

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

June 28, 2022 | PERS Board Room

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Board of Trustees Meeting Agenda

Tuesday, June 28, 2022

1 P.M.

- I. **Call to Order** (*Dr. Randy McCoy, Chair*)
 - A. **Invocation**
 - B. **Pledge of Allegiance**
 - C. [Approval of Agenda](#)
 - D. [Approval of Minutes – April 27, 2022](#)
 - E. [Approval of Minutes – May 17, 2022](#)
 - F. [Employee of the Quarter – \(July-September 2022\)](#)
- II. **Report of Administrative Committee** (*Vacant*)
 - A. [Approval of FY 2024 Initial Administrative Budget Request](#)
 - B. [Board Travel Authorization](#)
 - C. [PERS Board of Trustees Regulation 36, Eligibility for Membership in the Public Employees' Retirement System of Mississippi \(PERS\) – Final Adoption](#)
 - D. **Personnel Matters**
 - E. **Other**
- III. **Report of the Claims Committee** (*Mr. Bill Benson*)
 - A. [New Joinder Agreement – Village of Pachuta](#)
 - B. [Update on Delinquent Contributions – Southwest Mississippi Behavioral Health Commission](#)
 - C. **Other**
- IV. **Report of Defined Contribution Committee** (*Dr. Brian Rutledge*)
 - A. **Other**
- V. **Report of Investment Committee** (*Mr. Kelly Breland*)
 - A. [Mid-Cap Value Search Finalist Presentation & Recommendation](#)
 - B. [Asset Allocation Review and Recommendation](#)
 - C. **Other**
- VI. **Retiree Insurance Advisory Committee**
 - A. [New Member Appointment](#)
 - B. [Approval of Retiree Insurance Open Enrollment – Senior Term Life Insurance](#)
- VII. [FY 2023 Municipal Retirement Plans Cost-of-Living Certification](#)
- VIII. [Disability Appeals Committee](#)
- IX. **Staff Reports**
 - A. [Retiree Report](#)
 - B. [Investment Report](#)
- X. **Staff and Trustee Continuing Education**
 - A. **2022 Conferences and Training**
 - [NCTR 2022 Annual Trustee Workshop, July 24-27, Berkeley, CA](#)
 - [IFEBP CAPP](#)
 - (i) [Pensions Part II, October 22-23, Las Vegas, NV](#)
 - [NASRA 2022 Annual Conference, August 6-10, Long Beach, CA](#)
 - [NCTR 100th Annual Conference, October 9-12, Lower Ventana Canyon, Tucson, AZ](#)
- XI. **Election of the FY 2023 PERS Board Vice Chair**
- XII. **Adjourn**

Board Members:

Dr. Randy McCoy, *Board Chair*
Mr. Bill Benson, *Board Vice Chair*
Mr. Kelly Breland
Mr. George Dale
Mr. Chris Graham

Ms. Kim Hanna
Mr. Chris Howard
Treasurer David McRae
Dr. Brian Rutledge
Dr. Jay Smith

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The Public Employees' Retirement System of Mississippi (PERS) Board of Trustees met Tuesday, June 28, 2022, at 429 Mississippi Street, Jackson, MS 39201. This meeting was duly announced to the public, Tuesday, June 14, 2022, at 9:17 a.m., on the Public Meetings Notice website of the Mississippi Department of Finance and Administration.

BOARD MEMBER ATTENDEES

In Person: Board Chair Dr. Randy McCoy, Mr. Bill Benson, Mr. Kelly Breland, Mr. George Dale, Mr. Chris Howard, State Treasurer David McRae, Dr. Jay Smith, and Dr. Brian Rutledge.

Via Teleconference: None.

Absent: Mr. Chris Graham and Ms. Kimberly Hanna.

Current Board Vacancies: None.

LEGISLATIVE LIAISON ATTENDEES

In Person: Representative Karl Oliver and Representative John Read.

STAFF ATTENDEES

In Person: Executive Director Ray Higgins; Chief Investment Officer Charles Nielsen; Senior Deputy Administrator Office of Administrative Services Terri Hudson; Counsel and Policy Advisor Davetta Lee; Member and Employer Services Deputy Administrator Mason Frantom; Chief Financial Officer Cindy Ogletree; Carla Yeates, Cindy Byars, and Melanie Estridge, Accounting; Chief Technology Officer Mike Lowry; Ken Nason, Maurice Gilliam, Chris Renfroe, and Kevin Waite, Information Technology; Communications Specialist Christine Anderson, and Communications Director Shelley Powers.

GUEST ATTENDEES

In Person: Assistant Attorney General Amy Gamble; Ray Wright, Joint Committee on Performance Evaluation and Expenditure Review; Robert Walker, Governor's Office; Corbin Stanford, Lee Pittman, and Rob Dowdle, Legislative Budget Office; Blake Greenlee, Harper Rains, Knight & Company; Allan Cooper, Mississippi Department of Finance & Administration; and Emily Pote, Mississippi Retired Public Employees' Association.

CALL TO ORDER

Board Chair McCoy called the meeting to order at 1 p.m.

INVOCATION

McCoy gave the invocation.

PLEDGE OF ALLEGIANCE

McCoy led the Pledge of Allegiance.

AGENDA

- **Motion:** To approve the meeting agenda.
 - **Made by:** McRae.
 - **Seconded by:** Dale.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, McCoy, McRae, Smith, and Rutledge.
 - **Voting against:** None.
 - **Absent:** Graham, Hanna, and Howard.
 - **Duly Passed.**

MINUTES

- **Motion:** To approve the minutes of the April 27, 2022, PERS Board of Trustees' meeting.
 - **Made by:** Breland.
 - **Seconded by:** Rutledge.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, McCoy, McRae, Smith, and Rutledge.
 - **Voting against:** None.
 - **Absent:** Graham, Hanna, and Howard.
 - **Duly Passed.**
- **Motion:** To approve the minutes of the May 17, 2022, PERS Board of Trustees' special called meeting.
 - **Made by:** Benson.
 - **Seconded by:** Dale.

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- **Discussion:** None.
- **Voting for:** Benson, Breland, Dale, McCoy, McRae, Smith, and Rutledge.
- **Voting against:** None.
- **Absent:** Graham, Hanna, and Howard.
- **Duly Passed.**

EMPLOYEE OF THE QUARTER

McCoy presented Waite with Employee of the Quarter for the first quarter of fiscal year 2023, which runs July 1, 2022, through September 30, 2022.

REPORT OF THE ADMINISTRATIVE COMMITTEE

McCoy reported that the Administrative Committee met the morning of June 28, 2022, and heard updates on the PERS South Building and the PERS Call Center, as well as approved the following items for Board consideration.

Approval of the FY 2024 Initial Administrative Budget Request

McCoy presented the Board with the FY 2024 Administrative Budget Request and asked for initial adoption.

- **Motion:** To approve the initial adoption of the FY 2024 Administrative Budget Request.
 - **Made by:** McCoy.
 - **Seconded by:** Rutledge.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, McCoy, McRae, Smith, and Rutledge.
 - **Voting against:** None.
 - **Absent:** Graham, Hanna, and Howard.
 - **Duly Passed.**

(Addendum A – FY 2024 Initial Administrative Budget Request)

Board Travel Authorization

McCoy presented the Board with proposed FY 2023 travel to any potential actuarial training, as well as to conferences, trainings, and meetings held by the National Council on Teacher Retirement (NCTR), National Association of State Retirement Administrators (NASRA), Certificate of Achievement in Public Plan Policy (CAPPP) sponsored by International Foundation of Employee Benefit Plans (IFEBP), Callan College, or other Callan events.

- **Motion:** To authorize board travel in FY 2023 to any potential actuarial training, as well as to conferences, trainings, and meetings held by the National Council on Teacher Retirement (NCTR), National Association of State Retirement Administrators (NASRA), Certificate of Achievement in Public Plan Policy (CAPPP) sponsored by International Foundation of Employee Benefit Plans (IFEBP), Callan College, or other Callan events.
 - **Made by:** McCoy.
 - **Seconded by:** Breland.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, McCoy, McRae, Smith, and Rutledge.
 - **Voting against:** None.
 - **Absent:** Graham, Hanna, and Howard.
 - **Duly Passed.**

PERS Board of Trustees Regulation 36, Eligibility for Membership in the Public Employees' Retirement System of Mississippi (PERS)

McCoy presented the Board with staff-recommended minor changes to PERS Board Regulation 36, *Eligibility for Membership in the Public Employees' Retirement System of Mississippi (PERS)*, for final adoption.

The proposed amendments to Regulation 36 would add language to reflect the PERS practice of using the minimum wage standard as the minimum compensation for non-elected positions when there is an eligibility question regarding a member's actual hours worked.

The effective date of the proposed amendments will be August 1, 2022.

- **Motion:** To approve final adoption of staff-recommended changes to PERS Board Regulation 36, *Eligibility for Membership in the Public Employees' Retirement System of Mississippi (PERS)*.

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- **Made by:** McCoy.
- **Seconded by:** Benson.
- **Discussion:** None.
- **Voting for:** Benson, Breland, Dale, McCoy, McRae, Smith, and Rutledge.
- **Voting against:** None.
- **Absent:** Graham, Hanna, and Howard.
- **Duly Passed.**

Personnel Matters

McCoy presented the Board matters discussed in executive session during the committee meeting. He said that, during executive session, the Administrative Committee voted upon the recommendation of the Ad Hoc Committee to approve, for the purpose of maintaining institutional continuity and stability of leadership, that the compensation packet of the executive director be increased by 15 percent to \$205,850 beginning July 1, 2022, or as soon as applicable, and that the Administrative Committee annually review the performance and compensation package of the executive director.

- **Motion:** To approve, for the purpose of maintaining institutional continuity and stability of leadership, that the compensation packet of the executive director be increased by 15 percent to \$205,850 beginning July 1, 2022, or as soon as applicable, and that the Administrative Committee annually review the performance and compensation package of the executive director.
 - **Made by:** McCoy.
 - **Seconded by:** Benson.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, McCoy, Smith, and Rutledge.
 - **Voting against:** McRae.
 - **Absent:** Graham, Hanna, and Howard.
 - **Duly Passed.**

REPORT OF THE CLAIMS COMMITTEE

Committee Chair Benson reported that the Claims Committee met the morning of June 28, 2022, and heard an overview of PERS small employers and the joinder-agreement process, as well as approved the following items for Board consideration.

New Joinder Agreements

Benson presented agreements for the village of Pachuta. Staff recommended that the village of Pachuta be approved for Social Security and PERS retirement coverage with effective dates of June 30, 2022, and July 1, 2022, respectively. (*Appendix B – New Joinder Agreement*)

- **Motion:** To approve the village of Pachuta for Social Security and PERS retirement coverage with effective dates of June 30, 2022, and July 1, 2022, respectively.
 - **Made by:** Benson.
 - **Seconded by:** Breland.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, McCoy, McRae, Smith, and Rutledge.
 - **Voting against:** None.
 - **Absent:** Graham, Hanna, and Howard.
 - **Duly Passed.**

Howard arrived 1:13 p.m.

Update on Delinquent Contributions

Benson reviewed the remaining delinquent contributions due from Southwest Mississippi Behavioral Health Commission (SWMBHC) of \$84,475.82. The Board certified \$83,727.73 at a special called board meeting May 17, 2022; \$78,495.09 in delinquent contributions at the April 2022 board meeting; \$109,157.96 in delinquent contributions at the February 2022 board meeting; \$119,827.39 at the December 2021 board meeting; \$142,857.25 in delinquent contributions at the August 2021 board meeting; and \$101,867.57 at the October 2021 board meeting. Higgins also presented a recommendation from staff to pursue remaining payment from SWMBHC for delinquent contributions and to take any legal steps necessary to recover the amounts due. (*Appendix C – Delinquent Contributions Update*)

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- **Motion:** To certify \$84,475.82 in contribution payments and penalties due from Southwest Mississippi Behavioral Health Commission (SWMBHC) and to approve staff recommendation to recover such amounts from state funds due the agency, including taking any legal steps necessary.
 - **Made by:** Benson.
 - **Seconded by:** Rutledge.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Howard, McCoy, McRae, Smith, and Rutledge.
 - **Voting against:** None.
 - **Absent:** Graham and Hanna.
 - **Duly Passed.**

REPORT OF THE DEFINED CONTRIBUTION COMMITTEE

Committee Chair Rutledge reported that the Defined Contribution Committee met June 27, 2022, and heard a market update and performance review from Callan; a report on the MDC Watch List; and miscellaneous updates. No committee action was taken during the meeting and no items were brought before the Board.

REPORT OF THE INVESTMENT COMMITTEE

Committee Chair Breland reported that the Investment Committee met June 27, 2022, and heard a market update and performance review from Callan; a report on the PERS Watch List; manager presentations from J.P. Morgan, Principal, Manulife, UBS TPF, and UBS TPG; and miscellaneous updates. He also presented the following items for Board consideration.

Asset Allocation Review and Recommendation

Breland presented the Board with alternative asset mixes and said the Investment Committee recommended Alternative 2 as the new asset allocation mix to further diversify the growth assets and increase the complexity of the administration of the investment program. (*Appendix D – Asset Allocation Review and Recommendation*)

- **Alt 1:** Add 1% allocations to private credit and infrastructure, increase private equity to 10%
- **Alt 2:** Add 2% allocations to private credit and infrastructure, increase private equity to 10%
- **Alt 3:** Same as Alt 2 - Add 2% allocations to private credit and infrastructure, increase private equity to 10%

Breland said this recommendation came after months of work. He said the Board appreciated staff and Callan's work on this project, and he thanked the Mississippi Legislature for passing the basket clause with House Bill 252, without which this change in asset allocation would not be possible.

- **Motion:** To approve Alternative 2 asset allocation mix as recommended to decrease domestic equity by 2 percent, decrease international equity by 2 percent, and decreasing total fixed income by 2 percent and then offsetting private equity up 2 percent from 8 percent to 10 and private credit up from 0 to 2 percent and private infrastructure from 0 to 2 percent.
 - **Made by:** Breland.
 - **Seconded by:** McRae.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Howard, McCoy, McRae, Smith, and Rutledge.
 - **Voting against:** None.
 - **Absent:** Graham and Hanna.
 - **Duly Passed.**

Breland reported that, as of June 27, the return on investments was approximately between -6 and -7 percent but that there are a couple of days left before the end of the fiscal year.

Mid-Cap Value Search Finalist Presentation and Recommendation

Breland presented the Board with the Investment Committee's recommendation of Sycamore Capital as the new mid-cap value manager for its strong performance over short- and long-term trailing periods. (*Appendix E – Mid-Cap Value Search Finalist Presentation and Recommendation*)

- **Motion:** To approve Sycamore Capital as manager for the approximately \$450 million mid-cap value portfolio, as recommended.
 - **Made by:** Breland.
 - **Seconded by:** Howard.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Howard, McCoy, McRae, Smith, and Rutledge.

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- **Voting against:** None.
- **Absent:** Graham and Hanna.
- **Duly Passed.**

RETIREE INSURANCE ADVISORY COMMITTEE

Higgins presented the Board with the following recommendations from the Retiree Insurance Advisory Committee for consideration.

- **Motion:** To approve the appointment of Tom Lariviere to the Retiree Insurance Advisory Committee to fill an unexpired term that ends October 31, 2024.
 - **Made by:** Benson.
 - **Seconded by:** Dale.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Howard, McCoy, McRae, Smith, and Rutledge.
 - **Voting against:** None.
 - **Absent:** Graham and Hanna.
 - **Duly Passed.**
- **Motion:** To approve an open enrollment period for the PERS-sponsored senior term life insurance plan to run from August 5, 2022, to September 30, 2022.
 - **Made by:** McRae.
 - **Seconded by:** Breland.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Howard, McCoy, McRae, Smith, and Rutledge.
 - **Voting against:** None.
 - **Absent:** Graham and Hanna.
 - **Duly Passed.**

FY 2023 MUNICIPAL RETIREMENT PLANS COST-OF-LIVING CERTIFICATION

Higgins presented the Board with the FY 2023 Municipal Retirement Plans Cost-of-Living Certification. (*Appendix F – FY 2023 MRS COLA Certification*)

- **Motion:** To approve the FY 2023 Municipal Retirement Plans Cost-of-Living Certification.
 - **Made by:** Benson.
 - **Seconded by:** Howard.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Howard, McCoy, McRae, Smith, and Rutledge.
 - **Voting against:** None.
 - **Absent:** Graham and Hanna.
 - **Duly Passed.**

REPORT OF THE DISABILITY APPEALS COMMITTEE

Higgins presented the recommendations to the Board of the Disability Appeals Committee (DAC). (*Appendix G – Disability Appeals Summary*)

The DAC heard sworn testimony, received evidence, and gave due consideration to the applicable laws and regulations for each of the following cases:

PERS No. 22-06 - This matter came on for hearing before the DAC March 21, 2022. The DAC submits to the Board of Trustees its Proposed Statement of Facts, Conclusions of Law, and Recommendation that the Claimant's request for duty-related disability benefits be denied.

PERS No. 22-07 - This matter came on for hearing before the DAC April 4, 2022. The DAC submits to the Board of Trustees its Proposed Statement of Facts, Conclusions of Law, and Recommendation that the Claimant's request for duty-related disability benefits be approved.

PERS No. 22-08 - This matter came on for hearing before the DAC April 4, 2022. The DAC submits to the Board of Trustees its Proposed Statement of Facts, Conclusions of Law, and Recommendation that the Claimant's request for duty-related and non-duty-related disability benefits be denied.

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PERS No. 22-10 - This matter came on for hearing before the DAC May 2, 2022. The DAC submits to the Board of Trustees its Proposed Statement of Facts, Conclusions of Law, and Recommendation that the Claimant's request for non-duty-related disability benefits be denied.

- **Motion:** To accept the findings of the DAC and approve the DAC recommendations.
 - **Made by:** Breland.
 - **Seconded by:** McRae.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Howard, McCoy, McRae, Smith, and Rutledge.
 - **Voting against:** None.
 - **Absent:** Graham and Hanna.
 - **Duly Passed.**

RETIREE REPORT

Higgins presented the Retiree Report. Higgins requested board approval of this report. (*Addendum H - Retiree Report*)

- **Motion:** To accept the Retiree Report.
 - **Made by:** Rutledge.
 - **Seconded by:** Benson.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Howard, McCoy, McRae, Smith, and Rutledge.
 - **Voting against:** None.
 - **Absent:** Graham and Hanna.
 - **Duly Passed.**

INVESTMENT REPORT

Higgins presented the Investment Report. He requested board approval of this report, as well as of all trades and transactions performed by the PERS Investments division since the April 27, 2022, board meeting. (*Addendum I - Investment Report*)

Higgins thanked and welcomed Nielsen for accepting the role as PERS' chief investment officer.

- **Motion:** To approve the Investment Report, as well as all trades and transactions performed by the PERS Investments division since the April 27, 2022, board meeting.
 - **Made by:** Benson.
 - **Seconded by:** Breland.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Howard, McCoy, McRae, Smith, and Rutledge.
 - **Voting against:** None.
 - **Absent:** Graham and Hanna.
 - **Duly Passed.**

STAFF AND TRUSTEE CONTINUING EDUCATION

Higgins advised the Board on upcoming staff and trustee continuing education opportunities.

ELECTION OF THE FY 2023 PERS BOARD VICE CHAIR

McCoy advised that the nominating committee, which consisted of himself, Benson, and Howard, met to discuss candidates for the FY 2023 vice chair. This discussion led to the nomination of Hanna for the FY 2023 vice chair.

- **Motion:** To approve Hanna as FY 2023 vice chair.
 - **Made by:** Dale.
 - **Seconded by:** Rutledge.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Howard, McCoy, McRae, Smith, and Rutledge.
 - **Voting against:** None.
 - **Absent:** Graham and Hanna.
 - **Duly Passed.**

McCoy said it has been an honor for him to serve this past year as board chair, and he congratulated Benson on becoming the FY 2023 chair and serving for the third time as board chair.

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ADJOURN

McCoy called the meeting adjourned at 1:27 p.m.

Respectfully Submitted,

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

Dr. Randy McCoy
Chair
PERS Board of Trustees

HRH