

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

April 26, 2023 | PERS Board Room

Page 1



Board of Trustees Meeting Agenda

Wednesday, April 26, 2023

1:00 P.M.

- I. Call to Order (*Mr. Bill Benson, Chair*)
 - A. Invocation
 - B. Pledge of Allegiance
 - C. Approval of Agenda
 - D. Approval of Minutes – February 28, 2023
- II. Report of Administrative Committee (*Dr. Randy McCoy*)
 - A. Certification of Board Election – Retiree Representative Election
 - B. PERS Regulation 4I: PERS Marketing Policy and Guidelines – Deferred Compensation Plan
 - C. Update on Potential Tier 5 and other Options
 - D. Actuarial Experience Study
 - E. Cavanaugh MacDonald Contract
 - F. Other
- III. Report of Claims Committee (*Mr. Bill Benson*)
 - A. Certification for Delinquent Contributions – Southwest Mississippi Behavioral Health Commission & Jefferson County Hospital
 - B. Other
- IV. Report of Legislative Committee (*Mr. George Dale*)
 - A. Other
- V. Report of Defined Contribution Committee (*Dr. Brian Rutledge*)
 - A. MDC Plan Document
 - B. Other
- VI. Report of Investment Committee (*Mr. Kelly Breland*)
 - A. Westbrook Fund XII Recommendation
 - B. Private Credit Structure Recommendation
 - C. Short-Duration Manager Presentation
 - D. Other
- VII. Disability Appeals Committee
- VIII. Staff Reports
 - A. Retiree Report
 - B. Investment Report
- IX. Staff and Trustee Continuing Education
 - A. 2023 Conferences and Training
 - NASRA 2023 Annual Conference; August 5-9, 2023; Broomfield, Colorado
 - IFEBP CAPPP
 - (i) Pensions Part I; July 24 - 25, 2023; Chicago
 - (ii) Pensions Part II; July 26 - 27, 2023; Chicago
 - (iii) Pension Part I; September 30 - October 1, 2023; Boston
 - NCTR 23rd Annual Trustee Workshop; July 16-19, 2023, Williamsburg, VA
 - NCTR 101st Annual Conference; October 7-11, 2023, La Jolla, CA
- X. Economic Interest Ethics Disclosures (*Due May 1, 2023*)
- XI. Adjourn

Board Members:

Mr. Bill Benson, *Board Chair*
Ms. Kim Hanna, *Board Vice Chair*
Mr. Kelly Breland
Mr. George Dale
Mr. Chris Graham

Mr. Chris Howard
Dr. Randy McCoy
State Treasurer David McRae
Dr. Brian Rutledge
Dr. Jay Smith

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

April 26, 2023 | PERS Board Room

Page 2

The Public Employees' Retirement System of Mississippi (PERS) Board of Trustees met Wednesday, April 26, 2023, at 429 Mississippi Street, Jackson, MS 39201. This meeting was duly announced to the public Friday, April 14, 2023, at 4:52 p.m., on the Public Meetings Notice website of the Mississippi Department of Finance and Administration, as well as was posted in the PERS lobby and on the PERS website.

BOARD MEMBER ATTENDEES

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

Via Teleconference: None.

Absent: Mr. George Dale and Mr. Chris Graham.

Current Board Vacancies: None.

LEGISLATIVE LIAISON ATTENDEES

Absent: Senator David Blount 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; Benefit Services Deputy Administrator Lisa Green; Ryan Holliday and David DeGuire, Investments; Chief Technology Officer Mike Lowry; Chris Renfroe and Billy Means, Information Technology; Chief Financial Officer Cindy Ogletree; Melanie Estridge and Cindy Byars, Accounting; Employer Reporting Program Administrator Alisa Evans; Benefit Payments Program Administrator Susan Lyon; Retirement Education Program Administrator LaCarole Smith; Member Account Support Program Administrator Chris Hudson; Mariam May-Clayton, Member and Employer Services; Fronza Walker, Survivor & Disability Retirement; and Communications Specialist Christine Anderson.

GUEST ATTENDEES

In Person: Assistant Attorney General Amy Gamble; Caleb Nicholson, Harper Rains, Knight & Company; Ray Wright, Mississippi Joint Legislative Committee on Performance Evaluation; Corbin Stanford and Lee Pittman, Legislative Budget Office; Bonnie Granger, retiree candidate for Board election; Warren Woodrow, Southern Regional Education Service Agency; Ed Koebel, Darby Carraway, and Ben Mobley, Cavanaugh Macdonald; Hawley Robertson, Lieutenant Governor's Office; Shannon Dyse, Mississippi Deferred Compensation; and Emily Pote and Mike Larsen, Mississippi Retired Public Employees' Association.

CALL TO ORDER

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

INVOCATION

Rutledge gave the invocation.

PLEDGE OF ALLEGIANCE

Rutledge led the Pledge of Allegiance.

AGENDA

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

MINUTES

- **Motion:** To approve the minutes of the February 28, 2023, PERS Board of Trustees' meeting.
 - **Made by:** Rutledge.
 - **Seconded by:** Hanna.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Dale and Graham.
 - **Duly Passed.**

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

April 26, 2023 | PERS Board Room

Page 3

REPORT OF THE ADMINISTRATIVE COMMITTEE

Committee Chair McCoy reported that the Administrative Committee met the morning of April 26, 2023, and approved the following items for Board consideration.

Certification of Board Election Results

McCoy presented the Board with the results of the retiree representative runoff election for the term that runs from May 1, 2023, to April 30, 2029. The vote counts were as follows:

George R. Dale 14,997
Bonnie J. Granger 9,366

- **Motion:** To certify the election results for the retiree representative election for the term that runs from May 1, 2023, to April 30, 2029.
 - **Made by:** McCoy.
 - **Seconded by:** McRae.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Dale and Graham.
 - **Duly Passed.**

(Appendix A – Retiree Election Results)

PERS Regulation 41 – PERS Marketing and Policy Guidelines

McCoy presented the Board with changes to PERS Regulation 41, PERS Marketing and Policy Guidelines, as follows:

PERS Regulation 41 provides enrollment guidelines for the Deferred Compensation Administrator to be used in presenting information to and enrolling employees in the Deferred Compensation Plan. The proposed amendment to Regulation 41 would 1. Amend § 103 to allow the PERS executive director to provide wages, date of birth, and other sensitive personally identifiable member information to the Deferred Compensation Administrator to assist in enrolling employees in the Deferred Compensation Plan. The effective date of the proposed amendment will be July 1, 2023.

- **Motion:** To accept changes to PERS Regulation 41 to allow the PERS executive director to provide wages, date of birth, and other sensitive personally identifiable member information to the Deferred Compensation Administrator to assist in enrolling employees in the Deferred Compensation Plan, effective July 1, 2023.
 - **Made by:** McCoy.
 - **Seconded by:** Hanna.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Dale and Graham.
 - **Duly Passed.**

(Appendix B – Regulation 41 Revisions)

Update on Potential Tier 5 and Other Options

McCoy presented the Board with an outline of potential Tier 5 and other options from the committee discussion.

- **Motion:** To take the update as presented on a potential Tier 5 and other options for further review, development, and communication.
 - **Made by:** McCoy.
 - **Seconded by:** Rutledge.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Dale and Graham.
 - **Duly Passed.**

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

April 26, 2023 | PERS Board Room

Page 4

(Appendix C – Preliminary Plan Recommendations)

Actuarial Experience Study

McCoy presented the Board with the Actuarial Experience Study for PERS, Mississippi Highway Safety Patrol, and Supplemental Legislative Retirement Plan.

- **Motion:** To accept the Actuarial Experience Study for the Public Employees' Retirement System of Mississippi, Mississippi Highway Safety Patrol, and Supplemental Legislative Retirement Plan, as presented by Cavanaugh MacDonald.
 - **Made by:** McCoy.
 - **Seconded by:** McRae.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Dale and Graham.
 - **Duly Passed.**

Cavanaugh Macdonald Contract

McCoy presented the Board with the renewal or extension of the contract with Cavanaugh Macdonald Consulting.

- **Motion:** To approve the renewal or extension of the contract with Cavanaugh Macdonald Consulting, as recommended by staff.
 - **Made by:** McCoy.
 - **Seconded by:** Breland.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Dale and Graham.
 - **Duly Passed.**

REPORT OF THE CLAIMS COMMITTEE

Committee Chair and Board Chair Benson reported that the Claims Committee met the morning of April 26, 2023, and heard an update on the delinquent contribution status of Southwest Mississippi Behavioral Health Commission (SWMBHC) and Jefferson County Hospital.

- **Motion:** To certify \$74,859.47 in contribution payments and penalties due from Southwest Mississippi Behavioral Health Commission and \$83,407.18 in contribution payments due from Jefferson County Hospital and request staff to recover such amounts from state funds due the agency, including taking any legal steps necessary.
 - **Made by:** Benson.
 - **Seconded by:** McCoy.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Dale and Graham.
 - **Duly Passed.**

REPORT OF THE LEGISLATIVE COMMITTEE

Board Chair Benson reported that the Legislative Committee met the morning of April 26, 2023, and heard an overview of legislation from the 2023 session. No committee action was taken.

REPORT OF THE DEFINED CONTRIBUTION COMMITTEE

Committee Chair Rutledge reported that the Defined Contribution Committee met April 25, 2023, and presented the Board with the following item for consideration.

MDC Plan Document

Rutledge presented the Board with staff-recommended amendments to the MDC Plan Document for final adoption.

- **Motion:** To approve for final adoption the MDC Plan amendments as recommended by staff.
 - **Made by:** Rutledge.

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

April 26, 2023 | PERS Board Room

Page 5

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

(Appendix D – MDC Plan Document)

REPORT OF THE INVESTMENT COMMITTEE

Committee Chair Breland reported that the Investment Committee met April 25, 2023, and heard a market update and performance review from Callan; 2023 Callan Capital Markets Assumptions; updates from AB, PIMCO, and Wellington fixed income managers; and various miscellaneous updates. No committee actions were taken on these items. He reported to the Board a fiscal year-to-date return of 4.4 percent as of March 31, 2023, which is up from last quarter. He also presented the following items for Board consideration.

WESTBROOK FUND XII RECOMMENDATION

Breland presented the Board for approval criteria developed by Callan for a \$50 million commitment to the Westbrook Fund XII as a value-add real estate fund.

- **Motion:** To approve a \$50 million commitment to the Westbrook Fund XII as a value-add real estate fund, as recommended by staff and Callan.
 - **Made by:** Breland.
 - **Seconded by:** Howard.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Dale and Graham.
 - **Duly Passed.**

(Appendix E – Westbrook Fund XII Recommendation)

PRIVATE CREDIT STRUCTURE RECOMMENDATION

Breland presented the Board for approval a plan developed by Callan and staff to implement a \$600 million diversified private credit portfolio with manageable fees and modest complexity.

- **Motion:** To approve moving forward with structuring a diversified private credit portfolio with a fund-of-one structure and looking at available firms to entrust with the portfolio, as recommended by staff and Callan.
 - **Made by:** Breland.
 - **Seconded by:** Hanna.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Dale and Graham.
 - **Duly Passed.**

(Appendix F – Private Credit Structure Recommendation)

SHORT-DURATION MANAGER PRESENTATION

Breland presented the Board for approval a presentation developed by Callan and staff for a short-duration manager. Income Research + Management, Payden & Rygel, and Sit Investment Associates, Inc. were considered for their investment management capabilities.

- **Motion:** To approve Sit Investment Associates, Inc., as recommended by Callan and staff, as a short-term manager for PERS.
 - **Made by:** Breland.
 - **Seconded by:** McCoy.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

April 26, 2023 | PERS Board Room

Page 6

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

(Appendix G – Short-Duration Manager Presentation)

REPORT OF THE DISABILITY APPEALS COMMITTEE

Higgins presented the recommendations to the Board of the Disability Appeals Committee (DAC).

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

PERS No. 22-14 - This matter came on for hearing before the DAC November 28, 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 approved.

PERS No. 23-01 - This matter came on for hearing before the DAC January 23, 2023. 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:** Rutledge.
 - **Seconded by:** McCoy.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Dale and Graham.
 - **Duly Passed.**

(Appendix H – Disability Appeals Summary)

RETIREE REPORT

Higgins presented the Retiree Report for the Board's approval.

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

(Addendum I - Retiree Report)

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 February 28, 2023, board meeting.

- **Motion:** To approve the Investment Report, as well as all trades and transactions performed by the PERS Investments division since the February 28, 2023, board meeting.
 - **Made by:** McCoy.
 - **Seconded by:** McRae.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Dale and Graham.
 - **Duly Passed.**

(Appendix J - Investment Report)

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

April 26, 2023 | PERS Board Room

Page 7

STAFF AND TRUSTEE CONTINUING EDUCATION

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

ECONOMIC INTEREST ETHICS DISCLOSURE

Higgins advised the Board of the May 1, 2023, deadline for submission of their Economic Interests Ethics Disclosure.

ADJOURN

Benson called the meeting adjourned at 1:11 p.m.

Respectfully Submitted,



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



Mr. Bill Benson
Chair
PERS Board of Trustees

HRH

