentations, in order to conduct educational workshops for the Board. He advised that those alternate dates are October 12, November 17, and November 30.

There being no additional business, Chairman Howard called for a motion to adjourn the meeting. The motion was made by Ms. Hanna, seconded by Mr. Breland, which motion duly passed, to adjourn the meeting. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none.

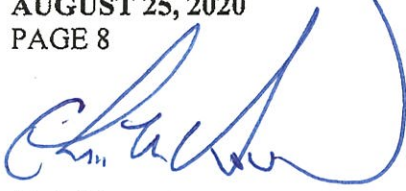
The meeting was adjourned at 2:00 p.m.

Respectfully Submitted,



H. Ray Higgins, Jr.
 Executive Director
 Public Employees' Retirement System

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Chris Howard
Chair
PERS Board of Trustees

HRH: maj