

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

June 23, 2021 | PERS Board Room

Page 1



Board of Trustees Meeting Agenda

Wednesday, June 23, 2021

1 P.M.

(Or immediately following lunch)

- I. **Call to Order** (*Mr. Chris Howard, Chair*)
 - A. **Invocation**
 - B. **Approval of Agenda**
 - C. **Approval of Minutes – April 28, 2021**
 - D. **Employee of the Quarter** (*July-September 2021*)
- II. **Report of Administrative Committee** (*Dr. Lee Childress*)
 - A. **Approval of FY 2023 Initial Administrative Budget Request**
 - B. **Board Travel Authorization**
 - C. **Other**
- III. **Report of the Claims Committee** (*Mr. Bill Benson*)
 - A. **Agency Agreements and Modifications – Chickasaw County School District, Mississippi School for the Blind and the Mississippi School for the Deaf, Chickasawhay Natural Gas District**
 - B. **Other**
- IV. **Report of Defined Contribution Committee** (*Dr. Brian Rutledge*)
 - A. **Other**
- V. **Report of Investment Committee** (*Mr. Kelly Breland*)
 - A. **Asset/Liability Study Recommendations**
 - B. **Other**
- VI. **FY 2022 Municipal Retirement Plans Cost-of-Living Certification**
- VII. **Disability Appeals Committee**
- VIII. **Staff Reports**
 - A. **Retiree Report**
 - B. **Investment Report**
- IX. **Staff and Trustee Continuing Education**
 - A. **Conferences and Training**
 - NCTR 21th Annual Trustee Workshop (Virtual); July 26-28, 2021
 - NASRA 2021 Annual Conference (Virtual); August 7-11, 2021
 - IFEBP CAPP
 - Pensions - Part I – Chicago, IL; July 13-14, 2021 (Cancelled)
 - Pensions – Part II – Chicago, IL; July 15-16, 2021 (Cancelled)
 - Pensions – Part I – Colorado Convention Center, Denver, CO; October 16-17, 2021
 - Pensions – Part II – Colorado Convention Center, Denver, CO; October 16-17, 2021
 - NCTR Annual Conference; Atlanta, GA; October 10-12, 2021
 - Callan College, Virtual via Zoom, October 26-28, 2021
- X. **Election of the FY 2022 PERS Board Vice Chair**
- XI. **Adjourn**

Board Members:

Mr. Chris Howard, *Board Chair*
Dr. Randy McCoy, *Board Vice Chair*
Mr. Bill Benson
Mr. Kelly Breland
Dr. Lee Childress

Mr. George Dale
Mr. Chris Graham
Ms. Kim Hanna
Treasurer David McRae
Dr. Brian Rutledge

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

June 23, 2021 | PERS Board Room

Page 2

The Public Employees' Retirement System of Mississippi (PERS) Board of Trustees met Wednesday, June 23, 2021, at 429 Mississippi Street, Jackson, MS 39201. This board meeting was duly announced to the public, Monday, June 14, 2021, at 3:42 p.m., on the Public Meetings Notice website of the Mississippi Department of Finance and Administration.

BOARD MEMBER ATTENDEES

The following individuals attended in person: Mr. Bill Benson, Mr. Kelly Breland, Dr. Lee Childress, Mr. George Dale, Mr. Chris Graham, Ms. Kimberly Hanna, Dr. Randy McCoy, State Treasurer David McRae, and Dr. Brian Rutledge.

The following individuals attend via teleconference: Board Chair Chris Howard.

Absent: None.

Current Board Vacancies: None.

LEGISLATIVE LIAISON ATTENDEES

The following individuals attended in person: Senator David Blount and Representative Karl Oliver.

STAFF ATTENDEES

The following individuals attended in person: Executive Director Ray Higgins; Chief Investment Officer Robert Clark; Office of Administrative Services Senior Deputy Administrator Terri Hudson; Counsel and Policy Advisor Davetta Lee; Benefit Services Deputy Administrator Lisa Green; Member and Employer Services Deputy Administrator Mason Frantom; Employer Reporting Program Administrator Pauline Howard; Member Account Support Program Administrator Chris Hudson; Benefit Payments Program Administrator Susan Lyon; Billy Means, Management Information Systems (MIS); Angie Rivers, Benefit Payments; Retirement Education Program Administrator LaCarole Smith; Deputy Chief Investment Officer Charles Nielsen; Mary Margaret Pritchard, Communications; Loren Cameron, Benefit Payments; Chief Finance Officer Cindy Ogletree; Ran Jones, LaMelody Lewis, and Melanie Estridge, Accounting; and Communications Director Shelley Powers.

Also in attendance: Special Assistant Attorney General Martin Millette, Attorney General's Office.

GUEST ATTENDEES

The following individuals attended in person: Ray Wright and Jordan Dillon, Joint Committee on Performance Evaluation and Expenditure Review; Ed Koebel, Cavanaugh Macdonald; Alan Cooper, Mississippi Department of Finance and Administration; Corbin Stanford, Legislative Budget Office; and Emily Pote, Mississippi Retired Public Employees' Association.

CALL TO ORDER

Board Chair Howard called the meeting to order at 1:04 p.m.

INVOCATION

Hanna gave the invocation.

PLEDGE OF ALLEGIANCE

McCoy led the Pledge of Allegiance.

AGENDA

Motion: Howard called for a motion to approve the meeting agenda. The motion was made by Benson and was seconded by Rutledge, which motion duly passed.

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

MINUTES

Motion: Howard called for a motion to approve the minutes of the April 28, 2021, PERS Board of Trustees' meeting. The motion was made by Childress and was seconded by Benson, which motion duly passed.

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

EMPLOYEE OF THE QUARTER

McCoy presented Cameron with Employee of the Quarter for the first quarter of fiscal year 2022, which runs July 1, 2021, through September 30, 2021.

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

June 23, 2021 | PERS Board Room

Page 3

REPORT OF THE ADMINISTRATIVE COMMITTEE

Childress presented the Board with the FY 2023 Administrative Budget Request and asked for initial adoption.

Motion: Childress made a motion to approve initial adoption of the FY 2023 Administrative Budget Request. The motion was seconded by Rutledge, which motion duly passed.

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

(Addendum A – FY 2023 Initial Administrative Budget Request)

Childress presented the committee with proposed FY 2022 travel 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: Childress made a motion to authorize board travel 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. The motion was seconded by Dale, which motion duly passed.

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

Childress advised the Board that the committee heard a presentation by Koebel regarding a potential employer contribution rate increase, but no decisions were made by the committee.

REPORT OF THE CLAIMS COMMITTEE

Benson presented the Board with a recommendation to approve agency agreements and/or modifications for the following:

Chickasaw County School District

Per Senate Bill No. 2463, the Chickasaw County School District and the Houston Municipal School District, was to be consolidated into one school district designated as Chickasaw County School District, effective July 1, 2021. This will include Social Security and retirement coverage for their employees.

Special Assistant Attorney General, Martin Millette, has verified that the Chickasaw County School District is a public entity. Also, Office of Administrative Services Senior Deputy Administrator Terri Hudson has reviewed the financial statements submitted by the Chickasaw County School District and has determined based upon that limited review, that the Chickasaw County School District, has the financial resources to participate in the Public Employees' Retirement System of Mississippi.

We recommend that the Chickasaw County School District be approved for Social Security coverage with an effective date of June 30, 2021 and Retirement coverage to be approved with an effective date of July 1, 2021, respectively.

Mississippi School for the Blind and Mississippi School for the Deaf

The Mississippi School for the Blind and the Mississippi School for the Deaf, recently reported under the Department of Education; per House Bill No. 667 shall be transferred from state service under the authority of the State Personnel Board to employment status as employees of the respective school. The agency submitted an initial request on April 19, 2021 for Social Security and Retirement coverage for their employees with the Public Employees' Retirement System.

Special Assistant Attorney General, Martin Millette, has verified that the Mississippi School for the Blind and the Mississippi School for the Deaf, is a public entity. Also, Office of Administrative Services Senior Deputy Administrator Terri Hudson has reviewed the financial statements submitted by the Mississippi School for the Blind and the Mississippi School for the Deaf and has determined based upon that limited review, that the Mississippi School for the

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

June 23, 2021 | PERS Board Room

Page 4

Blind and the Mississippi School for the Deaf, has the financial resources to participate in the Public Employees' Retirement System of Mississippi.

We recommend that the Mississippi School for the Blind and the Mississippi School for the Deaf be approved for Social Security effective June 30, 2021 and Retirement coverage with an effective date of July 1, 2021.

Chickasawhay Natural Gas District

On *March 3, 2021*; the Chickasawhay Natural Gas District requested to amend their original joinder agreement to include their Elected officials; which were excluded from their joinder upon initial membership in July of 1956. This membership includes Social Security and retirement coverage for their employees.

We recommend that the Amendment to the Joinder to include Elected Officials for the Chickasawhay Natural Gas District be approved for Retirement coverage with an effective date of July 1, 2021.

Motion: Benson made a motion to approve coverage for Social Security effective June 30, 2021, and retirement effective July 1, 2021, for Chickasaw County School District; coverage of Social Security effective June 30, 2021, and retirement effective July 1, 2021, for Mississippi School for the Blind and Mississippi School for the Deaf; and amend the original joinder agreement to allow for coverage of elected officials in retirement effective July 1, 2021, for Chickasawhay Natural Gas District. The motion was seconded by McCoy, which motion duly passed.

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

(Addendum B – Agency Agreements and Modifications)

Benson advised the Board that the committee also discussed Southwest Mississippi Mental Health Commission and the town of Tchula employer and employee contribution delinquencies and how these processes can be expedited in the future, but that no action was taken by the committee.

REPORT OF THE DEFINED CONTRIBUTION COMMITTEE

Rutledge shared with Board that the Defined Contribution Committee met June 22, 2021, and Callan, LLC, the System's investment consultant, presented a review of Mississippi Deferred Compensation and Optional Retirement Plan.

REPORT OF THE INVESTMENT COMMITTEE

Breland reported that the committee heard a market update and performance review by Callan, as well as an asset/liability study recommendation by Callan. Callan submitted the following overview for inclusion in these minutes:

Jay Kloepfer of Callan led the discussion. He reviewed the highlights from phase one of the study, including inputs from the plan actuary, Callan's asset/liability modeling process and Callan's forward looking capital market expectations.

The discussion then turned to modeling future key metrics for the plan, including ranges of expected returns, ranges of asset values and liabilities, and corresponding funded status projections. A range of asset mixes were reviewed, as were the addition of new asset classes like private credit and infrastructure. Callan and staff believe these new asset classes may be beneficial for diversifying the current asset allocation; however current investment statutes limit the fund's ability to access these strategies due to the 10% limit of the basket clause.

The board discussed and approved a motion to direct staff to bring a discussion of expanding the basket clause to the Legislative Committee for discussion at future meetings.

Motion: Breland made a motion to receive the Asset Liability Study as presented, which will leave the current allocations in place. The motion was seconded by Benson, which motion duly passed.

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

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

June 23, 2021 | PERS Board Room

Page 5

Motion: Breland made a motion to refer to the Legislative Committee a request to pursue statutory language change(s) to the maximum allowable limit from 10 percent to 20 percent for what is commonly referred to as the "basket clause" (Section 25-11-121 of the Mississippi Code of 1972 paragraph (1) (p)), which would allow the flexibility to invest more in "Types of investments not specifically authorized by this subsection...". The motion was seconded by McCoy, which motion duly passed.

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

Breland advised the Board that the committee heard miscellaneous updates and received updates about the investment watchlist, which had no changes.

FY 2022 Municipal Retirement Plans Cost-of-Living Certification

Higgins officially introduced Green and Frantom to the Board, who welcomed them as PERS' newest deputy administrators. Higgins then presented the Board with the FY 2022 Municipal Retirement Plans Cost-of-Living Certification.

Motion: Howard called for a motion to approve the FY 2022 Municipal Retirement Plans Cost-of-Living Certification. The motion was made by Benson and was seconded by Rutledge, which motion duly passed.

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

DISABILITY APPEALS COMMITTEE

Higgins presented the recommendation of the Disability Appeals Committee (DAC). He stated that the DAC recommendation and the background information was previously provided to the Board.

- PERS No. 21-02: This matter came before the DAC January 11, 2021. The DAC heard sworn testimony, received evidence, and gave due consideration to the applicable laws and regulations. The DAC submits to the Board of Trustees its Proposed Statement of Facts, Conclusions of Law, and Recommendation that the claimant's request for continuing duty-related disability benefits be denied.
- PERS No. 21-03: This matter came before the DAC January 11, 2021. The DAC heard sworn testimony, received evidence, and gave due consideration to the applicable laws and regulations. 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.
- PERS No. 21-06: This matter came before the DAC March 29, 2021. The DAC heard sworn testimony, received evidence, and gave due consideration to the applicable laws and regulations. The DAC submitted to the Board of Trustees its statement of facts, conclusions of law, and recommendation that the claimant's request for duty-related disability benefits be denied.
- PERS No. 21-08: This matter came before the DAC May 3, 2021. The DAC heard sworn testimony, received evidence, and gave due consideration to the applicable laws and regulations. The DAC submitted to the Board of Trustees its statement of facts, conclusions of law, and recommendation that the claimant's request for non-duty-related disability benefits be denied.

Motion: Howard called for a motion to accept the findings of the DAC and approve the DAC recommendations. The motion was made by Rutledge and was seconded by Childress, which motion duly passed.

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

RETIREE REPORT

Higgins presented the Retiree Report. He advised that the report had been provided to the board members in advance for their review. Higgins requested board approval of this report.

Motion: Howard called for a motion to accept the Retiree Report. The motion was made by Childress and was seconded by Hanna, which motion duly passed.

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

(Addendum C - Retiree Report)

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

June 23, 2021 | PERS Board Room

Page 6

INVESTMENT REPORT

Higgins presented the Investment Report. He advised that this report had been provided to the Board in advance. He requested board approval of this report, as well as of all trades and transactions performed by the PERS Investments division since the April 28, 2021, board meeting.

Motion: Howard called for a motion to approve the Investment Report, as well as of all trades and transactions performed by the PERS Investments division since the April 28, 2021, board meeting. The motion was made by McRae and was seconded by Dale, which motion duly passed.

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

(Addendum D - Investment Report)

STAFF AND TRUSTEE CONTINUING EDUCATION

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

ELECTION OF THE FY 2022 PERS BOARD VICE CHAIR

Howard advised that previous discussions between himself, McCoy, and Rutledge led to a decision to nominate Benson for the FY 2022 vice chair.

Motion: Howard called for a motion to approve Benson as FY 2022 vice chair. The motion was made by Dale and was seconded by Rutledge, which motion duly passed.

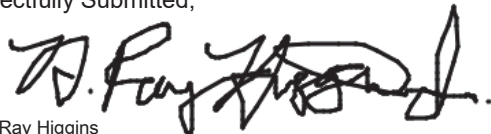
- **Voting for:** Benson, Breland, Childress, Dale, Graham, Hanna, Howard, McCoy, McRae, and Rutledge.
- **Voting against:** None.
- **Absent:** None.

Motion: There being no additional business, Howard called for a motion to adjourn the meeting. The motion was made by McRae and was seconded by Breland, which motion duly passed.

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

The meeting was adjourned at 1:24 p.m.

Respectfully Submitted,



Ray Higgins
Aug 26, 2021 4:52 PM CDT



Randy McCoy
Aug 26, 2021 1:33 PM CDT

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

Dr. Randy McCoy
Chair
PERS Board of Trustees

HRH