



Board of Trustees Meeting Agenda
Tuesday, December 17, 2019
1:00 P.M.

- I. **Call to Order** (*Dr. Brian Rutledge, Chair*)
 - A. Invocation
 - B. Pledge of Allegiance
 - C. Approval of Agenda
 - D. Approval of Minutes – *October 22, 2019*
 - E. Employee of the Quarter (*January – March 2020*)

- II. **Report of Administrative Committee** (*Dr. Lee Childress*)
 - A. Regulation 34, *Reemployment after Retirement*
 - B. Other

- III. **Report of Audit Committee** (*Ms. Kimberly Hanna*)
 - A. 2019 PERS Audit Reports
 - B. Other

- IV. **Report of Claims Committee** (*Dr. Randy McCoy*)
 - A. New Agency Joinder Agreement – *Monroe County Soil & Water Conservation District*
 - B. Other

- V. **Report of Defined Contribution Committee** (*Dr. Brian Rutledge*)
 - A. Other

- VI. **Report of Investment Committee** (*Treasurer Lynn Fitch*)
 - A. Iran Divestment Act of 2015 Exposure Report
 - B. Other

- VII. **Disability Appeals Committee**

- VIII. **FY 2019 Actuarial Reports**
 - A. Public Employees' Retirement System
 - B. Mississippi Highway Safety Patrol Retirement System
 - C. Supplemental Legislative Retirement Plan
 - D. Municipal Retirement Systems

- IX. **Projection Reports**
 - A. Public Employees' Retirement System
 - B. Mississippi Highway Safety Patrol Retirement System
 - C. Supplemental Legislative Retirement Plan

- X. **Staff Reports**
 - A. Executive Director's Update
 - B. Litigation Report
 - C. Retiree Report
 - D. Investment Report

- XI. **Staff and Trustee Continuing Education**
 - A. Board Workshop – *May 2020, Tentative Date*
 - B. Conferences and Training
 - NCTR 19th Annual Trustee Workshop, Berkeley, CA, July 19-22, 2020
 - NASRA 2020 Annual Conference, Park City, UT, August 8-12, 2020
 - IFEBP CAPP
 - Pension Part I (Santa Monica, CA, September 22, 2020)
 - Pension Part II (Santa Monica, CA, September 24, 2020)
 - NCTR 2020 Annual Conference, La Jolla, CA, October 10-13, 2020

- XII. **Recognition of Board Service**

- XIII. **Adjourn**

BOARD OF TRUSTEES MINUTES
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DECEMBER 17, 2019
PAGE 1

The Board of Trustees of the Public Employees' Retirement System (PERS) met in the fourth floor board room of the PERS Building, 429 Mississippi Street, Jackson, Mississippi, at 1:00 p.m., Tuesday, December 17, 2019. This meeting was duly announced to the public, at 9:07 a.m., December 5, 2019, *via* the Public Meetings Notice website of the Mississippi Department of Finance and Administration.

The following PERS Board members were present at the meeting: Board Chair, Dr. Brian Rutledge; Mr. Bill Benson; Mr. Kelly Breland; Mr. George Dale; Deputy State Treasurer Jesse Graham, representing State Treasurer Lynn Fitch; Ms. Kimberly Hanna; Mr. Chris Howard; and Dr. Randy McCoy. Absent: Dr. Lee Childress and Mr. Drew Snyder. Also attending were PERS Legislative Liaison members, Senator Sally Doty and Representative John Read.

Staff members present: Executive Director Ray Higgins, Shirley Sessoms, Davetta Lee, Kenny Grissett, Terri Hudson, Susan Lyon, Terrance Yarbrough, LaCarole Smith, Terri Bennett, Amy Marquez, David DeGuire, Tony Williamson, Charles Nielsen, Jason Clark, Billy Means, Mason Frantom, Cindy Ogletree, Shelley Powers, and Mary Jones. Also attending was Special Assistant Attorney General Martin Millette.

Guest attendees were: Ray Wright, Joint Committee on Performance Evaluation and Expenditure Review; Lee Anne Robinson and Porscha Miner, Legislative Budget Office; Phil Sutphin, Retired Education Personnel of Mississippi; Kelly Riley, Mississippi Professional Educators; Harold Pizzetta, Attorney General's Office; Steve Wilson, Mississippi Center for Public Policy; James Hendrix, Jackson Jambalaya; Ed Koebel, Jonathan Craven, and Ben Mobley, Cavanaugh Macdonald Consulting, LLC; Nancy Loomer, The Parents Campaign; and Brad Berls, Eide Bailly LLP.

Chairman Rutledge called the meeting to order at 1:00 p.m. Mr. Kelly Breland gave the invocation and led the attendees in the Pledge of Allegiance to the United States flag.

Agenda | Chairman Rutledge called for a motion to approve the meeting agenda. The motion was made by Dr. McCoy, seconded by Mr. Benson, which motion duly passed, to approve the meeting agenda. Voting for: Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, and Rutledge. Voting against: none. Absent: Childress and Snyder.

Minutes | Chairman Rutledge called for a motion to approve the minutes of the October 22, 2019, PERS Board of Trustees' meeting. The motion was made by Mr. Benson, seconded by Mr. Breland, which motion duly passed, to approve the minutes of the PERS board meeting of October 22, 2019. Voting for: Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, and Rutledge. Voting against: none. Absent: Childress and Snyder.

Employee of the Quarter | Chairman Rutledge stated that the PERS Employee of the Quarter was absent, so the award would not be announced in this meeting.

Administrative Committee | Dr. Brian Rutledge, acting Administrative Committee chair, reported that the committee met Tuesday, December 17, 2019.

Regulation 34 | PERS Executive Director Ray Higgins reported that PERS was informed by Ice Miller, the System's outside tax counsel, that the Internal Revenue Service (IRS) has reviewed the Private Letter Ruling request from PERS relating to Board Regulation 34, titled *Reemployment after*

BOARD OF TRUSTEES MINUTES
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 DECEMBER 17, 2019
 PAGE 2

Retirement. Mr. Higgins advised that Ice Miller also informed PERS that the IRS has verbally notified Ice Miller that the IRS intends to issue an affirmative ruling for Board Regulation 34. Mr. Higgins stated that given this and other information, staff recommends approval of final adoption of revised Board Regulation 34.

The motion was made by Dr. Rutledge, seconded by Dr. McCoy, which motion duly passed, to approve final adoption of revised Board Regulation 34, *Reemployment after Retirement*. Voting for: Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, and Rutledge. Voting against: none. Absent: Childress and Snyder.

Audit Committee Ms. Kimberly Hanna, Audit Committee chair, reported that the committee met Tuesday, December 17, 2019. She advised that the committee heard the 2019 PERS Audit Reports presented by Eide Bailly auditor Brad Berls.

The motion was made by Ms. Hanna, seconded by Mr. Breland, which motion duly passed, to approve the 2019 PERS Audit Reports presented by Eide Bailly LLP. Voting for: Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, and Rutledge. Voting against: none. Absent: Childress and Snyder.

Claims Committee Dr. Randy McCoy, Claims Committee chair, reported that the committee met Tuesday, December 17, 2019.

New Agency Joinder Agreement – Monroe County Soil & Water Conservation District Dr. McCoy reported the committee reviewed and approved the New Agency Joinder Agreement for the Monroe County Soil & Water Conservation District, as presented by staff.

<u>Entity</u>	<u>Coverage Requested</u>	<u>Effective Date</u>
Monroe County Soil & Water Conservation District	Retirement Coverage	January 1, 2020

Monroe County Soil & Water Conservation District

Monroe County Soil & Water Conservation District has submitted a request for retirement coverage for its employees under the Public Employees' Retirement System of Mississippi (PERS). The district was created in 1946 under H.B. 454 of the 1938 legislative session.

Special Assistant Attorney General, Martin Millette, has verified that the district is an eligible public entity. Also, Mason Frantom, Internal Auditor, has reviewed the audited financial statements submitted and has determined, based upon that limited review, that Monroe County Soil & Water Conservation District has the financial resources to participate in PERS.

Therefore, we recommend that Monroe County Soil & Water Conservation District be approved for PERS retirement coverage with an effective date of January 1, 2020.

The motion was made by Dr. McCoy, seconded by Mr. Benson, which motion duly passed, to approve the New Agency Joinder Agreement of the Monroe County Soil & Water Conservation District, presented by staff, to provide this entity with PERS retirement coverage effective January 1, 2020. Voting for: Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, and Rutledge. Voting against: none. Absent: Childress and Snyder.

BOARD OF TRUSTEES MINUTES
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DECEMBER 17, 2019
PAGE 3

Defined Contribution Committee | Dr. Brian Rutledge, Defined Contribution Committee chair, reported that the committee met Monday, December 16, 2019. He advised that the committee heard the performance reports of the Mississippi Deferred Compensation Plan and the Optional Retirement Plan presented by Callan LLC investment consultants. He stated that these reports were for informational purposes and no committee or board action was required.

Dr. Rutledge reported that staff presented the MDC Watch List for review. He advised that no changes were recommended by staff for the MDC Watch List, therefore no committee action or board action was required.

Investment Committee | Mr. Jesse Graham, acting Investment Committee chair, reported that the committee met Monday, December 16, 2019.

Iran Divestment Act of 2015 Exposure Report | Mr. Graham reported that the committee reviewed the Iran Divestment Act of 2015 Exposure Report presented by staff. He advised that staff recommended no divestment of PERS assets under this act.

The motion was made by Mr. Graham, seconded by Mr. Breland, which motion duly passed, to approve the recommendation of staff of no divestment of PERS assets under the Iran Divestment Act of 2015. Voting for: Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, and Rutledge. Voting against: none. Absent: Childress and Snyder. (*Addendum A – Iran Divestment Act of 2015 Exposure Report*)

Disability Appeals Committee | Ms. Bennett presented the recommendation of the Disability Appeals Committee (DAC), which had been provided to the board members prior to the board meeting. She advised that staff was requesting approval of this recommendation of the DAC.

Dr. Rutledge called for a motion concerning the following recommendation of the DAC:

PERS No. 19-15: This matter came on for hearing before the Disability Appeals Committee of the Board of Trustees November 4, 2019. 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 non-duty-related disability benefits be denied.

The motion was made by Mr. Benson, seconded by Mr. Howard, which motion duly passed, to accept the findings of the DAC and approve the aforementioned DAC recommendation. Voting for: Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, and Rutledge. Voting against: none. Absent: Childress and Snyder.

FY 2019 Actuarial Reports & Projection Reports | Cavanaugh Macdonald LLC consultants, Ed Koebel and Jonathan Craven, presented the June 30, 2019, Actuarial Valuations and Projection Reports for the Public Employees' Retirement System (PERS), the Mississippi Highway Safety Patrol Retirement System (MHSPRS), the Supplemental Legislative Retirement Plan (SLRP), and the Municipal Retirement Systems (MRS).

Summary of Valuations and Projections presentation given by Cavanaugh Macdonald, LLC consultants

The main findings of the June 30, 2019 actuarial valuation of PERS:

BOARD OF TRUSTEES MINUTES
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DECEMBER 17, 2019
PAGE 4

Due to the last experience investigation adopted by the Board in August 2019, the withdrawal rates, mortality rates, service retirement rates, price and wage inflation assumptions, and administrative expense load have all changed since the previous valuation.

As a result of the employer contribution rate being set at 17.4% of annual compensation effective July 1, 2019, the amortization period is calculated on an open basis. The amortization period increased from 30.9 to 36.2 years and the funded ratio decreased from 61.8% to 60.9%.

The primary reasons for the increase in the amortization period were assumption changes adopted by the board in August 2019 and the loss due to investment earnings on an actuarial value of assets basis worse than expected (7.19% vs. 7.75%). There was also a loss due to withdrawals from PERS.

The active membership has decreased each of the last 5 years from 2015 to 2019, although the decrease from 2018 to 2019 was nominal. However, the retiree membership has increased by an average of 2.9% over this same period.

The assets of the Plan amounted to \$28,024.6 million as of June 30, 2019 on a market-related basis that recognizes 20% of the unanticipated gains and losses. This represented an increase in value of \$568.9 million from the previous year, with an actuarial value investment return of 7.19% (which may be compared to the assumed investment return of 7.75%). The market value of assets was \$28,206.6 million.

The total liability of the System as of June 30, 2019 was \$50,035.4 million. This liability may be divided into the following categories: Active, \$19,156.1 million; Retiree, \$29,109.6 million; Deferred Vested, \$1,356.7 million; Inactive, \$413.0 million. The liability of the Plan increased by \$1,613.8 million from last year.

The \$50,035.4 million liability of the system as of June 30, 2019 will be met by funds from various sources: current assets, future member contributions and future employer contributions. The breakdown is as follows: UAL Payments, \$17,982.2 million; Employer Normal Cost, \$481.0 million; Member Contributions, \$3,547.6 million; Current Assets, \$28,024.6 million.

The financing plan for PERS requires employer contributions of 17.40% of payroll, which will amortize the unfunded actuarial liability as of June 30, 2019 in 36.2 years from the valuation date. Any liability not covered by current assets and future member contributions is to be met by future contributions by employers.

The Actuarially Determined Contribution calculated based on the new funding policy was 18.97%, resulting in a "Yellow" Light status for the ADC to FCR ratio metric as of the valuation date.

The baseline projection results for PERS showed that the Plan would be 83.2% funded in 2047 and have a negative cash flow of -5.59% in fiscal year 2033 which both result in "Green" Light status for the metrics of the new funding policy.

Since none of the metrics for PERS is in the "Red" Light status, the results of the valuation and projections meet the current funding policy goals and no contribution increase is recommended at this time.

The main findings of the June 30, 2019 actuarial valuation of HSPRS:

Due to the last experience investigation adopted by the Board in August 2019, the mortality rates, the price and wage inflation assumptions, and the administrative expense load have changed since the previous valuation.

The employer contribution rate was set at 49.08% of annual compensation effective July 2018 and the amortization period is calculated on an open basis. The amortization period decreased from 18.3 to 17.7

BOARD OF TRUSTEES MINUTES
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DECEMBER 17, 2019
PAGE 5

years and the funded ratio increased from 66.8% to 66.9%. The primary reasons for the decrease in the amortization period was due to an increase in the Motor Vehicle Replacement (MVR) fee assumption from \$3.5 million per year to \$3.7 million per year and less than expected costs of deaths after retirement. This was offset by greater than expected costs of new retirements and terminations.

The overall system membership has remained stable over the last five years. Retiree headcounts have been level but there have only been three new graduating active classes since 2013.

The assets of the Plan amounted to \$362,591,000 as of June 30, 2019 on a market-related basis that recognizes 20% of the unanticipated gains and losses. This represented an increase in value of \$10,176,000 from the previous year, with an actuarial value investment return of 6.69 % (which may be compared to the assumed investment return of 7.75%). The market value of assets was \$366,165,000.

The total liability of the System as of June 30, 2019 was \$600.9 million. This liability may be divided into the following categories: Active, \$222.0 million; Retiree, \$372.5 million; Deferred Vested, \$6.1 million; Inactive, \$0.3 million. The liability of the Plan increased by \$21.4 million from last year.

The \$600.9 million liability of the system as of June 30, 2019 will be met by funds from various sources: current assets, future member contributions and future employer contributions. The breakdown is as follows: UAL Payments, \$179.3 million; Employer Normal Cost, \$40.2 million; Member Contributions, \$18.8 million; Current Assets, \$362.6 million.

The financing plan for HSPRS requires employer contributions of 49.08% of payroll, which will amortize the unfunded actuarial liability as of June 30, 2019 in 17.7 years from the valuation date. Any liability not covered by current assets and future member contributions is to be met by future contributions by employers.

The baseline projection results for HSPRS show that the Plan would be 102.6% funded in 2042 which meets and exceeds the funding policy goals and benchmarks.

The main findings of the June 30, 2019 actuarial valuation of SLRP:

Due to the last experience investigation adopted by the Board in August 2019, the mortality rates, the price and wage inflation assumptions, and the administrative expense load have changed since the previous valuation.

Based on the funding policy adopted by the Board of Trustees in October 2012, the employer contribution rate has been set at 7.40% of annual compensation and the amortization period calculated on an open basis. The amortization period increased from 20.1 to 22.9 years and the funded ratio stayed the same at 80.4%.

The primary reason for the increase in the amortization period is the assumption changes and an investment loss on an actuarial value basis. There were also losses for retirement experience. These losses were slightly offset by gain in salary experience and mortality experience.

The assets of the Plan amounted to \$18,428,000 as of June 30, 2019 on a market-related basis that recognizes 20% of the unanticipated gains and losses. This represented an increase in value of \$483,000 from the previous year, with an actuarial value investment return of 6.74% (which may be compared to the assumed investment return of 7.75%). The market value of assets was \$18,609,000.

The total liability of the System as of June 30, 2019 was \$25,380.4 thousand. This liability may be divided into the following categories: Active, \$9,918.8 thousand; Retiree, \$14,281.6 thousand; Deferred Vested, \$987.3 thousand; Inactive, \$192.7 thousand. The liability of the Plan increased by \$359.9 thousand from last year.

The \$25,380.4 thousand liability of the system as of June 30, 2019 will be met by funds from various sources: current assets, future member contributions and future employer contributions. The breakdown is as follows:

BOARD OF TRUSTEES MINUTES
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DECEMBER 17, 2019
PAGE 6

UAL Payments, \$4,505.9 thousand; Employer Normal Cost, \$1,142.9 thousand; Member Contributions, \$1,303.6 thousand; Current Assets, \$18,428.0 thousand.

The financing plan for SLRP requires employer contributions of 7.40% of payroll, which will amortize the unfunded actuarial liability as of June 30, 2019 in 22.9 years from the valuation date. Any liability not covered by current assets and future member contributions is to be met by future contributions by employers.

The baseline projection results for SLRP show that the Plan would be 103.3% funded in 2042, which meets and exceeds the funding policy goals and benchmarks.

Mr. Jesse Graham left the meeting.

The motion was made by Mr. Breland, seconded by Mr. Howard, which motion duly passed, to accept the FY2019 Actuarial Valuations Report and the 2019 Report on Thirty Year Projections, as presented by Cavanaugh Macdonald Consulting, LLC, for the PERS, MHSPRS, SLRP, and MRS plans. Voting for: Benson, Breland, Dale, Hanna, Howard, McCoy, and Rutledge. Voting against: none. Absent: Childress, Graham, and Snyder. (*Addendum B – Valuation & Projection Results Presentation*)

**Executive
Director's Update**

Mr. Higgins reported that PERS was awarded the 2019 Public Pension Coordinating Council (PPCC) Award for exemplary pension administration and funding. He commended PERS staff and the board for this recognition from the PPCC.

Litigation Report

Mr. Millette presented a summary of the statuses of PERS litigation cases since the last board meeting of October 22, 2019. He advised that there are currently 15 cases in the appellate process. He advised that there has been activity in the following cases since the October 22, 2019, report to the Board of Trustees:

CLAIMS COMMITTEE HEARINGS:

CIRCUIT COURT:

COLEMAN v. PERS: The Disability Appeals Committee of the PERS Board of Trustees entered an Order dated February 27, 2018, denying that claimant's application for disability benefits. Coleman timely filed a notice of appeal with the Hinds County Circuit Clerk's office on March 21, 2018. The Administrative Record has been filed with the Court.

SMITH v. PERS: The Disability Appeals Committee of the PERS Board of Trustees entered an Order dated February 27, 2018, denying that claimant's application for disability benefits. Smith timely filed a notice of appeal with the Hinds County Circuit Clerk's office on March 21, 2018. PERS has filed a certified copy of the transcript of administrative record with the Circuit Clerk. Briefing has been completed.

THOMAS v. PERS: The Disability Appeals Committee of the PERS Board of Trustees entered an Order dated February 27, 2018, denying that claimant's application for disability benefits. Thomas timely filed a notice of appeal with the Hinds County Circuit Clerk's office on March 27, 2018. PERS has filed a certified copy of the transcript of administrative record with the Circuit Clerk. Briefing has been completed.

CIRCUIT COURT OPINIONS ISSUED:

SUPREME COURT/COURT OF APPEALS:

SUPREME COURT/COURT OF APPEALS OPINIONS ISSUED:

STAKELUM v. PERS: The PERS Board entered an Order dated February 24, 2015, upholding the Medical Board's decision to deny Stakelum's request for disability benefits. Stakelum appealed the decision to the Circuit Court of Hinds County. Stakelum filed her Brief of Appellant on April 25, 2017, and PERS filed its Brief of Appellee on August 17, 2017. On September 30, 2017, Stakelum filed a Motion to Remand to PERS to Consider Award of Social Security Disability or to take Judicial Notice Thereof. PERS filed its Response in Opposition to the motion on October 5, 2017. The Circuit Court affirmed the Decision of the Board on July 25, 2018. Stakelum timely filed a Notice of Appeal with the Supreme Court on August 24, 2018. Briefing has been completed. This case was assigned to the Court of Appeals on May 15, 2019. The COA affirmed the decision to deny disability benefits to Stakelum. Stakelum is in the process of filing a Motion for Rehearing.

BRADLEY v. PERS: On December 18, 2012, the PERS Board of Trustees entered an order adopting the recommendation of the Disability Appeals Committee that Bradley's application for duty-related disability benefits be denied. Bradley appealed the decision to the Circuit Court. On March 21, 2018, the Court entered its Order Affirming the Decision of the PERS Board of Trustees. Bradley filed a Notice of Appeal to the Supreme Court on April 17, 2018. The Court of Appeals affirmed the decision to deny benefits to Bradley on August 20, 2019. Bradley filed a Motion for Rehearing and PERS filed a response on September 6, 2019. The COA denied the motion for rehearing and this case is now closed.

HICKS v. PERS: On October 24, 2017, the PERS Board of Trustees entered an order adopting the recommendation of the Claims Committee to deny Hicks claim regarding survivor benefits. Ms. Hicks appealed the decision to the Circuit Court of Hinds County on October 31, 2017. PERS filed the certified administrative record with the circuit clerk on January 2, 2018. Brief of Appellant filed with Circuit Court on February 7, 2018. Brief of Appellee filed. The Circuit Court affirmed the Decision of the Board on June 13, 2018. Hicks filed a timely Notice of Appeal to the Supreme Court on July 9, 2018. The Court of Appeals affirmed the decision to deny benefits to Hicks on October 1, 2019.

THOMPSON v. PERS: The PERS Board entered an Order dated December 15, 2015, upholding the Medical Board's decision to deny Thompson's request for disability benefits. Thompson has appealed the decision to the Circuit Court of Hinds County. The Administrative Record was filed with the Clerk of the Court on March 23, 2016. Thompson filed her Brief of Appellant on April 25, 2017, and PERS filed its Brief of Appellee on June 23, 2017. On September 14, 2017, Thompson filed a Motion to Remand for a New Hearing, alleging PERS violated due process right to a fair hearing. PERS filed Response in Opposition to the motion on September 15, 2017. On March 26, 2018, Thompson filed a second Motion to Remand to Consider Social Security Determination or to take Judicial Notice Thereof. PERS filed its Response in Opposition to the motion on March 27, 2018. The Circuit Court affirmed the Decision of the Board on June 12, 2018. Thompson filed a timely Notice of Appeal to the Supreme Court on July 9, 2018. Briefing has been completed. This case was assigned to the Court of Appeals on April 17, 2019. The COA affirmed the decision of the Board to deny benefits to Thompson. Thompson has filed a motion for rehearing. The Court has not ruled on this motion.

PINION v. PERS: The PERS Board of Trustees, upon recommendation of the Disability Appeals Committee, held in an Order dated February 26, 2013, that claimant's request for non-duty related disability should be denied. A notice of appeal was timely filed, but due to the death of the Court Reporter in attendance at the hearing, no transcript was available. The parties agreed to submit a Statement of Testimony in lieu of a transcript and the available administrative record was filed with the Clerk on April 26, 2016. The Brief of Appellant was filed July 24, 2016 and PERS' Appellee's Brief was filed September 22, 2016. The Circuit Court affirmed the Decision of the Board on June 22, 2018. Pinion filed a timely Notice of Appeal to the Supreme Court on July 19, 2018. Briefing has been completed. The Oral arguments were presented before the COA on August 21, 2019. The COA affirmed the decision of the Board to deny benefits to Pinion. This case is now closed.

PHILLIPS v. PERS: The Disability Appeals Committee of the PERS Board of Trustees determined that the claim for duty-related disability should be denied. A notice of appeal was timely filed July 26, 2011. Due to the death of the Court Reporter in attendance at the hearing, no transcript was available. The parties agreed to submit a Statement of Testimony in lieu of a transcript and the available administrative record was filed with the Clerk on April 14, 2016. The Brief of Appellant was filed May 27, 2016 and PERS' Appellee's Brief was filed July 8, 2016. The Circuit Court affirmed the Decision of the Board on June 20, 2018. Richardson, the mother of Kari Phillips, who is deceased, filed a timely Notice of Appeal to the Supreme Court on July 19, 2018. The Court of Appeals affirmed the decision to deny benefits to Phillips on September 17, 2019. Phillips is currently drafting a Motion for Rehearing.

DAVIS v. PERS: On August 25, 2015, the Board of Trustees denied the claimant's application for disability benefits, both duty and non-duty. Davis appealed the decision to the Circuit Court of Hinds County on September 18, 2015. On September 29, 2015, the Circuit Court entered an Order granting PERS 30 days following receipt of a certified copy of the transcript in which to file the Administrative Record. PERS filed the Administrative Record with the Circuit Court on December 11, 2015. The Brief of Appellant was filed January 20, 2017, and PERS' Brief was filed March 20, 2017. The Circuit Court affirmed the Decision of the Board on June 12, 2018. Davis filed a timely Notice of Appeal to the Supreme Court on July 9, 2018. Briefing has been completed. This case was assigned to the Court of Appeals on March 26, 2019. The COA affirmed the decision of the Board to deny benefits. Davis filed a motion for rehearing. The Court has not ruled on that motion yet.

BUCKHAULTS v. PERS: On September 26, 2012, the Appellant, Buckhaults, an unvested member of PERS, filed an application for PERS duty-related disability benefits. On June 24, 2014, the Board of Trustees denied the claimant's application for disability benefits. Buckhaults appealed the decision to the Circuit Court of Hinds County. PERS filed the Administrative Record with the Circuit Court on August 24, 2015. The Circuit Court affirmed the Decision of the Board on June 26, 2018. Buckhaults filed a timely Notice of Appeal to the Supreme Court on July 19, 2018. The Court of Appeals affirmed the decision to deny benefits to Buckhaults on August 27, 2019. Buckhaults filed a Motion for Rehearing and PERS filed a response on September 27, 2019.

CARVER v. PERS: The Medical Board approved the Claimant for non-duty related disability. The PERS Board of Trustees, upon recommendation of the Disability Appeals Committee, held in an Order dated August 28, 2012, that his claim for duty-related disability should be denied. A notice of appeal was timely filed, but due to the death of the Court Reporter in attendance at the hearing, only a partial transcript was available. The parties agreed to submit a Statement of Testimony in lieu of a complete transcript and the

available administrative record was filed with the Clerk on April 18, 2016. The Circuit Court affirmed the Decision of the Board on July 13, 2018. Carver filed a timely Notice of Appeal to the Supreme Court on July 3, 2018. Briefing has been completed. This case was assigned to the Court of Appeals on March 26, 2019. The COA affirmed the decision of the Board to deny benefits to Carver. Carver filed a motion for rehearing. The Court has not ruled on that motion.

PERS Securities Litigation:

- Amedisys, Inc.
- Satyam Computer Services Limited
- Merck & Co., Inc. (VIOXX)
- Green Mountain Coffee Roasters
- IN RE: Canada, Inc. v. Qualcomm *et al.*
- Sprouts Farmers Market, Inc.
- Banco Bradesco S.A.
- Stericycle, Inc. *et al.*
- TreeHouse Foods, Inc.
- Roadrunner Transportation Systems, Inc.
- Endo International, PLC
- Signet Jewelers Limited
- Valeant Pharmaceuticals International
- Volkswagen AG (Germany)
- Dr. Reddy's Laboratories Ltd.
- Acuity Brands, Inc.
- Advance Auto Parts, Inc.
- WageWorks, Inc.
- Facebook, Inc.
- Columbia Pipeline Group, Inc.
- Nielsen Holdings plc.
- McDermott International, Inc.
- The Boeing Company

Securities-Related Cases in which PERS is a Defendant:

- In Re: Tribune Company

**Retiree
Report**

Ms. Lyon reported that, as of the December 2019 payroll, all systems (PERS, SLRP, MHSPRS, and MRS) had a total of 112,018 retirees and survivors receiving monthly benefit payments, with a total monthly payroll of more than \$179.5 million, and a year-to-date total of more than \$1.07 billion. She advised that more than 90,000 December 15 lump sum cost-of-living adjustment (COLA) payments were made, for a total of more than \$655 million.

Ms. Lyon provided additional breakdown information including the total number of recipients per plan, and the total number of recipients added or removed from payroll for each plan. Ms. Lyon provided the following breakdown of retirees and survivors by system and amounts paid per plan:

BOARD OF TRUSTEES MINUTES
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 DECEMBER 17, 2019
 PAGE 10

	November 2019		December 2019	
<u>System</u>	<u>Retirees</u>	<u>Payments</u>	<u>Retirees</u>	<u>Payments</u>
PERS	109,520	\$175,053,689.54	109,451	\$174,968,667.33
SLRP	215	\$92,346.30	215	\$91,311.56
MHSPRS	744	\$2,060,552.65	742	\$2,057,797.82
MRS	1,616	\$2,398,647.39	1,610	\$2,392,516.26
TOTAL	112,095	\$179,605,235.88	112,018	\$179,510,292.97

ALL		COMBINED DAILY AND MONTHLY RETIREE PAYROLL TOTALS		
SYSTEMS		DAILY PAYROLL**	MONTHLY PAYROLL	PAYROLL TOTALS
MONTH	YEAR	\$	\$	\$
JULY	2019	\$42,852,338.28	\$178,832,373.07	\$221,684,711.35
AUGUST	2019	\$4,037,417.23	\$179,302,179.90	\$183,339,597.13
SEPTEMBER	2019	\$3,124,693.71	\$179,473,815.64	\$182,598,509.35
OCTOBER	2019	\$2,465,265.13	\$179,607,157.78	\$182,072,422.91
NOVEMBER	2019	\$4,251,293.64	\$179,605,235.88	\$183,856,529.52
DECEMBER	2019	\$0.00	\$179,510,292.97	\$179,510,292.97
YTD		\$56,731,007.99	\$1,076,331,055.24	\$1,133,062,063.23

**Note: This information does not include the Refunds only Retiree Payroll (PLSO and Benefits)

The motion was made by Mr. Benson, seconded by Mr. Dale, which motion duly passed, to approve the Retiree Report. Voting for: Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, and Rutledge. Voting against: none. Absent: Childress, Graham, and Snyder.

Investment Report

Mr. DeGuire presented the Report of Investments for the period ending October 31, 2019. He reported that as of October 31, 2019, the market value of the PERS investment portfolio was \$29.16 billion. He reported that, as of close of business yesterday, December 16, 2019, the PERS portfolio net asset value was \$29.47 billion.

Mr. DeGuire reported that PERS currently has 36 investment managers, managing 57 different portfolios. He reported that the total Securities Lending earnings amount for FY 2020 totals more than \$5.7 million.

Consolidated Portfolio Summary
 As of : 10/31/2019

Asset Class	Book Value	%of Total Book Value	Market Value	%of Total Market Value
Domestic Equity	5,303,210,266.19	22.88%	8,218,424,233.04	28.18%
Fixed Income	5,645,532,696.24	24.36%	5,860,826,521.22	20.10%
International Equity	7,915,122,473.35	34.15%	9,222,187,465.67	31.62%
Real Estate	1,638,327,675.34	7.07%	2,683,769,480.18	9.20%
Private Equity	1,846,831,223.20	7.97%	2,394,351,395.96	8.21%
Cash & Cash Equivalent In-House	353,545,803.98	1.53%	353,545,803.98	1.21%
Cash & Cash Equivalent Manager	476,891,418.32	2.06%	429,597,299.99	1.47%
Total	23,179,461,556.62	100.00%	29,162,702,200.04	100.00%

The motion was made by Mr. Dale, seconded by Mr. Breland, which motion duly passed, to approve the Investment Report presented by staff and to approve and certify the investment transactions and fund transfers performed by staff, since the last board meeting of October 22, 2019. Voting for: Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, and Rutledge. Voting against: none. Absent: Childress, Graham, and Snyder.

**Staff & Trustee
 Conferences and
 Continuing Education**

Mr. Higgins reported that the conferences and continuing education events were listed on the meeting agenda. He advised that the proposed dates for the 2020 PERS Board of Trustees' Educational Retreat are May 12 – 13, 2020.

**Recognition of
 Board Service**

Chairman Rutledge stated that, on behalf of the PERS Board of Trustees, he would like to recognize and thank State Treasurer Lynn Fitch for her years of service to the PERS Board of Trustees, as well as Deputy State Treasurer Jesse Graham for his service to this board. Chairman Rutledge stated that the Board appreciates the dedication and commitment of both the state treasurer and the deputy state treasurer.

There being no additional business, the meeting adjourned at 2:01 p.m.

Respectfully Submitted,

BOARD OF TRUSTEES MINUTES
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DECEMBER 17, 2019
PAGE 12



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



Brian Rutledge, PhD
Chair
PERS Board of Trustees

HRH: maj