



## Board of Trustees Meeting Agenda

Tuesday, June 23, 2020

10:45 A.M.

(via Microsoft Teams)

(or immediately following the Legislative Committee meeting)

- I. Call to Order (*Dr. Brian Rutledge, Chair*)
  - A. Invocation
  - B. Pledge of Allegiance
  - C. Approval of Agenda
  - D. Approval of Minutes – *April 29, 2020*
  - E. Employee of the Quarter (*July - September 2020*)
  
- II. Report of Administrative Committee (*Dr. Lee Childress*)
  - A. Approval of State Employees' Representative Runoff Election Results
  - B. Approval of Timeline for Municipal Employees' Representative Election
  - C. Approval of FY2022 Initial Administrative Budget Request
  - D. Approval of Board SOP Revisions
  - E. Board Travel Authorization
  - F. Regulation 34 Recommendation, *Reemployment after Retirement*
  - G. Other
  
- III. Report of Claims Committee (*Dr. Randy McCoy*)
  - A. New Agency Joinder Agreement – Mississippi School for the Arts
  - B. Other
  
- IV. Report of Audit Committee (*Ms. Kimberly Hanna*)
  - A. Other
  
- V. Report of Legislative Committee
  - A. Other
  
- VI. Report of Defined Contribution Committee (*Dr. Brian Rutledge*)
  - A. ORP Plan Document Amendment (*final review*)
  - B. MDC Custodial Agreement
  - C. Approval of ORP Manager Finalists Recommendations
  - D. CARES Act
  - E. Other
  
- VII. Report of Investment Committee (*Mr. Chris Howard*)
  - A. Other
  
- VIII. Municipal Plans FY 2021 COLA Certifications
  
- IX. Retiree Insurance Advisory Committee
  - A. New Member Appointments
  
- X. Disability Appeals Committee
  
- XI. Staff Reports
  - A. Executive Director's Update
  - B. Litigation Report
  - C. Retiree Report
  - D. Investment Report
  
- XII. Staff and Trustee Continuing Education
  - A. Board Workshop – TBD
  - B. Conferences and Training
    - VIRTUAL NCTR 2020 Trustee Workshop, July 20–22, 2020
    - VIRTUAL NASRA 2020 Annual Conference, August 8-12, 2020
    - IFEBP CAPP  
- Pension Part I (Santa Monica, CA, September 22 - 23, 2020)  
- Pension Part II (Santa Monica, CA, September 24 - 25, 2020)
    - VIRTUAL NCTR 2020 Annual Conference, October 10-13, 2020
    - Callan College, Chicago, IL, October 13-14, 2020
  
- XIII. Election of the FY 2021 PERS Board Vice Chairman
  
- XIV. Adjourn

BOARD OF TRUSTEES' *VIDEOCONFERENCE* MEETING MINUTES  
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, June 23, 2020. This videoconference board meeting was duly announced to the public, Tuesday, June 9, 2020, at 5:26 p.m., on the Mississippi Department of Finance and Administration Public Meetings Notice website.

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

Staff members present in the videoconference were: Director Ray Higgins, Robert Clark, Kenny Grissett, Terri Hudson, Davetta Lee, Charles Nielsen, Jason Clark, Pauline Howard, Susan Lyon, Terrance Yarbrough, Terri Bennett, Amy Marquez, Billy Means, Mason Frantom, Cindy Ogletree, Shelley Powers, Ran Jones, John Moody, Walter Hille, Mary Margaret Pritchard, Anthony Brown, Chris Hudson, David DeGuire, Dan Garrett, Dawn Wells, Dedra Flowers, Derek Moore, Meghan Humber, Randy Speights, Roderick Warner, Ryan Beard, Sravanthi Cheruku, Anthony Williamson, Brandi O'Neal, Angela Bradford, Janet Mobley, Maurice Gilliam, Philip Wilson, Ryan Holliday, Steve Jones, Vicki Russell 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 and Marybeth Daubenspeck, Empower Retirement; Amanda Threatt; Cindy White; Mr. or Ms. Taylor; Kelly Riley, Mississippi Professional Educators; Ed Koebel and Jonathan Craven, Cavanaugh Macdonald, LLC; Mike Larsen, Mississippi Retired Public Employees' Association; and Sam King, Invesco.

Chairman Rutledge called the meeting to order at 9:49 a.m.

Mr. Chris Howard gave the invocation. No pledge of allegiance to the flag was observed, as this was a telephonic meeting.

**Agenda** | Chairman Rutledge called for a motion to approve the meeting agenda. The motion was made by Dr. Childress, seconded by Dr. McCoy, 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 Rutledge called for a motion to approve the minutes of the April 29, 2020, PERS Board of Trustees' telephonic meeting. The motion was made by Mr. Howard, seconded by Mr. McRae, which motion duly passed, to approve the minutes of the PERS board meeting of April 29, 2020. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none.

**Employees of the Quarter** | Chairman Rutledge announced that the PERS Employees of the Quarter for the first quarter of FY2021 is the entire PERS Management Information Systems (MIS) staff. He reported that the MIS staff is being recognized and congratulated for delivering superior customer service to PERS staff, particularly during the current ongoing pandemic event. Dr. Rutledge stated that MIS has continued an excellent work philosophy by keeping the agency fully operational while maintaining the high standards of proficiency and professionalism expected by those we serve. Dr. Rutledge added that because of the swift

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and efficient action of the MIS staff, PERS has not missed a benefit payment and the agency has been able to continue all of its critical functions throughout this unprecedented pandemic event.

Mr. Hille accepted the honor on behalf of the MIS staff and gave brief remarks.

**Administrative Committee** | Dr. Lee Childress, Administrative Committee chair, reported that the committee met by videoconference, Tuesday, June 23, 2020.

**Approval of State Employees' Rep Runoff Election Results** | Dr. Childress reported that the committee reviewed and approved the State Employees' Representative Runoff Election results.

**Election-America Inc.  
 2020 State Employee Representative  
 Runoff Election Results**

<u>Race</u>	<u>Candidate/Choice</u>	<u>Votes</u>
State Employee Representative	Christopher M. Howard	889
	Misti Munroe	858

The motion was made by Dr. Childress, seconded by Dr. McCoy, which motion duly passed, to approve the State Employees' Representative Runoff Election results presented by staff. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none.

**Municipal Employees' Rep Election - Timeline** | Dr. Childress reported that staff presented the Timeline for the Municipal Employees' Representative election.

**PERS Board Election Schedule – Municipal Employee Representative**

**Term ends 12/31/20**

June 25, 2020	Notice mailed to municipalities soliciting candidates
July 27, 2020	Deadline for receipt of petitions
<b>Aug 25, 2020</b>	<b>Board approval of ballot at regularly scheduled meeting</b>
Sept 8, 2020	Deadline to mail ballots
Oct 8, 2020	Deadline for receipt of ballots/votes
<b>Oct 27, 2020</b>	<b>Board approval of election results at regularly scheduled meeting</b>
Nov 6, 2020	Deadline for swearing in of new Board member

**Runoff Schedule (if necessary)**

Nov 05, 2020	Ballots mailed
Dec 08, 2020	Deadline for receipts of ballots/votes
<b>Dec 15, 2020</b>	<b>Board approval of election results at regularly scheduled meeting</b>
Dec 28, 2020	Deadline for swearing in of new Board member

The motion was made by Dr. Childress, seconded by Mr. Dale, which motion duly passed, to approve the Timeline for the Municipal Employees' Representative election, as presented by staff. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none.

**FY2022 Administrative Budget Request** | Dr. Childress reported that the committee reviewed and approved the PERS FY2022 Initial Administrative Budget Request presented by staff.

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The motion was made by Dr. Childress, seconded by Mr. Breland, which motion duly passed, to approve the PERS FY2022 Initial Administrative Budget Request, including the PERS Information Technology Budget Request and the PERS Building Repair and Maintenance Budget Request. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none. (*Addendum A – PERS FY 2022 Initial Budget Request*)

**Board SOP  
Amendment/Revision**

Dr. Childress reported that the committee reviewed and approved the amendment to the Board's Standard Operating Procedures (SOP) manual, presented by staff.

**Actuarial**

Miss. Code Ann. § 25-11-119 (8) provides that the Board shall designate an actuary who shall be the technical advisor of the Board on matters regarding the operation of the System.

The Board will have an annual actuarial valuation performed for the Public Employees' Retirement System of Mississippi (PERS), the Supplemental Legislative Retirement Plan (SLRP), the Mississippi Highway Safety Patrol Retirement System (MHSPRS), and the Municipal Retirement Systems (MRS) as of June 30. The purpose of the valuation is to measure each plan's funding progress, to determine the unfunded accrued liability amortization period beginning July 1, and to make recommendations for contribution rates for future years that are sufficient to meet the Board's funding objectives. The valuation will also determine the required disclosure and expensing information needed by the Systems to meet Governmental Accounting Standards Board (GASB) accounting standards.

The actuary will follow the Actuarial Standards of Practice regarding the measurement of pension benefit obligations. The actuary will produce a detailed report of each annual valuation in sufficient detail to allow the Board to ascertain the validity of the calculations and to determine the level of contributions necessary to meet the funding goals stipulated in the Board's approved funding policy. The reports, at a minimum, shall include a glossary of terms and sufficient explanatory text to permit a reasonable understanding of the actuarial assumptions, methods, and conclusions by outside actuaries and others knowledgeable in the public pension field. This shall include, but not be limited to, a summary of benefits, a description of the actuarial assumptions and methods, a display of age and service matrices for active members, and a display of retired lives by age groups and type of benefits. Unless otherwise directed by Board and staff, the actuary shall present the valuation reports at the December/October Board meeting.

The motion was made by Dr. Childress, seconded by Mr. Howard, which motion duly passed, to approve the amendment to the Board SOP, as presented by staff. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none.

**Board Travel  
Authorization**

Dr. Childress reported that the Committee reviewed and approved the FY 2021 staff and Board of Trustees' travel authorizations for the conferences and meetings sponsored by the National Council on Teacher Retirement (NCTR), the National Association of State Retirement Administrators (NASRA), the Certificate of Achievement in Public Plan Policy (CAPPP) program sponsored by the International Foundation of Employee Benefit Plans (IFEBP), and the Callan College.

The motion was made by Dr. Childress, seconded by Ms. Hanna, which motion duly passed, to authorize approved staff and any Board Member to attend conferences or meetings sponsored by NCTR, NASRA, the IFEBP CAPPP program, and the Callan College, during FY 2021. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none.

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**Regulation 34** | Dr. Childress reported that the committee reviewed and approved the recommendation of staff and the outside tax counsel to amend PERS Board Regulation 34, *Reemployment after Retirement*, for initial adoption. He advised that this action is necessary based on the Internal Revenue Service's (IRS) declining to rule on PERS' private letter ruling (PLR) request.

The motion was made by Dr. Childress, seconded by Mr. Breland, which motion duly passed, to approve initial adoption of amended PERS Board 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 B – Regulation 34*) (*Addendum B1 – Ice Miller Memo – IRS Declining to Rule on PLR*) (*Addendum B2 – AG Letter to PERS ED*) (*Addendum B3 – Caldwell AG Opinion*) (*Addendum C – IRS Letter PLR Decline*)

Dr. Childress reported that the committee heard an update from Mr. Higgins, as well as Cavanaugh Macdonald actuary, Mr. Ed Koebel, regarding the upcoming actuarial valuation.

**Claims Committee** | Dr. Randy McCoy, Claims Committee chair, reported that the committee met telephonically, Tuesday, June 23, 2020.

**Joinder Agreement – Mississippi School of the Arts** | Dr. McCoy advised that the committee reviewed and approved the New Agency Joinder Agreement of the Mississippi School of the Arts (MSA), as recommended by staff.

<u>Entity</u>	<u>Coverage Requested</u>	<u>Effective Date</u>
Mississippi School of the Arts (MSA)	Social Security Coverage	June 30, 2020
	Retirement Coverage	July 1, 2020

**Recommendation for New Agency Agreement  
Mississippi School of the Arts (MSA)**

The Mississippi School of the Arts submitted an initial request on January 30, 2020 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 of the Arts is a public entity. Also, Internal Auditor, Mason Frantom, has reviewed the financial statements submitted by Mississippi School of the Arts and has determined based upon that limited review, that the Mississippi School of the Arts, has the financial resources to participate in the Public Employees' Retirement System of Mississippi.

We recommend that the Mississippi School of the Arts be approved for Social Security effective June 30, 2020 and Retirement coverage with an effective date of July 1, 2020.

The motion was made by Dr. McCoy, seconded by Mr. McRae, which motion duly passed, to approve the New Agency Joinder Agreement of the Mississippi School of the Arts, as presented by staff, to provide this school with Social Security coverage, effective June 30, 2020, and PERS Retirement coverage, effective July 1, 2020. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none.

**Audit Committee** | Ms. Kimberly Hanna, Audit Committee chair, reported that the committee met telephonically, Tuesday, June 23, 2020. She advised that the committee heard a brief update from staff on the

Performance Audit from the Office of the State Auditor. Ms. Hanna reported that no action was taken or required by the committee.

**Legislative Committee** | Dr. Brian Rutledge, acting Legislative Committee chair, reported that the committee met, Tuesday, June 23, 2020. He reported that the committee heard a brief update of current legislation pertaining to PERS, presented by staff. He advised that no action was required or taken by the committee. (*Addendum D – Legislative Update*)

**Defined Contribution Committee** | Dr. Brian Rutledge, Defined Contribution Committee chair, reported that the committee met telephonically, Monday, June 22, 2020.

**ORP Plan Document Amendment** | Mr. Higgins reported that the committee reviewed and approved final adoption of the amendment presented by staff that provides for the inclusion of collective investment trusts and group trusts in the Optional Retirement Plan (ORP) Plan Document investment options.

**Public Employees' Retirement System  
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**Proposed Amendments to Optional Retirement Plan  
Plan Document**

Staff requests the Board's final approval of the proposed amendment to the following section:

Amend Section 5.1 Fund Sponsors/Funding Vehicles to update the plan investment offerings to specifically include collective investment trusts and common group trusts. The statute and current plan document provide broad authority for investment options. This amendment provides specific language required by fund managers and recommended by tax counsel. Similar language is found in the Mississippi Deferred Compensation Plan Document.

The effective date of the proposed amendments will be August 1, 2020.

**ARTICLE V FUND SPONSORS/FUNDING VEHICLES**

**5.1 Fund Sponsors/Funding Vehicles**

Plan contributions are invested in one or more Funding Vehicles available to Participants under this Plan. These Funding Vehicles, unless restricted by law, may include collective investment trusts or common group trusts that provide for the pooling of assets of employee benefits trusts, as permitted under Revenue Rulings 81-100 and 2011-1, Notice 2012-6, Revenue Ruling 201424, or subsequent guidance, and that are operated or maintained exclusively for the commingling and collective investment of monies, provided that the funds in the group trust consist exclusively of trust assets held under plans qualified under section 401(a) of the Internal Revenue Code, individual retirement accounts that are exempt under section 408(e) of the Internal Revenue Code, eligible governmental plans that meet the requirements of section 457(b) of the Internal Revenue Code, and governmental plans under section 401(a)(24) of the Internal Revenue Code. For this purpose, a trust includes a custodial account or separate tax-favored account maintained by an insurance company that is treated as a trust under section 401(f) or under section 457(g)(3) of the Internal Revenue Code.

Any collective or common group trust to which assets of the Plan are transferred shall be adopted by the Board as part of the Plan by executing appropriate participation, adoption agreements, and/or trust agreements with the group trust's trustee. The separate account maintained by the group trust for the Plan

shall not be used for, or diverted to, any purpose other than for the exclusive benefit of the members and beneficiaries of the Plan.

For purposes of valuation, the value of the separate account maintained by the group trust for the Plan shall be the fair market value of the portion of the group trust held for the Plan, determined in accordance with generally recognized valuation procedures.

The Board shall periodically monitor and evaluate the available Fund Sponsors and Funding Vehicles as well as the appropriateness of continued offerings by the Plan. The Board shall determine whether to add additional Funding Vehicles and/or to terminate Funding Vehicles that are determined to be no longer appropriate for offering.

**5.2 Fund Transfers**

Subject to a Funding Vehicle's rules for transfers and in accordance with the provisions of the Code for maintaining the tax deferral of the Accumulation Account(s), a Participant may specify that a part or all of his or her Accumulation Account in one Funding Vehicle may be transferred to another Funding Vehicle(s) of the Fund Sponsor or the Funding Vehicle(s) of another Fund Sponsor. Transfers between Fund Sponsors are subject to each Fund Sponsor's rules for such transfers

The motion was made by Dr. Rutledge, seconded by Ms. Hanna, which motion duly passed, to approve final review of the ORP Plan Document Amendment to the Plan Document, as presented by staff. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none.

**MDC Custodial Agreement**

Mr. Higgins presented the Mississippi Deferred Compensation Plan and Trust (MDC) Custodial Agreement staff recommendation. He advised that the committee reviewed and approved the transition of the MDC custodial services from Wells Fargo Bank, N.A., to Great-West Trust Company, LLC, as recommended by staff.

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**Mississippi Deferred Compensation Plan and Trust  
Custodial Agreement Recommendation**

Wells Fargo Bank, N.A. currently provides custodial services to the Mississippi Deferred Compensation Plan and Trust (MDC). When the Public Employees' Retirement System entered into the MDC Agreement for Recordkeeping and Communication Services with Great-West Life & Annuity Insurance Company in 2014, PERS appointed Wells Fargo to serve as custodian for MDC plan assets pending investment or disbursement and to hold such assets for the exclusive benefit of the Plan's participants and beneficiaries. Great-West has had an ongoing relationship with Wells Fargo Bank to serve as custodian or trustee to plans that Great-West serves as recordkeeping service provider. Empower also provides back-office support for the custodial services Wells Fargo provides. Through this arrangement, Empower has been able to offer a custody experience that integrates with MDC's recordkeeping services. The compensation for custodial services is included in the recordkeeping fees paid to Empower Retirement.

In July 2019, Principal Financial Group acquired Wells Fargo's Institutional Retirement & Trust business. Great-West Trust Company, LLC can perform the same services currently provided by Wells Fargo Bank. Great-West Trust Company, LLC is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company and an affiliated entity under the Empower brand. There would be no lapse in service associated with a change to Great-West Trust Company, LLC and there would be no fee increase. As of December 31, 2019, Great-West Trust Company, LLC acts as trustee, custodian or cash custodian for 416 Empower

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governmental plans. Great-West Trust Company, LLC served as directed trustee for 77 of those plans. Total plan assets were \$16.3 billion.

Due to the acquisition, MDC must migrate its custodial services to the Principal Financial Group or move the service to Great-West Trust Company, LLC. Staff recommends the transition of MDC custodial services to Great-West Trust Company, LLC.

The motion was made by Dr. Rutledge, seconded by Mr. Howard, which motion duly passed, to approve the recommendation of staff to transition the MDC custodial services to Great-West Trust Company, LLC. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none.

**Approval of the ORP  
Finalists Recommendations**

Dr. Rutledge reported that the committee met June 8, 2020 and heard presentations from four investment funds manager finalists for the Optional Retirement Plan (ORP). Dr. Rutledge presented the recommendations of the finalists approved for selection by the Defined Contribution Committee. He reported that staff and the committee recommend the selection of the following approved ORP fund providers:

- **GW&K** Small/MidCap Core Equity CIT Fund to fill the offering of Small/Mid-Cap (SMID) Equity (Active) Fund across all three ORP platforms (Voya, VALIC, and TIAA),
- The **T. Rowe Price** Large Cap Growth Fund for the Voya ORP platform,
- The **Alliance Bernstein** Core Global Equity fund for the Active Global Equity category for the Voya platform, and
- The **Manulife** Fund for the Active Fixed Income CorePlus category for the Valic and TIAA platforms.

The motion was made by Dr. Rutledge, seconded by Dr. McCoy, which motion duly passed, to approve the selection of GW&K, T. Rowe Price, Alliance Bernstein, and Manulife as the ORP fund providers recommended by staff. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none.

**CARES Act**

Mr. Higgins reported that the committee reviewed and approved the recommendations of staff relating to the provisions of the Coronavirus Aid, Relief and Economic Security Act of 2020 (CARES) Act.

**Coronavirus Aid, Relief and Economic Security Act of 2020  
("CARES Act") Summary**

**Waiver of Required Minimum Distributions (RMDs) Mandatory Provision**

Effective January 1, 2020, the CARES Act waives RMDs for defined contribution 401(a) plans, 403(b) plans, governmental 457(b) plans, and IRAs for calendar year 2020.

**Staff Recommendation:** This is a mandatory provision. MDC and ORP will waive RMDs.

**Coronavirus-Related Distributions (CRDs) Optional Provision**

A coronavirus-related distribution is a distribution of up to \$100,000 for a taxable year made from a 401(a) plan, 403(b) plan, governmental 457(b) plan, or IRA on or after January 1, 2020, and before December 31, 2020, to a qualified individual. The distribution is limited to a maximum aggregated amount of \$100,000 across all of an individual's plan accounts. A qualified individual is an individual:

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- who is diagnosed with COVID-19 by a test approved by the Centers for Disease Control and Prevention (CDC), or
- whose spouse or dependent is diagnosed with COVID-19 by a test approved by the CDC, or
- who experiences adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to COVID-19, being unable to work due to lack of child care due to COVID-19, closing or reducing hours of a business owned or operated by the individual due COVID-19, or other factors as determined by the Secretary of the Treasury.

Plans may rely on a participant's self-certification to determine eligibility. A coronavirus-related distribution is not treated as an eligible rollover distribution, mandatory withholding does not apply, and a 402(f) special tax notice is not required. Accordingly, 10% withholding will apply, unless the participant elects out of withholding. Unless the individual elects otherwise, this distribution is included in gross income ratably over three years. The participant may repay the distribution in one or more contributions within three years, and the repayment will be treated as a rollover.

**Staff Recommendation:** The Board should consider amending the governmental 457(b) MDC plan to allow active participants the opportunity to take CRD in-service distributions. MDC currently allows in-service distributions for unforeseen emergencies and other limited voluntary in-service distributions. According to recent IRS published guidance, a coronavirus-related distribution is treated as meeting the distribution restrictions for a section 401(k) plan, section 403(b) plan, or governmental section 457(b) plan. Historically, MDC allowed similar Hurricane Katrina Distributions within the meaning of the Katrina Emergency Tax Relief Act of 2005.

Staff does not recommend approval of CRD in-service distributions in the 401(a) Optional Retirement Plan and PERS plans. ORP is designed like PERS with no options for in-service distributions. Participants must terminate covered employment before they may receive any distributions from ORP and PERS. There are no hardship provisions, loans, Qualified Domestic Relations Orders (QDROs), garnishments, etc. while the ORP or PERS member remains employed by a PERS-covered employer. According to tax counsel, PERS would need statutory authority to allow in-service distributions in PERS, and they are not aware of any governmental 401(a) plans which have adopted CRD in-service distributions.

**Early Distribution Penalty Tax Relief *Mandatory Provision***

Regardless of whether a retirement plan is amended to permit coronavirus-related distributions, the 10% early distribution penalty tax will not apply to a distribution that otherwise qualifies as a coronavirus-related distribution.

**Staff Recommendation:** This is a mandatory provision. PERS and other plans are working to eliminate the early distribution penalty tax for CRDs requested by terminated individuals who are eligible for refunds or other distributions. Even if the plans do not treat a distribution as coronavirus-related, a qualified individual may treat a distribution that meets the requirements to be a coronavirus-related distribution as coronavirus-related on the individual's federal income tax return.

**Loans *Optional Provision***

The CARES Act increases the loan limits for any loan made from a 401(a), 403(b) or governmental 457(b) plan. The Act increases the maximum loan amount to \$100,000 (currently \$50,000) and permits loans up to 100% (currently 50%) of the present value of the participant's account.

**Staff Recommendation:** The ORP and MDC plans do not currently allow loans, and staff does not recommend any changes.

The motion was made by Dr. Rutledge, seconded by Ms. Hanna, which motion duly passed, to approve the recommendations of staff of the provisions of the CARES Act, including amending the MDC plan to allow active participants the opportunity to take Coronavirus-Related Distributions (CRD) in-service

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distributions. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none.

**Investment Committee** | Mr. Chris Howard, Interim Investment Committee chair, reported that the committee met telephonically, Monday, June 22, 2020. He advised that the committee heard performance reviews from the Callan LLC consultants, as well as presentations from the global/core real estate managers, Epoch, Acadian, Principal, and UBS. Mr. Howard reported that the committee also heard the Watch List review presented by staff. He reported that these reviews were presented for informational purposes and no action was required by the committee.

Mr. Howard commended and thanked Director Higgins and PERS CIO Robert Clark and his investment staff for a job well done in the PERS investments division.

**Municipal Plans FY2021 COLA Certifications** | Mr. Grissett presented a listing of the municipalities that have statutory authority to pay Cost-of-Living Adjustments (COLAs) for FY2021. Mr. Grissett advised that staff was requesting Board approval to pay these COLAs for the following municipalities.

Municipality	Authority	Resolution	Status
<b>Biloxi General and Biloxi Fire &amp; Police</b>	HB 1775 April 13, 2009  HB 1776 April 13, 2009	<ul style="list-style-type: none"> <li>○ For years beginning after July 1, 2001, the cost-of-living increase shall equal the sum of (i) three percent (3%) of the annual retirement allowance for each full fiscal year in retirement after June 30, 2001, and through June 30, 2008, and for each full fiscal year in retirement after June 30, 2008, before the member reaches age fifty-five (55), plus (ii) three percent (3%) compounded by the number of full fiscal years in retirement after June 30, 2008, in which the member is age fifty-five (55) or older, multiplied by the amount of the annual retirement allowance; the total number of fiscal years in which a member or beneficiary thereof may receive an annual cost-of-living increase is twenty years, and the maximum cumulative percentage of all annual cost-of-living increases received during that twenty-year period shall not exceed sixty-four and four-tenths percent of the annual retirement allowance</li> <li>○ Allows lump sum or monthly (over 12 months) COLA payment</li> </ul>	Standing Resolution
<b>Clarksdale</b>	HB 246 May 7, 1992	<ul style="list-style-type: none"> <li>○ COLA based on the change in the CPI at a maximum of 2½% of the annual benefit for each fiscal year in retirement after 6/91</li> <li>○ Paid in a lump sum or in 2 to 6 monthly installments (January through June)</li> </ul>	Not certified by the actuary

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<b>Clinton</b>	HB 1542 April 9, 1991  HB 1919 April 10, 1997	<ul style="list-style-type: none"> <li>○ COLA at a maximum of 2½ % of the annual benefit for each fiscal year in retirement after 6/90 for service retirees only (not to exceed 10%) based on the changed in the CPI</li> <li>○ Paid in a lump sum or over 2 to 6 months (January – June)</li> </ul>	FY 2021 Resolution
<b>Columbus</b>	HB 1724 April 11, 1996	<ul style="list-style-type: none"> <li>○ COLA to all retirees and beneficiaries based on the change in the CPI at a maximum of 2½% of the annual benefit for each fiscal year in retirement after 6/95 with a maximum COLA of 25%</li> <li>○ Paid in a lump sum or in 2 to 6 monthly installments from January to June</li> </ul>	FY 2021 Resolution
<b>Greenville</b>	HB 1516 May 11, 1992	<ul style="list-style-type: none"> <li>○ COLA based on the change in the CPI at a maximum of 2½% of the annual benefit for each fiscal year in retirement after 6/91</li> <li>○ Payable to all retirees and beneficiaries not to exceed 25%</li> <li>○ Paid in a lump sum or in 2 to 6 monthly installments (January through June)</li> </ul>	FY 2021 Resolution
<b>Greenwood</b>	NA		
<b>Gulfport</b>	HB 1660 April 19, 2003  HB 3176 April 7, 2001	<ul style="list-style-type: none"> <li>○ COLA to be paid in the amount of the annual change in the CPI, using the higher of the change during the fiscal year or calendar year preceding the July 1 when payments begin, not to exceed 3% of the annual benefit for each fiscal year in retirement after 6/90</li> <li>○ Cumulative and no retiree shall receive less in one year than they received the preceding year</li> <li>○ Maximum COLA of 27%</li> <li>○ For those that retired prior to 7/01 and received a COLA under the provisions of HB 3176, the cumulative amount authorized under HB 1660 shall be added to the cumulative benefit paid under HB 3176, with a maximum COLA of 33%</li> <li>○ Paid in a lump sum or in 12 monthly installment beginning July 1</li> </ul>	Standing Resolution
<b>Hattiesburg</b>	HB 1714 April 3, 2019	<ul style="list-style-type: none"> <li>○ COLA guaranteed at 2½% of the annual benefit for each fiscal year in retirement after 6/30/90 with a maximum COLA percentage of 32%.</li> <li>○ Paid in a lump sum or in 2 to 6 monthly installments (January through June)</li> </ul>	Standing Resolution

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<b>Jackson</b>	MCA SEC 21- 29-247 (1972, as amended)  HB 1510 May 11, 1992  HB 1053 April 1, 2002	<ul style="list-style-type: none"> <li>○ COLA based on the change in the CPI for January of each year, at a maximum aggregate increase of 19½% of the annual benefit</li> <li>○ Payable in March of each year</li> <li>○ Included as part of the benefit calculation for each new retiree when added to payroll</li> </ul>	Statutory
<b>Laurel</b>	HB 1656 April 19, 2003	<ul style="list-style-type: none"> <li>○ 2% Compounded COLA, 6% maximum COLA</li> <li>○ First COLA payment made to each retiree at age 60, if retired for at least one full fiscal year</li> <li>○ Paid in a lump sum</li> </ul>	Standing Resolution
<b>McComb</b>	HB 1644 May 8, 2008	<ul style="list-style-type: none"> <li>○ COLA guaranteed at 2½% of the annual benefit for each fiscal year in retirement after 6/30/07 with a maximum COLA percentage of 10%</li> <li>○ Paid in a lump sum in December of each year or in 12 monthly installments beginning July 1</li> </ul>	FY 2021 Resolution
<b>Meridian General and Meridian Fire &amp;</b>	NA		
<b>Natchez</b>	NA		
<b>Pascagoula</b>	SB 3099 March 11, 1997	<ul style="list-style-type: none"> <li>○ COLA based on the change in the CPI, up to a maximum of 2½% of the annual benefit for each fiscal year in retirement after 6/89, not to exceed 15%</li> <li>○ Paid in a lump sum or in 2 to 6 monthly payments from January to June</li> </ul>	Standing Resolution
<b>Tupelo</b>	SB 3138 April 11, 1996	<ul style="list-style-type: none"> <li>○ Ad hoc not to exceed 5% per annum</li> </ul>	Ad hoc "City did not authorize an increase for FY 2021"
<b>Vicksburg</b>	SB 3146 April 6, 2005	<ul style="list-style-type: none"> <li>○ 3% of annual benefit for each fiscal year in retirement after 6/30/91</li> <li>○ Paid in a lump sum or in up to 6 monthly installments from January through June</li> </ul>	Standing Resolution
<b>Yazoo City</b>	HB 749 February 25, 1998	<ul style="list-style-type: none"> <li>○ COLA equal to the change in the CPI, not to exceed 2½% of annual benefit for each fiscal year in retirement after 6/97 with a maximum COLA of 25%</li> <li>○ Paid in a lump sum or in monthly installments not to exceed 6 months from January through June</li> </ul>	FY 2021 Resolution

The motion was made by Dr. McCoy, seconded by Mr. Breland, which motion duly passed, to approve payment of the COLAs by the aforementioned municipalities as authorized by statute and certified by the actuary, and as approved by their respective governing authorities, effective July 1, 2020. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none.

**Retiree Insurance Advisory  
Committee Appointments**

Mr. Higgins presented the appointment recommendations for the Retiree Insurance Advisory Committee (RIAC). He advised that staff was requesting approval of the appointments.

**RETIREE INSURANCE ADVISORY COMMITTEE  
APPOINTMENTS  
June 23, 2020**

**Request approval of appointments to the Retiree Insurance Advisory Committee**

The Executive Director requests approval of the appointments of Judith (Judy) P. Clark and Karen Holloway Lipscomb to fill vacancies on the Retiree Insurance Advisory Committee.

If approved, Ms. Clark and Ms. Lipscomb will serve three-year terms beginning November 1, 2019 and ending October 31, 2022.

The motion was made by Mr. Benson, seconded by Mr. Howard, which motion duly passed, to approve the appointments of Judith (Judy) P. Clark and Karen Holloway Lipscomb to fill vacancies on the Retiree Insurance Advisory Committee for three-year terms which began November 1, 2019 and will end October 31, 2022. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none. (*Addendum E – RIAC Appointments*)

**Disability Appeals  
Committee**

Mr. Higgins presented the recommendations of the Disability Appeals Committee (DAC). He stated that the DAC recommendations and the background information were previously provided to the board members. Mr. Higgins requested approval of the following recommendations of the DAC.

**PERS No. 20-04:** This matter came on for hearing before the Disability Appeals Committee of the Board of Trustees April 20, 2020. The Disability Appeals Committee heard sworn testimony, received evidence, and gave due consideration to the applicable laws and regulations. The Disability Appeals Committee 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 by the Board of Trustees, subject to reexamination in one year.

**PERS No. 20-05:** This matter came on for hearing before the Disability Appeals Committee of the Board of Trustees April 20, 2020. The Disability Appeals Committee heard sworn testimony, received evidence, and gave due consideration to the applicable laws and regulations. The Disability Appeals Committee 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 by the Board of Trustees.

Dr. Rutledge called for a motion concerning the DAC recommendations.

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The motion was made by Mr. Rutledge, seconded by Mr. Dale, 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 G – 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 April 29, 2020.

**Consolidated Portfolio Summary**  
 As of: 05/31/2020

Asset Class	Book Value	% of Total Book Value	Market Value	% of Total Market Value
Domestic Equity	5,293,715,552.17	23.06%	7,841,042,019.94	28.21%
Fixed Income	5,059,769,422.09	22.04%	5,218,120,590.00	18.78%
International Equity	8,160,664,415.61	35.55%	8,880,020,192.67	31.95%
Real Estate	1,690,305,745.92	7.36%	2,688,191,940.42	9.67%
Private Equity	2,024,861,760.80	8.82%	2,482,742,987.88	8.93%
Cash & Cash Equivalent In-House	328,618,739.05	1.43%	328,618,739.05	1.18%
Cash & Cash Equivalent Manager	399,341,416.18	1.74%	352,191,310.66	1.27%
<b>Total</b>	<b>22,957,277,051.82</b>	<b>100.00%</b>	<b>27,790,927,780.62</b>	<b>100.00%</b>

The motion was made by Dr. Rutledge, seconded by Ms. Hanna, which motion duly passed, to approve the Investment Report and the transactions and transfers performed by staff since the last PERS board meeting of April 29, 2020. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none. (*Addendum H – Investments Report*)

**Staff & Trustee Conferences & Continuing Education**

Mr. Higgins advised that the date for the Board of Trustees' Educational Workshop is yet to be determined but the workshop will likely be scheduled for September or October 2020, subject to the current public health guidelines.

Mr. Higgins stated that the dates of the customary staff and trustee conferences and trainings, the NCTR, NASRA, the IFEBP, and the Callan College, are all listed on the meeting agenda. He advised that most of the meetings have been converted into virtual conferences.

**Election of the FY 2021 Vice Chairman**

Dr. Rutledge reported that the PERS Board nominating committee, composed of the board chair, the vice chair, and the immediate past chair, met two weeks ago. Dr. Rutledge advised that the committee nominates Dr. Randy McCoy as the FY 2021 PERS Board vice chair.

The motion was made by Dr. Rutledge, seconded by Mr. Breland, which motion duly passed, to approve the nomination and selection of Dr. Randy McCoy as vice chair of the PERS Board of Trustees for FY 2021, effective July 1, 2020. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, McRae, and Rutledge. Voting against: none. Absent: none.

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Mr. Higgins thanked Dr. Rutledge for his service to the board as PERS Board chair for the past fiscal year and congratulated Dr. McCoy on his new position as vice chair, as well as Mr. Howard on advancing from vice chair to the FY 2021 PERS Board chair, as of July 1, 2020.

There being no additional business, Dr. Rutledge called for a motion to adjourn the meeting.

Mr. Dale requested a point of personal privilege and stated that he would like to thank the board members and staff for their kind words and expressions to him during his recent brief health challenge.

The motion was made by Mr. Dale, 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 10:19 a.m.

Respectfully Submitted,



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



Brian Rutledge, PhD  
*Chair*  
PERS Board of Trustees

HRH: maj