

# MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

February 28, 2023 | PERS Board Room

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## Board of Trustees Meeting Agenda

Tuesday, February 28, 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 – December 20, 2022
  - E. Employee of the Quarter – (April - June 2023)
- II. Report of Administrative Committee (*Dr. Randy McCoy*)
  - A. Certification of Board Election - Retiree Representative Election
  - B. Annual Crediting of Interest to Member Accounts
  - C. PERS Regulation 41: PERS Marketing Policy and Guidelines - Deferred Compensation Plan
  - D. Change Effective Date of Employer Contribution Rate Increase
  - E. Other
- III. Report of Claims Committee (*Mr. Bill Benson*)
  - A. Certification for Delinquent Contributions - Southwest Mississippi Behavioral Health Commission and Jefferson County Hospital
  - B. Other
- IV. Report of the Legislative Committee (*Mr. George Dale*)
  - A. Update on Legislation for 2023
  - B. 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. AEW Fund X Recommendation
  - B. Short Duration Fixed Income Search Criteria Watchlist
  - C. Callan Contract Extension
  - D. Other
- VII. Staff Reports
  - A. Retiree Report
  - B. Investment Report
- VIII. Staff and Trustee Continuing Education
  - A. 2023 Conferences and Training
    - NASRA 2023 Annual Conference; August 5- 9, 2023; Broomfield, Colorado
    - IFEBP CAPP
      - (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 101st Annual Conference; October 7-11, 2023, La Jolla, CA
- IX. Economic Interest Ethics Disclosures (Due May 1)
- X. Adjourn

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**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

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The Public Employees' Retirement System of Mississippi (PERS) Board of Trustees met Tuesday, February 28, 2023, at 429 Mississippi Street, Jackson, MS 39201. This meeting was duly announced to the public Tuesday, February 14, 2023, at 11:55 a.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, Mr. Chris Graham, Ms. Kimberly Hanna, Mr. Chris Howard, State Treasurer David McRae, Dr. Randy McCoy, Dr. Brian Rutledge, and Dr. Jay Smith.

**Via Teleconference:** None.

**Absent:** None.

**Current Board Vacancies:** None.

## LEGISLATIVE LIAISON ATTENDEES

**In Person:** None.

## 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; Jason Clark and David DeGuire, Investments; Billy Means, Matt King, Eric Bennett, Frank Giddens, Loren Cameron, Meghan Humber and Chris Renfroe, Information Technology; Chief Financial Officer Cindy Ogletree; Melanie Estridge, Accounting; Employer Reporting Program Administrator Alisa Evans; Benefit Payments Program Administrator Susan Lyon; Service Retirement Program Administrator Terri Bennett; Retirement Education Program Administrator LaCarole Smith; Member Account Support Program Administrator Chris Hudson; Mariam May-Clayton, Member and Employer Services; and Communications Director Shelley Powers.

## GUEST ATTENDEES

**In Person:** Assistant Attorney General Amy Gamble; Caleb Nicholson, Harper Rains, Knight & Company; Rob Dowdle, Legislative Budget Office; Ray Wright, Mississippi Joint Legislative Committee on Performance Evaluation; Bonnie Granger, retiree candidate for Board election; Ed Koebel, Cavanaugh Macdonald; Shannon Dyse, Mississippi Deferred Compensation; Rebecca Staples, Free State Strategies; Ted Hermann; and Emily Pote and Ed LeGrand, Mississippi Retired Public Employees' Association.

## CALL TO ORDER

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

## INVOCATION

Smith gave the invocation.

## PLEDGE OF ALLEGIANCE

McRae led the Pledge of Allegiance.

## AGENDA

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

## MINUTES

- **Motion:** To approve the minutes of the December 20, 2022, PERS Board of Trustees' meeting.
  - **Made by:** Rutledge.
  - **Seconded by:** Breland.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** Dale.
  - **Duly Passed.**

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## EMPLOYEE OF THE QUARTER

Benson presented the Employee of the Quarter for April through June 2023, to Matt King, IT.

## REPORT OF THE ADMINISTRATIVE COMMITTEE

Committee Chair McCoy reported that the Administrative Committee met the morning of February 28, 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 election for the term that runs from May 1, 2023, to April 30, 2029. McCoy reported that a run-off has been scheduled for this election between George Dale and Bonnie Granger, as neither candidate received a majority of the votes. The vote counts were as follows:

George R. Dale.....	4,985
Bonnie J. Granger.....	2,547
Wayne T. Myrick.....	2,291
Dr. Charles E. Garrett, Jr.....	1,452
Thomas R. Bradberry, Sr.....	1,156
Bonnie C. Littleton-Jones.....	910
Marion "Bo" L. Surrell.....	786
James V. Bryant.....	768
Diane White.....	606
Belinda R. Havard.....	599
Shirley J. Cox Gorden.....	527
Stephen M. Parnell.....	516
Henry Phillips.....	494
Roger W. Speed.....	491
Ralph C. Kennedy.....	458
Will L. Russell.....	445

- **Motion:** To certify the election results for the retiree representative election for the term that runs from May 1, 2023, to April 30, 202, and approve the runoff election ballot for the same position.
  - **Made by:** McCoy.
  - **Seconded by:** McRae.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Graham, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** Dale.
  - **Duly Passed.**

*(Addendum A – Retiree Election Results and Ballot)*

### Annual Crediting of Interest to Member Accounts

McCoy presented the Board with the 2023 Interest Rate for Member Accounts report, in accordance with Board Regulation 62, as follows:

In 2016, the PERS Board of Trustees approved the amendment of Regulation 62 to adjust the interest rate for member accumulation accounts. The interest rate is now calculated based on the money market rate as published by the Wall Street Journal on December 31 each year with a minimum rate of one percent and a maximum rate of five percent. On December 31, 2022, the Money Market rate published in the Wall Street Journal was 0.33%; therefore, the interest rate paid shall remain set at the minimum rate of one percent as of July 1, 2023.

- **Motion:** To approve the 2023 Interest Rate for Member Accounts report presented by staff and to approve the interest rate for member accumulated accounts to remain set at the minimum rate of one percent as of July 1, 2023.
  - **Made by:** McCoy.
  - **Seconded by:** Rutledge.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Graham, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** Dale.

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- o Duly Passed.

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

*(Appendix B – Regulation 41 Revisions)*

## Change Effective Date of Employer Contribution Rate Increase

McCoy presented the Board with the committee's recommendation that the effective date of the employer contribution rate change for PERS from 17.4 percent to 22.4 percent that had been voted on by the Board in December 2022 be extended from October 1, 2023, to July 1, 2024. He reported that the committee further recommended the same effective date extension for the Supplemental Legislative Retirement Plan (SLRP) employer contribution rate change from 7.4 percent to 8.4 percent that had been voted on by the Board in December 2022.

- **Motion:** To extend the effective date of the PERS employer contribution rate change from 17.4 percent to 22.4 and the SLRP employer contribution rate change from 7.4 percent to 8.4 percent from October 1, 2023, to July 1, 2024.
  - o **Made by:** McCoy.
  - o **Seconded by:** Breland.
  - o **Discussion:** None.
  - o **Voting for:** Benson, Breland, Graham, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
  - o **Voting against:** None.
  - o **Absent:** Dale.
  - o **Duly Passed.**

*Dale entered meeting at 1:06 p.m.*

## Other

McCoy reported that the committee had an extensive initial discussion about a potential Tier 5 for new employees and other options that included dates of implementation for employer rate changes, future legislation the Board may decide to pursue, and a tentative timeline of internal workings and reporting for any approved changes. McCoy said this discussion would be continued in the future.

*No committee action was taken.*

*(Appendix C – Preliminary Recommendations to PERS Board)*

## REPORT OF THE CLAIMS COMMITTEE

Committee Chair and Board Chair Benson reported that the Claims Committee met the morning of February 28, 2023, and heard an update on the delinquent contribution status of Southwest Mississippi Behavioral Health Commission (SWMBHC) and Jefferson County Hospital.

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- **Motion:** To certify \$130,823.99 in contribution payments and penalties due from Southwest Mississippi Behavioral Health Commission and \$49,933.10 in contribution payments and penalties 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:** Rutledge.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**

## REPORT OF THE LEGISLATIVE COMMITTEE

Committee Chair Dale reported that the Legislative Committee met the morning of February 28, 2023, and heard an overview of pending legislation for the 2023 session. No committee action was taken.

## REPORT OF THE DEFINED CONTRIBUTION COMMITTEE

Committee Chair Rutledge reported that the Defined Contribution Committee met February 27, 2023, and heard a market update and performance review from Callan on Mississippi Deferred Compensation and the Optional Retirement Plan. He also 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 initial adoption.

- **Motion:** To approve for initial adoption the MDC Plan amendments as recommended by staff.
  - **Made by:** Rutledge.
  - **Seconded by:** McRae.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**

*(Appendix D – MDC Plan Document)*

## REPORT OF THE INVESTMENT COMMITTEE

Committee Chair Breland reported that the Investment Committee met February 27, 2023, and heard a market update and performance review from Callan; updates from Arrowstreet, Baillie Gifford, and Marathon international all cap managers; and various miscellaneous updates. No committee action was taken on these items. He reported to the Board a fiscal year-to-date return of 3 percent as of February 24, 2023, which is up from last quarter. He also presented the following items for Board consideration.

### AEW Fund X Recommendation

Breland advised the Board that, after review of several value-add real estate funds, AEW's investment strategy for Fund X is consistent with the strategy pursued for Fund IX. Furthermore, the firm remains stable and the team has little turnover. Key changes to the terms are:

- **Larger fund size** – the target fund size for Fund X is \$2 billion compared to \$750 million for Fund IX. However, the team raised \$1.2 billion for Fund IX and has continued to add resources to the platform.
- **Key Person Change** – Tony Crooks is the sole Key Person for Fund X compared to Fund IX, which included March Davidson in addition to Mr. Crooks. Fund VIII only identified Marc Davidson as a Key Person, so the Firm had one Key Person prior to Fund IX.
- **Target return** – the target return for Fund X is 15% net IRR compared to 14% net IRR for Fund IX as a result of the change in interest rate environment. For Fund IX, the team lowered the target fund return to 14% due to the low interest rate environment and has increased it to 15% as rates have increased. The team kept the target return increase reasonable to mitigate risk for investors.
- **Fee discount** – should MSPERS participate in the initial close with a \$50 million commitment, the management fee will be 0.80% for the life of the Fund.

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- **Motion:** To approve a \$50 million commitment to AEW Partners Real Estate Fund X as a suitable investment, as recommended by staff and Callan.
  - **Made by:** Breland.
  - **Seconded by:** McCoy.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**

*(Appendix E – AEW Fund X Recommendation)*

## Short Duration Fixed Income Search Criteria

Breland presented the Board for approval criteria developed by Callan for a short duration fixed income manager.

- **Motion:** To approve the short duration fixed income search criteria, as recommended by staff and Callan.
  - **Made by:** Breland.
  - **Seconded by:** Hanna.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**

*(Appendix F – Short Duration Fixed Income Search Criteria)*

## Watchlist

Breland presented the Board with changes to the PERS Watchlist. Staff recommended to add Mondrian International Small Cap and Principal International Small Cap because rolling three-year relative performance has lagged the benchmark and underperforming their peer group.

- **Motion:** To approve the addition of Mondrian International Small Cap and Principal International Small Cap to the PERS Watchlist, as recommended by staff.
  - **Made by:** Breland.
  - **Seconded by:** Howard.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**

*(Appendix G – Watchlist)*

## Callan Contract Extension

Breland presented the Board with an extension to the contract with Callan, LLC, the System's investment consultant, for approval and advised not setting a specific end date to the contract, which could be cancelled anytime with 30 day's written notice.

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

## RETIREE REPORT

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

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

*(Addendum H - 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 December 20, 2022, board meeting.

- **Motion:** To approve the Investment Report, as well as all trades and transactions performed by the PERS Investments division since the December 20, 2022, board meeting.
  - **Made by:** McRae.
  - **Seconded by:** Graham.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**

*(Addendum I - Investment Report)*

## 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 1:15 p.m.*

Respectfully Submitted,



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



Mr. Bill Benson  
Chair  
PERS Board of Trustees

HRH